

IAG GROUP SLAVERY AND HUMAN TRAFFICKING STATEMENT

Introduction

Welcome to International Airlines Group (IAG)'s initial slavery & human trafficking statement published in April, 2017. Our statement outlines the steps we have taken to prevent Modern Slavery within our Group and our supply chains and sets out our plans for future improvements. IAG welcomes the UK Modern Slavery Act (the 'Act') and its annual reporting requirement. We see this as a way to benchmark our achievements against those of other companies, to share new ideas and best practice between companies in all sectors and to clearly communicate our intentions to our suppliers, employees and other key stakeholders. The Act has prompted us to undertake a thorough review of our policies, examine our supply chains and question the robustness of our current practices. We plan to publish a statement annually which will demonstrate our progress during the year and set our agenda for the following year.

Please feel free to contact us at groupmodernslaveryreporting@iagroup.com with any comments, queries or suggestions regarding our statement - we welcome a dialogue with all customers and stakeholders who are interested in this topic.

Structural Organisation

IAG is one of the world's largest airline groups with 548 aircraft flying to 279 destinations and carrying over 100 million passengers each year. IAG is the parent company of Aer Lingus, British Airways, Iberia and Vueling (the 'Operating Companies'). It is a Spanish registered company with shares traded on the London and Spanish Stock Exchanges. The corporate head office for IAG is in London, UK. For the purpose of this statement, any reference to 'IAG' or 'the Group' includes all IAG Group companies, including the Operating Companies and their relevant subsidiaries. Further information regarding the Company's Structure may be found via the following link:

iagroup.com/phoenix.zhtml?c=240949&p=aboutoverview

Having undertaken a thorough review across the Group, we have identified our supply chains and the potential for human trafficking on our flights as our key risk areas for Modern Slavery. These, as well as relevant employment practices within our business, are discussed in further detail below.

Modern Slavery Working Group

In 2016 we established a Modern Slavery Working Group, consisting of Designated Person(s) from each of the Operating Companies and relevant subsidiaries. The Working Group monitors and discusses any potential high risk areas, incidents and actions in relation to Modern Slavery. It also makes suggestions and recommendations on how all Group companies can improve their practices. This group will meet at least quarterly during 2017 to continually monitor the Group's progress in tackling slavery and discuss any issues. The Group boards will be kept informed of any major developments.

Policies

In 2016 we introduced a Group Modern Slavery Standing Instruction (the 'Instruction') which sets out IAG's zero tolerance approach¹ to Modern Slavery. This Instruction applies to all persons working for us or on our behalf in any capacity. The Instruction requires our approach to Modern Slavery to be communicated to all suppliers, contractors and business partners at the outset of our business relationship with them and to be reinforced as appropriate thereafter.

¹Zero tolerance approach - we are committed to ensuring as far as possible that there are no examples of Modern Slavery within our business and our suppliers.

Other relevant IAG Group policies include our Supplier Code of Conduct and Equal Opportunities Policy. Where IAG Group companies have their own local policies, we are reviewing these to ensure they include the appropriate clauses on Modern Slavery.

If you wish to see a copy of any of our policies listed above or the Instruction, please contact groupmodernslaveryreporting@iairgroup.com

Our supply chains

Goods or services sourced by the Group come from all parts of the world. The majority of customer product items, for example amenity kits, blankets and head-rests, are manufactured in China. A number of our uniform items are supplied by factories in the Indian Sub-Continent and South-East Asia. Of the top 10 countries with the highest estimated levels of Modern Slavery according to The Global Slavery Index 2013, IAG airlines currently fly to India, China, Russia and Thailand and additionally source some goods in Pakistan and Bangladesh.

Since 2014, in various countries around the world, IAG has undertaken targeted Corporate Social Responsibility (CSR)/ Social audits at factory and final assembly locations used to produce IAG related products and services. IAG continuously identifies supply categories where goods or services are potentially sourced in high-risk areas and requires suppliers to provide visibility of their supply chains.

IAG is committed to procuring goods and services from suppliers who demonstrate ethical principles in the way they conduct their business and we engage with suppliers on standards of quality, safety, environmental responsibility and human rights. We are continuing to enhance our CSR strategy and are conducting audits of our contracted suppliers to verify supply chain visibility and CSR compliance.

To ensure that the companies from which we purchase goods and services are operating in an ethical and responsible manner, in 2015 we introduced our Supplier Code of Conduct which applies to all Group companies and is published at iairgroup.com. IAG suppliers are required to sign up to and confirm that they “Shall not use any form of slave, bonded, forced, involuntary prison labour or engage in human trafficking or exploitation”. This is available in several different languages to ensure our suppliers understand and can comply with this policy.

The Group works collaboratively with suppliers to improve supply chain standards and is an active member of Sedex (Suppliers Ethical Data Exchange). Sedex undertakes due diligence and audits on the Group’s significant suppliers. Sedex does not yet provide a risk identification function, however together with **oneworld**², we plan to drive for this change in 2017 and for the creation of an integrated supplier risk ranking methodology. We encourage all of our suppliers to join Sedex where possible. Additionally, IAG leads work undertaken with fellow **oneworld** partner airlines to collectively improve supply chain standards.

In 2014, IAG GBS Limited (GBS)³ was established as a wholly owned subsidiary of IAG to deliver high quality business services, including IT, Finance and Procurement services, to the Operating Companies within the IAG Group. One of the key benefits of GBS is to provide procurement services across the Group with the same level of engagement, due diligence and audit for suppliers. GBS conducts a risk assessment analysis, using Sedex and other third party platforms, prior to starting cooperation with potential vendors. In response to the Act, we are reviewing our supplier contracts, including smaller or ad hoc contracts that are handled locally, and are amending these to include anti-slavery and human trafficking clauses.

We work together with our suppliers to implement solutions, audit findings and to raise CSR awareness. We reserve the right to terminate supplier contracts where a supplier engages in any activity, practice or conduct that would constitute an offence under sections 1, 2 or 4 of the UK Modern Slavery Act if such activity, practice or conduct were carried out in the UK, regardless of where it takes place. However in the first instance we seek to work with our suppliers to identify the issues and remedy the situation.

In 2017 and beyond, IAG remains committed to taking swift and robust action in the event that any evidence relating to slavery or human trafficking in our supply chain is identified.

² oneworld - an alliance of the world’s leading airlines

³ GBS - Global Business Services

Knowledge Building

In addition to our membership with Sedex, we have participated in research on corporate leadership in Modern Slavery, attended seminars and networking groups and have joined with other non-retail sector companies to share knowledge, learnings and challenges around the new legislation.

Trafficking

Trafficking is of real concern in the airline industry and it is a topic we have focused on more acutely since 2015 with the reform of the Spanish Criminal Code and the introduction of the UK Modern Slavery Act. We work closely with governments and the airports in which we operate to ensure that any suspected trafficking on our flights is reported and dealt with appropriately. Crew manuals have been updated to include procedures to be followed in cases of suspected trafficking. We are committed to raising the awareness of all of our staff on this serious issue. We realise that whilst cabin crew and flight crew will have the most exposure to potential trafficking situations, any of our staff who travel for business or leisure can help combat this crime. We display posters on how to spot the signs of trafficking in various prominent places around our head office and in crew rooms at various UK airports. We have sent out internal communications and some Group companies have started internal social media discussions on how to spot the signs of Modern Slavery and the procedure to follow if trafficking is suspected. We have very clear processes in place to ensure that our staff know how and where to report any suspected incidences of Modern Slavery.

In addition to general cabin observation for unusual behaviour on board our aircraft, which is standard procedure across the Group's airlines, British Airways provides guidance to flight crew and cabin crew to support the UK Border Agency initiative to reduce human trafficking. Awareness of this issue is now part of routine cabin crew training.

Our People

IAG expects all our employees to be treated with respect. Our aspiration is to provide a working environment in which all employees can realise their potential, free of harassment and discrimination. Across the Group we have put in place various employee wellbeing programmes and each of the Group companies offers an external confidential helpline for employees for raising concerns regarding matters including, but not limited to, fraud, bullying, health and safety, corporate governance or discrimination.

IAG is committed to ensuring the health and safety of its employees and has robust policies to support this.

The Group has a large unionised workforce represented by a number of different trade unions. Our Operating Companies consult with employee representative bodies, including trade unions and works councils.

Awareness

We have provided training and guidance on the UK Modern Slavery Act 2015 to our Group Company Boards and the members of our Modern Slavery Working Group. In 2017 we will roll out targeted Modern Slavery training to all of the Group's Procurement staff and other colleagues that work in high risk areas. Further information regarding the Act and training materials on how to spot the signs of slavery are available to all colleagues on the Group's dedicated Modern Slavery intranet page.

Employees of all Group companies are able to discuss any concerns with the Designated Modern Slavery Working Group member for their company or their company's external confidential helpline.

Employee awareness and engagement

In 2016 we have embarked on a campaign to raise employee awareness and engagement on Modern Slavery. In addition to some of the activities mentioned above, on 1 December 2016, in partnership with Comic Relief partner Childreach International, British Airways hosted a very special awareness evening on child trafficking. A special pre-screening of an Emma Thompson produced movie called *Sold*, starring Gillian Anderson was held at the Company's head office. This event was open to staff and their friends and family with the aim of building awareness and commencing a dialogue on the topic of child trafficking.

During 2017 we will continue our campaign by distributing internal communications with further information on the UK Modern Slavery Act as well as links to IAG's dedicated Modern Slavery intranet page which includes awareness materials and news updates on Modern Slavery.

Next Steps

As part of our ongoing commitment to eliminating slavery and human trafficking, we understand and recognise that our own circumstances and those of our suppliers are constantly evolving and we will continue to review our processes to ensure that they are fit for purpose. During 2017 and beyond we plan to:

- Continue to develop our approach for tackling Modern Slavery at all levels within our supply chains across the Group;
- Provide targeted Modern Slavery awareness materials for all Procurement staff and other employees who work in high risk areas.
- Regularly update the Group boards and management committees on Modern Slavery so that directors and key individuals understand their role and accountability in eradicating Modern Slavery from our business and our supply chains;
- Ensure that all new supplier contracts and those coming up for renewal contain Modern Slavery clauses. Suppliers will continue to be required to sign our Supplier Code of Conduct;
- Continue updating of crew manuals on procedures for identifying potential cases of human trafficking on our flights;
- Identify and establish KPIs relating to Modern Slavery;
- Continue to work with other companies to share knowledge, learning and best practice;
- Work with oneworld to drive for SEDEX to provide a risk identification function and for the creation of integrated supplier risk ranking methodology.

The above Statement has been approved by the Boards of each of the Group's Operating Companies and relevant subsidiaries, as well as by the Board of Directors of IAG.

Signed

A handwritten signature in black ink, appearing to read 'Willie Walsh', with a stylized flourish at the end.

Willie Walsh

Chief Executive Officer, IAG