

IAG GROUP SLAVERY AND HUMAN TRAFFICKING STATEMENT

Introduction

Welcome to International Airlines Group (IAG)'s third slavery and human trafficking statement published in 2019. This statement is made under section 54, part 5 of The Modern Slavery Act 2015 (MSA) and outlines the steps taken by IAG in 2018 to prevent Modern Slavery within the Group and ensure it does not take place in our business and supply chains.

Please feel free to contact us at groupmodernslaveryreporting@iairgroup.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 573 aircraft flying to 268 destinations and carrying around 113 million passengers each year. IAG is the parent company of Aer Lingus, Avios, British Airways, IAG Cargo, IAG GBS, Iberia, LEVEL and Vueling (the 'Operating Companies'). IAG is a Spanish registered company with shares traded on the London and Spanish Stock Exchanges and our corporate head office is in the United Kingdom. For the purpose of this statement, any reference to 'IAG' or 'the Group' includes the Operating Companies and their relevant subsidiaries¹. Further information regarding the Company's Structure may be found via the following link:

<https://www.iairgroup.com/en/the-group/unique-group-structure>

2018

During 2018 we published our second slavery and human trafficking statement that can be found via the following link: [IAG Group Slavery and Human Trafficking Statement 2017](#). We identified our supply chains and the potential for human trafficking on our flights as our key risk areas for modern slavery.

In 2018 we continued to develop our approach for tackling modern slavery across the Group:

- A Code of Conduct was developed for everyone working within the Group, setting out the principles we must work by every day as well as providing guidance on how to identify and report a concern, if necessary using the relevant whistleblowing channels. It also applies, as far as possible, to our suppliers and contractors;
- Our Modern Slavery Working Group, consisting of a dedicated representative from each of the Operating Companies and relevant subsidiaries, met quarterly during 2018 to monitor and discuss potential high-risk areas, incidents and actions in relation to modern slavery. The Group will continue to monitor progress in tackling slavery and discuss concerns and recommendations in 2019;
- A new procurement platform was launched to provide a more robust approach to supplier relationship management.

A summary of the actions taken in 2018 was included in our annual report and accounts and further information about these key actions is set out below.

There are no known issues of modern slavery in our business or supply chains. All suspected incidents that were reported in the year were thoroughly investigated. IAG remains committed to taking swift and robust action in the event that any evidence relating to slavery or human trafficking in our business supply chain is identified.

¹ This statement is made in relation to International Consolidated Airlines Group S.A., Aer Lingus Limited, Avios Group (AGL) Limited, BA CityFlyer Limited, British Airways Limited, British Airways Holidays Limited, British Airways Maintenance Cardiff Limited, Compania Operadora De Corto y Medio Radio Iberia Express S.A.U, IAG Cargo Limited, IAG GBS Limited, Iberia LAE SA Operadora, Overseas Air Travel Limited and Vueling Airlines S.A.

Policies

IAG's sustainability programmes are coordinated at Group level to develop and implement sustainability policy and strategy, establish targets and programmes, and ensure appropriate governance and accountability across all operating companies. We draw links to nine of the United Nations Sustainable Development Goals, including Goal 8: Decent work and economic growth.

IAG's zero-tolerance approach to modern slavery is outlined in our Modern Slavery Group Instruction (the 'Instruction'). This Instruction applies to all persons working for us or on our behalf in any capacity and 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.

Other relevant policies include our Equal Opportunities Policy, intended to address and eliminate discrimination and promote equality of opportunity regardless of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation.

Our Supplier Code of Conduct sets out the standards to which suppliers engaging with IAG and its operating companies must apply. This expressly prohibits the use of child labour and any form of slave, bonded, forced, involuntary prison labour, human trafficking or exploitation. All suppliers are expected to acknowledge the IAG Supplier Code of Conduct and maintain equal standards within their organisation. In 2018 our Supplier Code of Conduct was integrated within our new procurement systems and its acknowledgement is an element of the bidding process for our suppliers.

During 2018 IAG developed a Group Code of Conduct (the "Code") which outlines key principles to ensure that everyone working within the Group is aware and understands the behaviours that are expected of them. The Code outlines the Group's commitment to placing integrity at the core of all our business activities and includes the following principles:

- "We promote and maintain relationships with suppliers and business partners that are cooperative and based on trust, fairness and transparency."
- "We carry out our work in a manner that respects the human rights of others. This means we do not accept any form of forced or involuntary labour, human trafficking and modern slavery anywhere in our business".

The Code was launched in April 2019 and applies to everyone who works for IAG, its Operating Companies and their subsidiaries, including all employees, officers and company directors. Any breaches of the code may result in disciplinary action being taken.

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

Supply chains

IAG has tens of thousands of suppliers, and goods and services sourced by the Group come from all parts of the world. 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.

IAG GBS provides a centralised procurement function for the Group. IAG GBS engages with all suppliers on human rights, slavery and trafficking during the request for proposal process. There is a Group-wide Know Your Counterparty (KYC) programme in place to facilitate enhanced due diligence on our suppliers. In addition to the Supplier Code of Conduct, modern slavery clauses are included in new and renewed supplier contracts. 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. However, in the first instance we would work with our suppliers to identify the issues and remedy the situation.

In 2018, IAG GBS launched a new procurement platform to provide a more robust approach to supplier relationship management. The risk management process has been developed to facilitate due diligence and monitoring of our suppliers throughout the supplier lifecycle. IAG GBS has enlisted Bureau van Dijk, a business intelligence provider, to enrich our understanding of our suppliers' legal, social and environmental compliance. In 2018, 5,500 suppliers were screened during the first phase of deployment. These findings identify risks in relation to our Supplier Code of Conduct which includes inter alia employment practices, child labour, forced labour, compensation, working hours and health and safety. IAG GBS undertakes detailed Corporate Social Responsibility (CSR) screening for some suppliers and targeted CSR audits may be conducted at supplier premises. We monitor suppliers by the number of risks as well as the severity of each risk type. The Global Slavery Index 2018 identifies garments and electronics as the top two products imported to the UK that are at risk of modern slavery. The majority of CSR audits conducted in 2018 were of suppliers in the textile and electronic industries. Audits are carried out by trusted third party auditors with track records in driving improvements in responsible business practices in global supply chains. All CSR risks and findings are monitored, and action plans to prevent, mitigate or remediate are implemented accordingly. The risk assessment process can lead to suppliers being deactivated from IAG's approved supplier list.

In 2019, we will continue to screen suppliers during initial set up and on a regular basis to grow the number of suppliers covered, we will be developing a CSR questionnaire to enhance our supplier due diligence process and we will continue to perform CSR audits on selected suppliers.

Human trafficking

Human trafficking is of real concern in the airline industry and we recognise the risk of our services being exploited by human traffickers. IAG flies to 268 destinations and the Modern Slavery Working Group will continue to review The Global Slavery Index 2018 findings on the prevalence of modern slavery in each of our destination countries. Routes on which suspected trafficking is reported are recorded to identify any patterns of high-risk routes.

We recognise that our cabin crew and flight crew will have the most exposure to potential trafficking situations and therefore modern slavery guidance and procedures are included in all our operating manuals. We have rolled out training for our cabin and flight crew to raise awareness of human trafficking and we have clear processes in place to ensure that our staff know how and where to report any suspected incidences of modern slavery. Human trafficking training is now part of our recurrent cabin and flight crew training for British Airways, BA CityFlyer and Aer Lingus. Over 11,000 crew members have received training and the number of suspected trafficking incidents that were reported has increased. We continue to work closely with relevant authorities, governments and the airports in which we operate to ensure that all suspected human trafficking on our flights is reported and dealt with.

During 2018 IAG participated in a workshop with International Air Transport Association (IATA) and other member airlines to share best practice on combatting modern slavery and to benchmark our performance across the industry. The workshop culminated in a resolution denouncing human trafficking and reaffirmed commitments to tackling human trafficking, including sharing of best practices, training and reporting. This resolution was passed by IATA at its 2018 Annual General Meeting. We share IATA's guidance on human trafficking with our employees to raise awareness as part of their #eyesopen campaign.

Going forward we will continue to raise awareness of this issue across our business and will look to develop further training within our airline companies.

Our people

The average manpower equivalent² for the IAG Group was 64,734 in 2018. IAG expects all employees to be treated with dignity and respect. Our aspiration is to provide a working environment in which all employees can realise their potential, free of harassment and discrimination. IAG is committed to ensuring the health and safety of its employees and has robust policies in place 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. IAG has a European Works Council which brings together representatives from the different European Economic Area (EEA) countries in which the Group has operations, covering over 95% of the Group's total workforce. These employees are based in European countries which comply with conventions of the International Labour Organisation covering subjects that are considered as fundamental principles and rights at work, including freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labour, the effective abolition of child labour and the elimination of discrimination in respect of employment and occupation.

Resources are available across the Group for employees to report grievances or any alleged or actual wrongdoing. There are whistleblowing channels provided by Safecall and Ethicspoint available throughout the Group where concerns can be raised on a confidential basis. The IAG Audit and Compliance Committee reviews the effectiveness of whistleblowing channels on an annual basis. This external service is available to all our employees and to others working in our supply chain. In 2018 our whistleblowing channels did not receive any reports in relation to modern slavery. Employees of all Group companies can also discuss any concerns with the designated Modern Slavery Working Group member for their company.

Awareness and training

Materials relating to human trafficking and modern slavery are available to all employees on a dedicated modern slavery intranet page and we have continued to raise awareness of this issue through internal communications of our policies, poster campaigns and through our internal social network sites.

All training programmes are implemented at Operating Company level and each is responsible for determining the specific courses that are mandatory within their organisation, the frequency with which training courses must be completed and the employees required to attend. All Operating Companies will run a core corporate training course on the new Code of Conduct. Modern slavery is also incorporated into compliance training delivered through the year and available as e-learning for Avios, British Airways, IAG Cargo, IAG GBS and Vueling, and their relevant subsidiaries.

Next steps

We recognise the continuously evolving nature of modern slavery and will continue to review our policies, processes and training to ensure they are fit for purpose. During 2019 and beyond we will continue to;

- develop our approach for tackling modern slavery within our business;
- focus on raising awareness of human trafficking and modern slavery, particularly for colleagues working onboard our aircraft and in procurement roles; and
- develop our supplier due diligence and risk assessment processes.

Signed



Willie Walsh

Chief Executive Officer, IAG

² Number of employees adjusted for part-time workers, overtime and contractors.