

IAG Modern Slavery & Human Trafficking Statement

Introduction

Welcome to International Airlines Group (IAG)'s slavery and human trafficking statement published in May 2021. This statement is made under section 54 of the UK Modern Slavery Act 2015 (MSA) and outlines the steps taken by IAG in 2020 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@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 a fleet of 533 aircraft. Before the impact of the COVID-19 pandemic it operated to 279 destinations and carried around 118 million passengers each year. IAG is the parent company of Aer Lingus, British Airways, IAG Cargo, IAG GBS, IAG Loyalty, Iberia, LEVEL and Vueling (the 'Operating Companies'). IAG is a Spanish registered company with shares traded on the London and Spanish Stock Exchanges. 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 Group's structure may be found via the following [link](#).

There are no known issues of modern slavery in our business or supply chains. All suspected incidents that are reported are 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.

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.

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 Plc, BA Holidays Limited, British Airways Maintenance Cardiff Limited, Compañía Operadora de Corto y Medio Radio Iberia Express S.A.U, IAG Cargo Limited, IAG GBS Limited, Iberia LAE S.A Operadora, Overseas Air Travel Limited and Vueling Airlines S.A.

Our Supplier Code of Conduct sets out the standards to which suppliers engaging with IAG and its operating companies must apply. In 2020, a new Supplier Code of Conduct was launched and issued to the supply chain. This Code clarifies the standards of behaviour expected from suppliers working with any part of the business and emphasises the importance of sustainability. The Code expressly prohibits the use of any form of forced, involuntary or child labour, human trafficking and modern slavery. It has been integrated into the supplier onboarding process, all suppliers are expected to acknowledge the IAG Supplier Code of Conduct and maintain equal standards within their organisation.

IAG's Group Code of Conduct (the "Code") 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 applies to everyone who works for IAG, its Operating Companies and their subsidiaries, including all employees, officers and company directors. Training and communications activities are carried out for directors, employees and third parties on a regular basis to maintain awareness and understanding of the principles that govern the conduct of the Group. 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, please visit the IAG website or contact groupmodernslaveryreporting@iagroup.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 and has a dedicated Supply Chain Sustainability Programme which consists of four key aspects relating to the suppliers:

- Code of Conduct
- Risk screening
- Corporate Social Responsibility (CSR) Audits
- Joint programmes to promote sustainability initiatives

As a minimum, all suppliers undergo annual screening for any legal, social, environmental and financial risks. In 2020, 1,043 suppliers received red flags on compliance issues during their screening and 35 business-critical suppliers were highlighted to the Operating Companies in daily risk alerts. The Procurement and Compliance Teams assess any suppliers that are identified as having potentially higher levels of risk and implement a mitigation plan where necessary. Any issues are flagged to the risk owners within IAG to jointly take appropriate action.

IAG GBS carries out in-depth supplier audits as part of the Group's commitment to sustainability; these audits are based on potential geographical and procurement category risk. They are performed by independent inspectors with CSR expertise using the SEDEX Members Ethical Trade Audit (SMETA) methodology. In 2020, 25 audits were completed during the COVID-19 pandemic, with eight postponed until 2021. Of the audits carried out, 78 points were identified that required minor improvements in health and safety standards, and suppliers have implemented corrective actions.

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.

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. 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. Training is provided to 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. Our airlines 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. In 2020, Vueling supported the Spanish police in locating and arresting members of an organisation which trafficked women.

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 number of people employed across the Group at 31 December 2020 was 57,928, based in 82 countries. 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.

IAG has employees based in European countries which comply with the conventions of the International Labour Organization (ILO), covering subjects that are considered as fundamental principles and rights at work: 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. Outside of the EU, IAG recognises trade unions in many jurisdictions, has collective agreements and meets all relevant labour standards. 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.

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 2020 our whistleblowing channels did not receive any reports relating to modern slavery.

Awareness and training

Materials relating to human trafficking and modern slavery are available to all employees on a dedicated modern slavery intranet page.

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 run a core corporate training course on the 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 2021 and beyond we will continue to assess the risk in our business, develop our approach for tackling modern slavery and continue to monitor our progress.

The above Statement has been approved by the Board of Directors of IAG on May 6th, 2021.

Signed

Luis Gallego
Chief Executive Officer

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