

IAG GROUP SLAVERY AND HUMAN TRAFFICKING STATEMENT

Introduction

Welcome to International Airlines Group (IAG)'s Second Slavery and Human Trafficking Statement published in June 2018. This statement is made under section 54, part 5 of The Modern Slavery Act 2015 (MSA) and outlines the steps taken by IAG in 2017 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 546 aircraft flying to 279 destinations and carrying around 105 million passengers each year. IAG is the parent company of Aer Lingus, Avios, British Airways, IAG Cargo, IAG GBS, Iberia 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 London, UK. For the purpose of this statement, any reference to 'IAG' or 'the Group' includes the Operating Companies and their relevant subsidiaries.

Further information regarding the Company's Structure may be found via the following link:

<http://www.iairgroup.com/phoenix.zhtml?c=240949&p=aboutoverview>

2017

During 2017 we published our first Slavery and Human Trafficking Statement that can be found via the following link: [IAG Group Slavery and Human Trafficking Statement 2016](#). In this statement we identified our supply chains and the potential for human trafficking on our flights as our key risk areas for Modern Slavery.

During 2017 we:

- Continued to develop our approach for tackling Modern Slavery at all levels within our supply chains across the Group;
- Provided targeted Modern Slavery awareness materials for all Procurement staff and other employees who work in high risk areas;
- Updated 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;
- Introduced Modern Slavery clauses in new supplier contracts and those coming up for renewal;
- Continued updating crew manuals with procedures for identifying potential cases of human trafficking on our flights;
- Identified and established KPIs relating to Modern Slavery including the number of suspected incidents reported and the number of cabin crew that received training; and
- Continued to work with other companies to share knowledge, learning and best practice.

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 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.

IAG's zero tolerance approach¹ to Modern Slavery is outlined in our Group Modern Slavery Standing 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 and Supplier Code of Conduct. All suppliers are expected to acknowledge the IAG Supplier Code of Conduct and maintain equal standards within their organisation. Our Supplier Code of Conduct has been integrated within new procurement systems to go online in 2018 and its acknowledgement will be an element of the bidding process for our suppliers. During 2017 we began a review of our Supplier Code of Conduct to better align with the Modern Slavery Act. The revised Supplier Code of Conduct will be distributed to all suppliers in 2018.

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

Of the top countries with the highest number of people in Modern Slavery according to The Global Slavery Index 2016, IAG flies to India, China, Russia and Nigeria. In 2017, goods or services sourced by the Group came from all parts of the world. IAG undertakes 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.

IAG GBS provides procurement services across the Group and 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) due diligence programme in place. In 2017, IAG GBS conducted risk assessment analysis using SEDEX (Suppliers Ethical Data Exchange) and other third party platforms, prior to starting cooperation with potential vendors.

During 2017, the Group was an active member of SEDEX. SEDEX undertakes due diligence and audits on the Group's significant suppliers. In 2018 a new ORBIS platform will be introduced to support the risk assessment process.

In addition to the Supplier Code of Conduct, during 2017 we introduced mandatory Modern Slavery clauses to 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

We recognise that our cabin crew and flight crew will have the most exposure to potential trafficking situations. In 2017, we continued to update our crew manuals, so our employees can recognise signs of potential trafficking situations and report their concerns. We have 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, guidance is provided to flight crew and cabin crew to support the UK Border Agency initiative to reduce human trafficking. Awareness of this issue is part of routine cabin crew training for new starters. During 2017, over 2000 new cabin crew members received training. During 2018 and beyond, we would like to roll out training to our check-in agents and as part of our annual cabin crew training.

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.

We continue to work closely with governments and the airports in which we operate to ensure that all suspected trafficking on our flights is reported and dealt with appropriately. During 2017, there were two suspected trafficking incidents reported to the appropriate authorities.

Knowledge Building

We recognise the continuously changing nature of Modern Slavery and the importance of collaborating with others on this issue to share knowledge and learnings. During 2017, we attended seminars and networking groups with other non-retail sector companies. In 2018, we will participate in a workshop with IATA and other member airlines to share best practice on combatting Modern Slavery and to benchmark our performance across the industry.

Our Modern Slavery Working Group, consisting of Designated Person(s) from each of the Operating Companies and relevant subsidiaries met quarterly during 2017 to monitor and discuss potential high-risk areas, incidents and actions in relation to Modern Slavery. The Group will meet at least quarterly in 2018 to continually monitor the Group's progress in tackling slavery and discuss any issues and recommendations.

Our People

The average manpower equivalent for the IAG Group was 63,422 in 2017². 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. During 2017, IAG established a European Works Council which covers all Group employees within the European Economic Area, representing over 95% of the total workforce.

Several resources are available across the Group for employees to get advice or 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.

Awareness & Training

We realise that any of our staff who travel for business or leisure can help combat Modern Slavery. During 2017, Modern Slavery was incorporated into compliance training delivered throughout the year and available as e-learning. Targeted Modern Slavery training was also rolled out to all the Group's Procurement staff and 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.

During 2018 we will continue our campaign to raise awareness of this issue through poster campaigns and internal communication of our policies. Employees of all Group companies can discuss any concerns with a Designated Modern Slavery Working Group member for their company or their company's external confidential helpline.

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

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 2018 and beyond we plan to:

- Continue to develop our approach for tackling Modern Slavery at all levels within our supply chains across the Group;
- Regularly update the Group boards and management committees on Modern Slavery;
- Ensure that new supplier contracts and those coming up for renewal contain Modern Slavery clauses. Suppliers will be required to acknowledge the revised Supplier Code of Conduct;
- Continue to work with other companies and IATA to share knowledge, learning and best practice;
- Identify and raise awareness of routes that have a high risk of human trafficking.

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