INTERNATIONAL AIRLINES GROUP

The strength of our connections

Annual Report and Accounts 2024



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View our online annual report at: www.iairgroup.com/investors-and-shareholders/financial-reporting/annual-reports/

Management Report

IAG is required to prepare a Management Report in accordance with Article 262 of the Spanish Companies Act and Article 49 of the Spanish Commercial Code. Pursuant to this legislation, this Management Report must contain a fair review of the progress of the business and the performance of the Group, together with a description of the principal risks and uncertainties that it faces. In the preparation of this report, IAG has taken into consideration the guide published in 2013 by the Spanish National Securities Market Commission (CNMV) which establishes a number of recommendations for the preparation of management reports of listed companies.

The Management Report is composed of the following sections:

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The Annual Corporate Governance Report is part of this Management Report but has been presented separately. This report has been filed with the CNMV, together with the required statistical annex, in accordance with the CNMV Circular 2/2018, dated 12 June. The Annual Corporate Governance Report and the statistical annex are also available on the Company's website www.iairgroup.com.

The consolidated Non-Financial Information Statement and Sustainability Information (together referred to as the 'Sustainability statement' in this Management Report) complies with Spanish Law 11/2018, of December 28, amending the Commercial Code, the consolidated text of the Capital Companies Law approved by Royal Legislative Decree 1/2010, of July 2, Law 22/2015, of July 20, on Auditing, in matters of non-financial and diversity information, and Law 5/2021, of April 12, amending Article 49.6.II, fourth paragraph, of the Commercial Code. This statement is prepared in accordance with the EU Corporate Sustainability Reporting Directive (CSRD) on a voluntary basis.



Our purpose

Connecting people, businesses and countries

At IAG, our purpose is to connect people, businesses and countries using aviation as a force for good. We believe in the transformative power of flight: enabling personal and professional connections, supporting global trade and fostering the discovery of new places, ideas and experiences. Our airlines provide critical infrastructure, delivering goods from food on shelves to medicine in pharmacies.

Delivering sustainable returns

2024 has been a very strong year for IAG. We continue to see strong demand for travel in our core markets. Our transformation programme is delivering better customer experiences as well as improving financial performance. We are committed to sustainable shareholder returns.

Financial highlights

Revenue

€32,100 million

+9.0% vly

Operating profit before exceptional items[1]

€4,443 million

+€936 million vly

Free cash flow[1]

€3,556 million

+€2,236 million vly

Operating profit

€4,283 million

+€776 million vly

Share buyback

€350 million

Total dividend

€0.09 per share

Interim dividend €147 million, final dividend €288 million

Non-financial highlights

Carbon intensity

78.1 gCO_2/pkm

-3.0% vly

Net Promoter Score (NPS)

22.6 pts

+4.0 pts vly

Senior leadership roles held by women

36%

+0 pt vly

1 For more information, see Alternative performance measures section.



Javier Ferrán
Chairman

Committed to our purpose

Javier Ferrán, Chairman, reviews 2024, a year in which we continued to deliver our strategy and transformation – ensuring we are even better placed to deliver on our purpose.

In 2024, we remained focused on our purpose of connecting people, businesses and countries as we continue to deliver our strategy. We are proud that aviation remains a catalyst for economic and social good, helping people do business, trade, study and see friends and family around the world, and discover new ideas, places and experiences.

In terms of financial performance, this has been a very good year for IAG, marked by strong operating profits and margins across the Group. These results have enabled us to deliver sustainable returns to shareholders, enhance our balance sheet and reinvest in the business. In an important milestone, we were pleased to announce the resumption of a dividend and a share buyback for the first time since COVID-19.

On behalf of the Board, I would like to thank IAG's 74,400 employees, whose contributions have been key to making this year a success. The strength of our business is a direct result of their dedication and hard work, and without them we would not have been able to deliver such a strong set of results. I would also like to extend my thanks to our shareholders for their continued support.

Aviation as a force for good

Airlines play an important role in connecting and uniting communities. Our airlines, and the hubs in which they operate, are part of critical infrastructure, facilitating trade, connecting businesses and supporting broader economic growth. Aviation is a key driver of economic activity through direct investment, employment and our supply chain.

Our people driving change

Our people play a critical role in driving our strategy. They continue to support our Group-wide transformation programme. This year, the Board dedicated more time to visiting our frontline colleagues to gain valuable insights from those directly involved in the day-to-day operation.

Our strategy is working

We continue to be guided by our strategic imperatives: strengthening our core, driving growth through our complementary businesses and airline partnerships, operating under a robust financial and sustainability framework and - this year – accelerating and scaling up our delivery. As a result, we grew revenue by 9.0% to €32 billion, increased our operating profit before exceptional items by 26.7% to €4,443 million and our margin by 1.9 percentage points to 13.8%. We generated free cash flow of €3.6 billion and, with a strong balance sheet, delivered on our commitment to shareholder returns. In 2024, we maintained our leading position in the world's most valuable aviation markets, serving 122 million customers globally. We saw strong demand for travel with our Group capacity surpassing pre-pandemic levels of flying, underscoring that people continue to prioritise experiences and face-to-face connections. Demand for travel remained robust throughout the year, particularly in our core profit pools of the North Atlantic, Latin America and intra-Europe, and through the efforts of our transformation programme, we continued to build an even stronger and more efficient set of customer propositions. We took delivery of 19 new aircraft as part of our ongoing investment in our fleet, and Iberia was the global launch customer of the Airbus A321XLR. In addition to strengthening our airlines' leadership positions, IAG Loyalty is an increasingly attractive part of our portfolio, with BA Holidays joining its business this year. Our operational, commercial and financial performance demonstrates that our strategy is working.

Progress in sustainability

Sustainability is part of IAG's core strategy. We have shown leadership in the sector, as the first airline group globally to commit to net zero by 2050, and we have a clear plan to achieve our targets. As well as our investments in more fuel-efficient aircraft, we are investing in lower-carbon fuels and technologies, prioritising sustainable aviation fuel (SAF). But we are facing regulation, including SAF mandates that will increase costs to airlines and their customers. We need all stakeholders in the aviation ecosystem to work together to enable the low-carbon transition while retaining competitiveness across European aviation.

Overcoming challenges and looking ahead

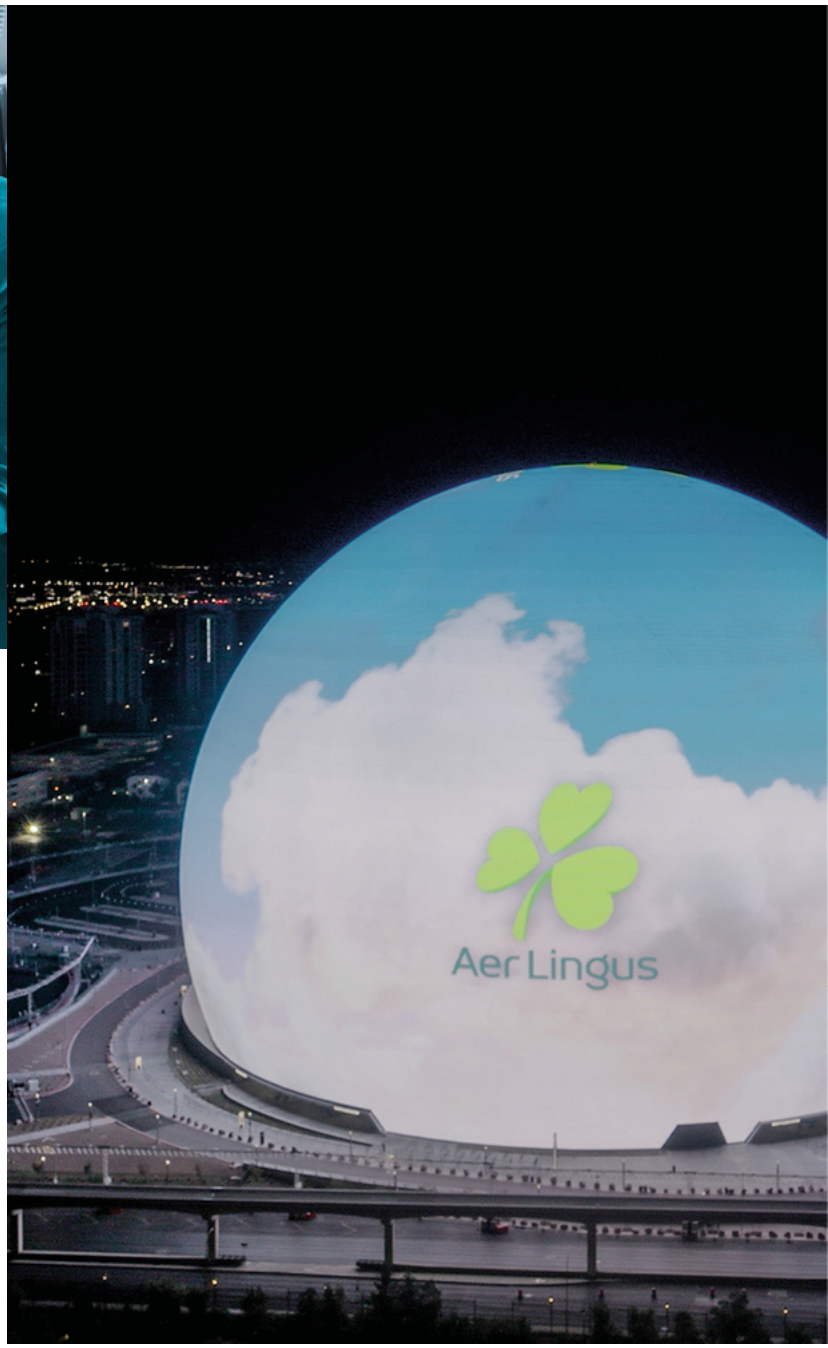
While our results are strong, our industry overall is facing headwinds. There have been ongoing issues with air traffic control (ATC) throughout Europe and fleet and supply chain delays, which have resulted in some operational challenges for our airlines. We are affected by geopolitical changes and conflicts and often need to manage their consequences, including a fluctuating fuel price and airspace restrictions and congestion. The political landscape and policy environment are constantly evolving, but, as a group, IAG is resilient to market challenges, thanks to our scale, core markets and the diversity of our brands.

As we look ahead to the coming year, we will continue to deliver our strategy, targeting sustainable growth and returns, while positively contributing to the economies and communities we serve.

Javier Ferrán
Chairman

Connecting people with new experiences





IAG airlines serve 122 million customers in 91 countries around the world, and we're proud to connect people with experiences. From family celebrations to life-changing moves, we make journeys that matter possible, broadening horizons every day.

British Airways launches Customer Access Advisory Panel

As part of British Airways' continued commitment to providing a seamless travel experience for customers with visible and non-visible disabilities, the airline launched its new Customer Access Advisory Panel. The panel is committed to identifying ways to improve the end-to-end customer experience for travellers who may require additional assistance.





Viva Las Vegas

A new Aer Lingus route to Las Vegas took off in October, connecting Irish passengers with new experiences such as the Sphere Las Vegas, the world's first next-generation entertainment venue, on which the airline advertised its inaugural flight.

Speedbird Pilot Academy expands

As part of British Airways' commitment to inspiring future talent and ensuring equal opportunities, the airline is expanding its Speedbird Pilot Academy. It will now fully fund training for up to 200 aspiring pilots annually, up from 60 places in 2023. This initiative breaks down financial barriers, making a career in aviation more accessible to all.



Connecting businesses with opportunities



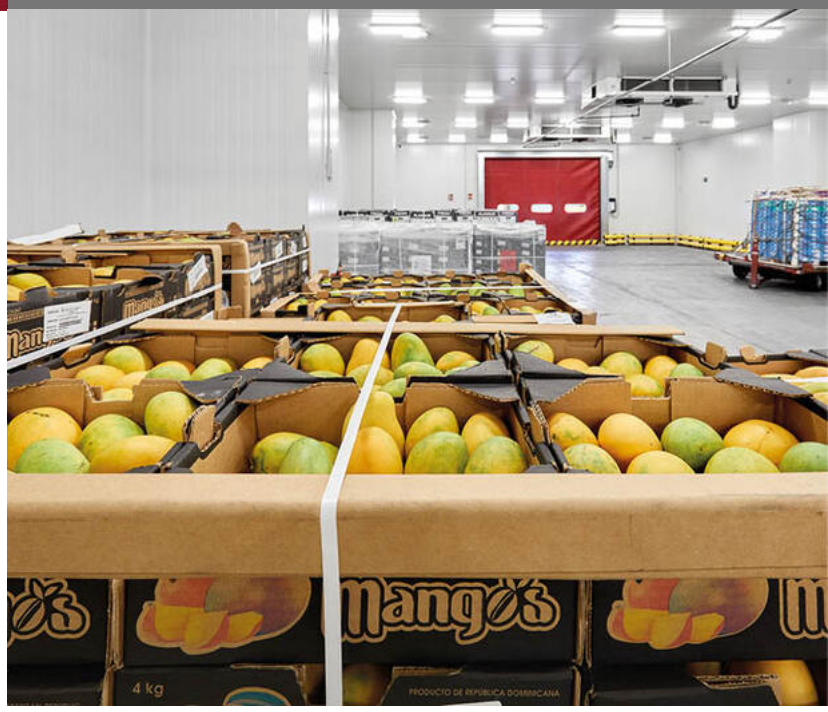
New partnerships

IAG Loyalty has renewed its partnership with Nectar, extending the agreement until 2028. This collaboration, which includes key brands such as Sainsbury's and Argos, enables members to access the benefits of both loyalty programmes. Customers will continue to be able to transfer Nectar points to Avios via their British Airways Executive Club account.

Supporting growers and exporters

IAG Cargo expanded its perishable centre in Madrid by 45%, boosting capacity and supporting growers and exporters between Latin America and Europe, ensuring fresh produce reaches market efficiently.

We are inspired by the good we can do in the world – connecting businesses with opportunities, supporting economies and creating jobs. By facilitating trade and transporting essential goods, we help businesses grow, thrive and build stronger connections.





50 years of Spain's air shuttle

In 2024, Iberia's most iconic route, the Madrid to Barcelona 'Air Shuttle', celebrated its 50th anniversary. The airline marked the milestone with the opening of a new dedicated check-in area at Madrid–Barajas Airport and introduced two new fare options tailored to the evolving needs of business travellers. The route between Spain's two biggest cities was the first Air Shuttle in Europe and remains Iberia's flagship route.

Partnership with Barcelona Supercomputing Center

Vueling has joined forces with the Barcelona Supercomputing Center (BSC) in a three-year partnership that will give the airline access to BSC's cutting-edge systems, data and scientific expertise. This partnership will include access to specialist training ranging from advanced weather forecasting – including dust storm data – to predictive analytics for passenger and baggage management.



Connecting countries and communities

Organ transportation

Since 2013, Vueling has partnered with Spain's National Transplant Organisation, playing a pivotal role in the transportation of over 900 organs. As one of Spain's leading organ transporters, the airline has facilitated critical connections across regions and countries, ensuring that life-saving organs reach those in need on time.

UNICEF Copenhagen

Aer Lingus has partnered with UNICEF for 25 years, raising funds through its Change for Good programme. CEO Lynne Embleton visited the UNICEF Supply Division in Copenhagen to learn how UNICEF procures and distributes aid to 162 countries facing humanitarian crises.





Aviation bridges countries and communities, so it is vital we use our global network to support the communities we serve. IAG is dedicated to supporting charities and relief efforts around the world and closer to home. Thank you to our people, customers and partners for their commitment to our social and environmental initiatives.





The Earthshot Prize

As part of British Airways' BA Better World sustainability programme, the airline has partnered with The Earthshot Prize to support the discovery, investment in and acceleration of innovative and scalable climate solutions for people and for the planet.

Hurricane Beryl

Following the devastating impact of Hurricane Beryl, IAG Cargo delivered critical aid to Grenada, transporting tents, hygiene supplies, first aid kits, bedding and food to support recovery efforts. IAG Cargo activated its extensive logistics network to ensure the aid reached those in need without delay.

Management committee





Working together to deliver on our strategy

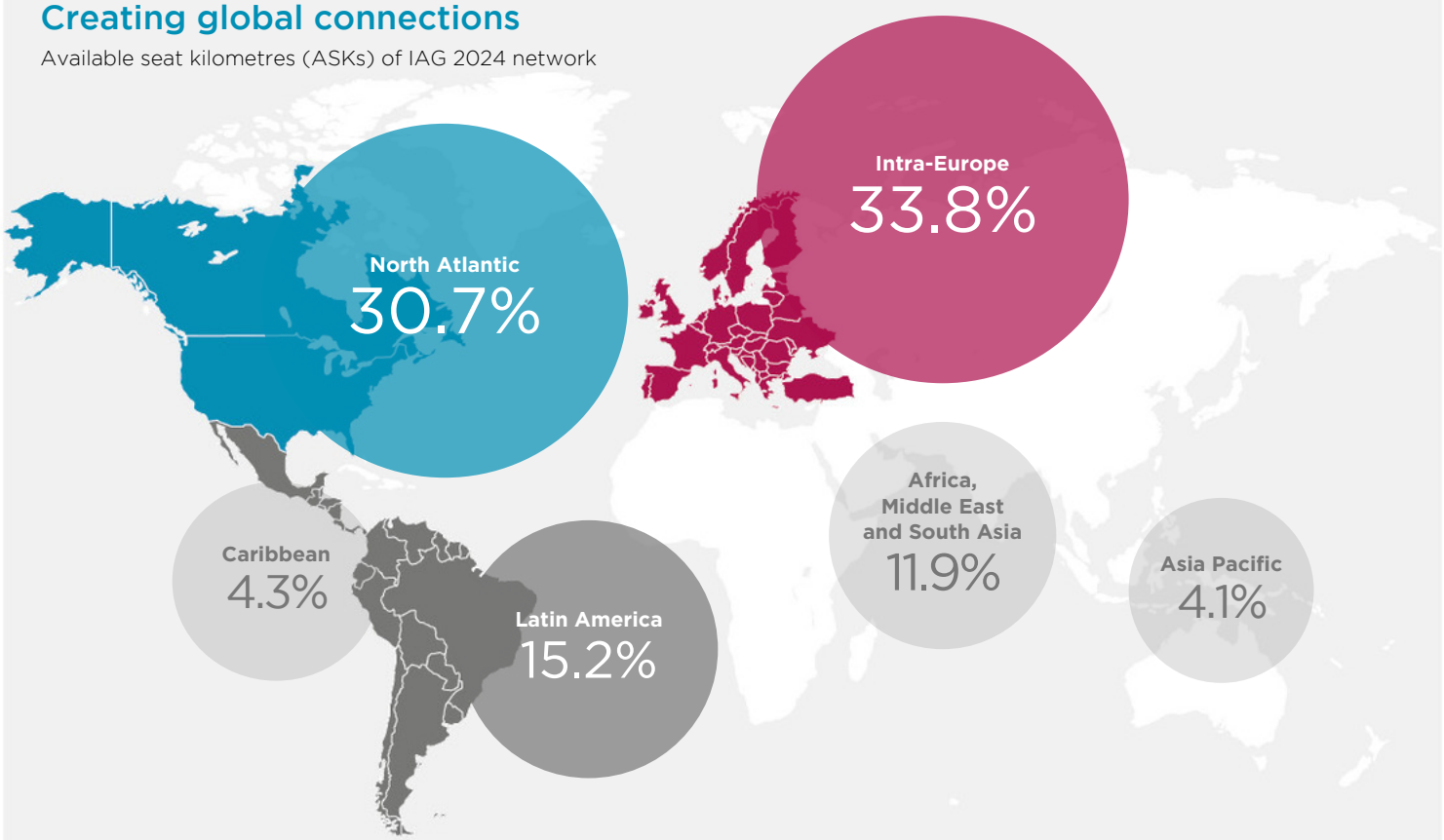
The IAG Management Committee, led by Luis Gallego, is responsible for the overall execution and delivery of the Group's strategy.

Leading the way in global aviation

We are the leading airline group from Europe to North and Latin America, with extensive connectivity intra-Europe and with the rest of the world.

Creating global connections

Available seat kilometres (ASKs) of IAG 2024 network



North Atlantic

#1

long-haul market from Europe by size (€43 billion[1] market)

London

#1

long-haul premium air travel[2]; US is 37% of London long-haul ASKs

Latin America

#1

revenue-growing market from Spain (+60% vs 2019)

'Madrid is the new Miami'

86%

increase in number of Latin Americans in Spain; record real-estate foreign investment[3]

Intra-Europe

Spain

#1

in domestic market in Europe[4], and Spain-UK corridor is the largest market

Intra-Europe is a resilient market, with record tourist visits

1 Source: IATA – DDS (exc. Russia and Turkey) Total Market Revenues by Origin and Destination (O&D) to/from Europe, full year 2024 (€ billion).

2 Source: OAG – London with 13,400 premium long-haul seats per day, followed by Dubai 11,100 and New York 8,900 as the top 3.

3 Source: INE – 2024 versus 2019. 20% of homes worth +€500,000 in Madrid bought by foreign nationals in 2023 (+11pts versus 2019); first six months of 2024 was all-time high in property purchases by foreigners in Spain.

4 Source: OAG – IAG had a 55% seat share of this market in 2024

Our world-class airlines and businesses

We bring together leading brands in our industry to form a group that makes everyone stronger, together.

The scale of our operation

259
destinations across 91 countries

122 million
passengers

74,400
employees globally

We have a portfolio of world-class airlines

Aer Lingus
Fleet
58



British Airways
Fleet
293



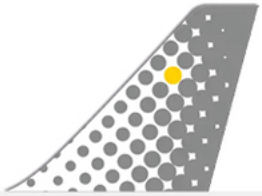
Iberia
Fleet
112



LEVEL
Fleet
7



Vueling
Fleet
131



...and complementary businesses

IAG Loyalty, including BA Holidays
Avios issued
177 billion

IAG Loyalty

IAG Cargo
Cargo tonne kilometres
5,253 million

IAG Cargo

Our airline partnerships

Atlantic Joint Business (with American Airlines and Finnair)
Qatar Joint Business (with Qatar Airways)
Siberian Joint Business (with Japan Airlines and Finnair)
Peru and Ecuador Joint Business (with LATAM)
China Joint Business (with China Southern)
oneworld

For more information, see the operating companies' sections

Our business model

Our resources and relationships

Global leadership positions

IAG has leading networks and schedules in three of the world's most attractive aviation markets: North Atlantic, Latin America and intra-Europe.

A portfolio of world-class brands

Our airlines are the leading brands in their home hubs. From full service, through value, to low-cost carriers, we are focused on delivering the best service for our customers' needs.

A modern, fuel-efficient fleet

We continue to invest in the latest, fuel-efficient aircraft. Our network and schedule are delivered by our fleet of 601 long-haul and short-haul aircraft across our brands.

The best people

We hire, train and deliver our services with the best people. We are led by a professional and experienced management team.

Strong capital structure

Our first capital allocation priority is for a strong balance sheet, which is investment grade. After investing in the business, we then prioritise returns to shareholders, through dividends and additional cash returns.

Our proven business model



Our business model is centred on our purpose: to connect people, businesses and countries. We are an active parent company that invests in our airlines, with a culture of being stronger together.

Our operating model

The Group's structure maximises total returns for our shareholders.

As the parent company, IAG is responsible for managing and allocating capital, driving overall Group performance and setting the agenda for sustainability and innovation.

Drive portfolio and financial strategy

IAG allocates capital where it can get the most sustainable returns for shareholders. As a result, IAG has a track record of delivering market-leading financial results:

- Drive Group corporate strategy; set the portfolio
- Allocate capital, manage the balance sheet and shareholder returns
- Manage financial stakeholders
- Drive value through M&A, partnerships and joint businesses
- Manage funding of the business

Manage performance

IAG performance-manages the operating companies and each of our businesses is fully accountable for its own performance:

- Performance accountability
- Commercial independence
- Operational independence
- Customer value proposition and relationship
- People management
- Management of relevant stakeholders

Facilitate value capture and share best practices

The operating model brings different companies together to share ideas and expertise and to track progress. We are able to collaborate and challenge one another when it is helpful to do so. With this approach, we:

- Set the ambition for the Group
- Drive top talent management and pipeline
- Drive the sustainability agenda
- Facilitate the capture of additional synergies
- Drive innovation
- Provide centres of excellence to facilitate best-practice sharing

The value we create for our stakeholders...



Customers

Customers choose us primarily for our extensive network and schedule and because they trust our brands.



Employees

Employee contribution is paramount to our strategy. Each operating company has established effective ways to engage, listen and act on employee feedback.



Suppliers

IAG is dependent on the performance of key suppliers that provide goods and services to our customers including aircraft, engines, maintenance, airport operations and catering supplies.



Shareholders, lenders and other financial stakeholders

Our investors are looking for a stable business with a strong balance sheet and sustainable demand for travel.



Governments and regulators

Government policies impact many aspects of IAG's businesses. We seek to engage responsibly to benefit our customers.

...and for society

Our vision is to be a world-leading airline group in sustainability.

See the Sustainability section for further information.

Our investment case

Long-term secular growth industry

A proven history of multi-decade GDP+ demand growth, driven by tourism, visiting friends and relatives, and economic development

A strong competitive advantage

- Unique model drives disciplined capital allocation and leading performance
- Significant position in three of the world's most attractive aviation markets
- Leading brands at our hubs
- Rewarding customers through world-class loyalty programmes

Generating world-class margins and returns

Transformation and innovation to deliver 12%-15% margin targets:

- Transforming British Airways
- Developing our Spanish businesses
- Capital-light, high-margin growth at IAG Loyalty (including our holidays businesses)

Investment and scale to deliver sustainable long-term market-leading returns.

Maximising shareholder returns

- Significant free cash flow generation
- Sustainable dividends
- Excess cash returns to shareholders

Maximising shareholder value

We have a strong track record of financial performance in line with our targets. We are committed to maximising total shareholder returns.

Strategic imperatives	**A strong core**	**Capital-light earnings growth**	**A robust financial and sustainability framework**
Strategic priorities	**Growing our portfolio of global leadership positions** **Strengthening our portfolio of world-class brands**	**Developing our loyalty and holidays businesses** **Leveraging our strategic airline partnerships**	**Performing disciplined capital allocation and balance sheet management** **Being an industry leader in the transition to net zero**

Strategic goal

Maximising total shareholder returns while balancing the interests of all our stakeholders

Our medium-term ambitions

- **12-15% operating margin**
- **13-16% RoIC**
- **2-4% organic ASK growth[1]**
- **<1.8x leverage through cycle to support inorganic growth**

Our key performance indicators (KPIs)

Operating margin[2]
13.8%
+1.9% vly (A)

RoIC
17.3%
+2.5 pts vly (A) (R)

ASKs
6.2% ↑
vly

Leverage[3] (times)
1.1
-0.6 times vly (A)

PRASK[4]
3.1% ↑
vly

Non-fuel CASK[5]
2.6% ↑
vly

Adjusted EPS (€ cents)
56.8
+12.3% vly (A) (R)

Gross capex (million)
€2,816
-€466 vly[6]

(A) Alternative performance measure
(R) Measure linked to remuneration of Management Committee
Link to our strategic imperatives

1 Medium term per annum growth, dependent on aircraft deliveries.
2 Measured as Operating profit before exceptional items divided into Total revenue before exceptional items.
3 Measured as Net debt to EBITDA before exceptional items.
4 Measured as Passenger revenue before exceptional items per available seat kilometre.
5 Measured as total operating expenditure excluding fuel and emissions costs before exceptional items per available seat kilometre.
6 The 2023 results include reclassifications to conform with the current period presentation for carbon-related assets. Further information is given in note 2 to the consolidated financial statements.



Luis Gallego
IAG CEO

Our strategy is delivering

Luis Gallego, IAG CEO, reflects on 2024, a year in which the Group continued to deliver its strategy, underpinned by its transformation programme.

At IAG, we make a positive difference in the world by delivering on our purpose of connecting people, businesses and countries. In 2024, our airlines flew more than 122 million customers to 259 destinations and transported valuable cargo across our global network. What we collectively achieved is only possible thanks to the talent and dedication of our people across all our operating companies, and I want to start by thanking them for their commitment. Furthermore, because of our strategy and Group-wide transformation, we are not only delivering industry-leading results, but becoming a more sustainable business for the future.

Financial and strategic highlights

In 2024, we delivered in line with our medium-term financial targets. IAG achieved an operating profit before exceptional items of €4.4 billion, an improvement of €936 million versus 2023. Our operating margin before exceptional items for the full year was 13.8%, compared with 11.9% in 2023. We generated €3.6 billion of free cash flow, up €2.2 billion from €1.3 billion in 2023, and we finished the year with net debt of €7.5 billion and leverage at 1.1 times.

Thanks to our capital allocation framework, our strong free cash flow and financial position have allowed us to continue to invest in the business for our customers. We spent €2.0 billion this year on renewing our fleet. We took delivery of 19 new aircraft, including the first Airbus A321XLR, with Iberia as the global launch airline in October. Two further XLRs joined Aer Lingus' fleet later in the year. Through our strong margin and balance sheet, we have been able to accelerate the return of capital to our shareholders. We started by announcing an interim dividend of €0.03 per share at our half-year results, followed by a proposed final dividend of €0.06 per share, and in November we announced a share buyback of €350 million. In February 2025, we announced our intention to return up to €1,000 million of excess capital to shareholders in up to 12 months, driven by our significant cash flow generation.

Our strategy in action

Our financial performance demonstrates that our strategy, underpinned by our Group-wide transformation programme, is working. This year we continued to execute our strategy according to our three strategic imperatives. Firstly, we strengthened our core airline brands, taking advantage of opportunities to grow within the attractive aviation markets of the North Atlantic, Latin America and intra-Europe. Secondly, we grew our capital-light businesses and airline partnerships. Thirdly, we did this in a way that is sustainable both in terms of managing our environmental and social impact alongside a solid financial framework. Our three strategic imperatives are underpinned by our transformation and innovation programme, which allows IAG to maximise value and efficiencies to create a more profitable business overall.

Strong core brands and markets

In our core profit pools of the North Atlantic, Latin America and intra-Europe, we are benefitting from sustained demand for travel, which we expect will be a long-term trend. Between IAG and its joint business partners, we operate an average of 273 daily flights from Europe across the Atlantic, carrying 23 million passengers a year. In 2024, Aer Lingus launched a new route to Denver and reopened Minneapolis, while Iberia added further frequencies to core destinations in the United States and Latin America. British Airways retains its position as the leading European-to-US airline, operating direct flights to more than 30 cities in the US and Canada. The introduction of the Airbus A321XLR to Aer Lingus and Iberia will give us a competitive advantage over our peers, by leveraging our geographic location to develop our network at a lower cost. We are pleased to have completed the Air Operator Certificate for our low-cost long-haul carrier, LEVEL, which will now be able to develop its transatlantic network. We are a successful group and growing well organically. Regarding the Air Europa transaction, we took the decision to withdraw from the process in August when we considered the deal was no longer in the best interests of our shareholders. We will consider future acquisitions only if they add further value to the Group.

Asset-light businesses and airline partnerships

Alongside our airlines, we are committed to developing our asset-light, complementary businesses, principally IAG Loyalty, which now includes BA Holidays. IAG Loyalty offers higher growth and higher margins than our core businesses as well as sustainable, non-seasonal cash generation. Customer participation in our loyalty programme is growing well with 24% more Avios issued in 2024 compared with 2023. We increased the number of Avios currency partners in 2024, with 7 airlines now subscribed to the use of Avios as a global currency. Within IAG Loyalty, BA Holidays has the potential to develop,





leveraging loyal airline customers and adding to the overall profitability of the business. Our strategic airline partnerships remain very important to our business. They give us access to a larger global customer base and reward customers with a greater choice of destinations covered by our loyalty schemes. We greatly value our joint businesses and **one**world alliance and continue to strengthen these.

Strengthened financial framework

As a result of the strong performance across both our core and complementary businesses, we are making good progress in delivering against the medium-term targets we set ourselves at our Capital Markets Day (CMD) in 2023. While our operating margin of 13.8% is in line with our target range of 12-15%, our ambition is to be towards the top end of the range. Our return on invested capital is 17.3%, ahead of our 13-16% target range. Our leverage is now 1.1 times against our through-the-cycle target of less than 1.8 times. In terms of the growth of our airline capacity, measured by available seat kilometres (ASKs), we are targeting an average growth of 2-4% over the medium term, dependent on aircraft deliveries; in 2024 this growth was 6.2%.

Commitment to sustainability

We recognise the need for the world to achieve net zero emissions by 2050 and for the aviation sector to develop sustainably.

In 2024, we continued to make progress in line with our sustainability roadmap, achieving our 2025 carbon intensity target of 80.0g/pkm a year early. As at the end of the year, we have committed $3.5 billion in total in SAF offtake agreements which gets us closer to our target of 10% SAF by 2030. In 2024, 19 new aircraft joined our fleet, which contributes to fuel efficiency, as well as providing an enhanced customer experience. IAG continues to work with SAF producers to secure our needs and, in 2024, we signed e-SAF agreements with US producers Twelve and Infinium. In Spain, we reached an agreement with energy company Repsol for the largest SAF purchase in Spain. The sector is focused on its sustainability commitments and is investing to ensure we are compliant with existing regulation and to prepare for SAF mandates coming into force in Europe and the UK in 2025. We need governments to provide further support for SAF, including measures to encourage private sector investment and to avoid additional regulation that risks making European aviation less competitive than other global competitors.

Transformation and innovation

While IAG is delivering its strategy, it is also transforming to be more efficient and resilient for the future. Transformation is a Group-wide project, with best practice shared at the Group level. We focus on transformation initiatives leading to positive customer, operational, sustainability and financial outcomes.

Transformation enables us to stay competitive, but innovation will help us accelerate even further. In order to spot areas for collaboration and avoid duplication, we have a central innovation team with oversight of all the innovation activities running across the Group.

In 2024, we launched the eighth edition of our Hangar 51 accelerator programme, where we bring outside innovation into the Group with initiatives in strategic areas including sustainability, operations, airports and customer experience.

A big priority is artificial intelligence (AI). There are many creative ways AI is already being used in the sector, from optimising flight paths to finding personalised travel itineraries. Our size and diverse mix of operating companies means we can invest much more efficiently than any one airline. We have a designated team to oversee this work as well as two bespoke AI labs in London and Barcelona.





People driving transformation

Our 74,400 employees across the Group are embracing our transformation journey by innovating and doing things differently. We are committed to supporting employees at all stages of their careers so that they continue to develop and embrace transformation. We support early-stage careers through graduate and apprenticeship programmes, and our pilot training academies in Aer Lingus, British Airways and Iberia are offering funded training schemes to a new cohort each year. We continue our focus on building and maintaining a diverse workforce. At the end of 2024, 36% of our senior leadership roles are held by women, so we recognise there is still work to do, and we remain committed to meeting our ambition of 40% by 2025.

Challenges and outlook

Our people worked extremely hard in 2024, and we have achieved very good results. But this does not mean we have not faced challenges.

There is ongoing macroeconomic volatility and geopolitical conflict. The air traffic control (ATC) situation in Europe has been extremely difficult, made worse by weather-related disruption and congestion due to conflict-related airspace closures. This led to almost record levels of disruption. According to data from Eurocontrol, 2024 was the second-worst year for ATC delays ever, after 1999. At that time, the aviation sector called for structural reform of ATC, calling for a system that became known as Single European Skies. Now, we must work together as airlines, airports, air service navigation providers, governments and regulators to make it happen.

While we support the UK Government's commitment to a third runway at Heathrow, the airport remains the most expensive for passengers anywhere in the world, with a declining customer experience that does not match the price. So any expansion can only happen with regulatory reform. We look forward to working with the UK Government, Civil Aviation Authority and Heathrow to reduce fees and improve the outcomes for consumers.

Fleet delivery delays while not significantly impacting IAG in 2024, are an ongoing concern in terms of constraining future growth. Supply chain issues have had a significant impact, particularly in terms of the maintenance of British Airways' long-haul fleet. We want, as far as possible, to protect our customers from the impact of these issues. Our airlines are taking steps to ensure they build enough resilience into the system to manage these factors.

Despite these headwinds, we are positive about the outlook for 2025 based on a number of factors. We continue to operate in some of the most attractive aviation markets anywhere in the world with strong consumer demand expected to continue. We plan to grow our network and connectivity in 2025, continuing to invest in our fleet, customer proposition and IT, while transforming and carefully managing costs. This will allow us to continue delivering world-class profit margins of between 12 and 15% and to generate sustained significant free cash flow, to maintain a strong balance sheet and to provide more returns to shareholders.

Stronger together

2024 has shown what IAG and all its businesses can achieve as a Group. IAG is a diverse group and our businesses all bring different strengths. Through collaboration, we can learn from one another, transform in an innovative way and become more competitive now and for the future. Our strategy and transformation are bringing strong results and give us confidence in what we can achieve in 2025. We remain committed to executing our strategy and transformation and delivering a sustainable business for our people, customers and shareholders.

Luis Gallego
IAG CEO



The 2024 Hangar 51 cohort at the November Demo Day.

Innovation driving value

Transformation

To ensure we remain a strong and sustainable group, we continue to focus on executing our strategy, underpinned by our transformation. Throughout 2024, we made good progress on our transformation journey, focusing on moving forward, being better and doing things differently. This year has been dedicated to planning and execution, with more than 2,100 initiatives underway across the Group. This is an impressive result, and we believe it is our transformation programme that is setting us apart from our competitors and delivering our best-in-class operating margins.

Innovation

Transformation will keep us competitive, but innovation will allow us to stay ahead. We want to be the leading airline group for innovation, delivering commercial value from our core businesses, and it is through our six focus areas that we will deliver our innovation strategy. These innovation focus areas are made up of:

- Enhanced airport operations and experiences
- Safe and efficient operations underpinned by technical excellence
- Sustainable operations on the ground and in the air
- Personalised in-flight experiences and on-board services
- Seamless end-to-end journeys
- Experiential and personalised loyalty programmes

In September 2024, we made progress towards delivering a better airport experience, becoming a founding partner and the only airline group in the Singapore-based International Aviation Lab consortium. The partnership brings together expertise to develop innovative solutions for the transformation of airport operations around the world.

Our central innovation team, led by Jorge Saco, Chief Information, Procurement, Services and Innovation Officer, has an overview of all of our operating companies, enabling teams to spot areas for collaboration and then innovate to create better customer experiences, increased operational efficiency and more sustainable aviation. Our model means we can invest in innovation and deploy and test new technologies across the Group, with our teams harnessing AI, tech and digital to help us overcome complexity within our business. As the aviation sector continues to evolve, we need to continue to remain at the forefront of technology.

AI

We are using AI to supercharge our transformation and empower colleagues across the Group. There are many creative ways this is already being used in the sector, from optimising flight paths to finding personalised travel itineraries, and according to McKinsey, AI and analytics could create $45 billion in value globally for airlines[1]. We are building and testing AI products that enhance the customer experience, optimise operations and drive sustainable efficiencies. IAG is mobilising at pace, and the Group has opened AI labs in London and Barcelona as spaces to foster collaboration and innovation. Five operating companies now use a shared platform for their automations and over 1,000 software engineers have been equipped with AI tools to boost productivity and efficiency. We strengthened our AI engineering platform, reducing software vulnerabilities, and we have empowered our procurement colleagues with a single AI-backed cost-modelling tool for complex tenders.

Hangar 51

Through our Hangar 51 accelerator programme, we are supporting start-ups to scale and grow, and in 2024 we partnered with 75 startups and entrepreneurs to develop ideas that improve operations, make travel easier and help aviation become more sustainable. Our Hangar 51 Demo Day in November showed how a range of new technologies, changes and disruptions can bring valuable solutions to our customers.

To read more about innovation, please head to our website: www.iairgroup.com/about-us/innovation/

1 The Promise of Travel in the Age of AI, Skift & McKinsey (2023).

Connecting with our stakeholders

Our key stakeholders

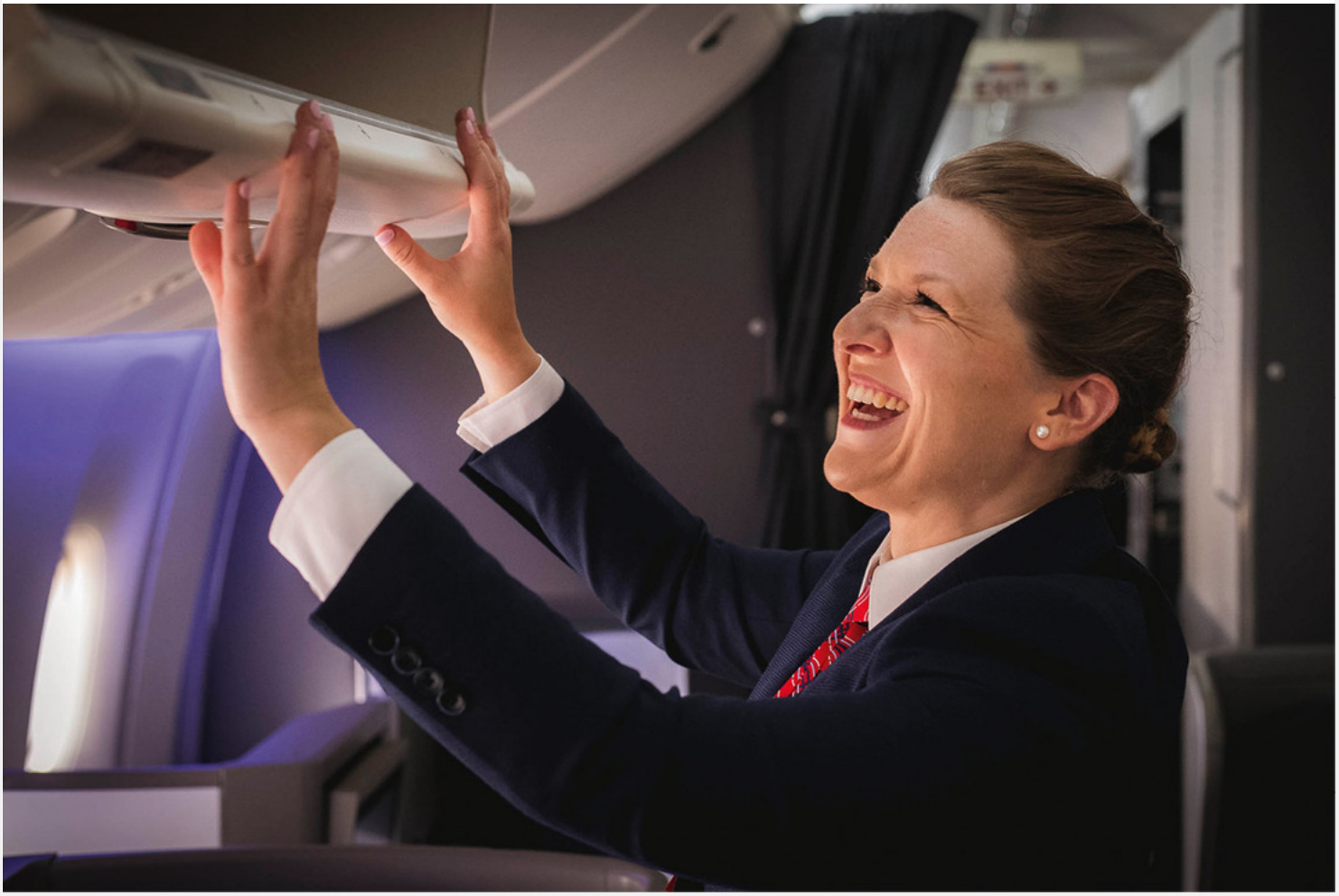
Effective engagement with all of our stakeholders is fundamental to ensuring sound corporate governance and promoting long-term, sustainable success, creating value for our shareholders and contributing to society at large.

As described in the Business Model section, we are committed to maximising total shareholder return while balancing the interests of all our stakeholders. To do this, it is essential that we engage effectively with all of them. Beyond our key stakeholders, we believe our businesses make a positive and meaningful contribution to society at large, although we also recognise the need to transform for the future by investing in innovation and sustainability to ensure we continue to create value for all our stakeholders and to be a force for good in the communities in which we operate.

Our commitment to sustainability is embedded in everything we do at Group and operating company level, from our interactions with customers to those with employees and shareholders, and forms part of our engagement with all our key stakeholders.

The following pages provide an overview of those we consider to be our key stakeholders, explaining their relevance to IAG's business model and strategy, the nature of our engagement during the year, key topics of interest and the challenges and outcomes of that engagement.

Our statement in relation to section 172(1) of the UK Companies Act, 2006 as well as further information on our engagement with shareholders and our workforce, is set out in the Corporate Governance and Sustainability sections of this report.



Stakeholder engagement *continued*

Customers

Our customers are central to the success of IAG. Customers choose us primarily for our extensive network and schedule and because they trust our brands. We fly from Europe to five continents. Through our wide range of partnerships, our customers benefit from an even larger global network covering most countries in the world.

Key metrics

Net Promoter Score (NPS)

22.6 pts

+4.0 pts vly

Other metrics used to track engagement include:

- Customer satisfaction (CSAT) – rates a customer's experience on key touchpoints in their customer journey
- NPS and CSAT – inform business priorities during the business-planning stage, helping to prioritise internal initiatives to drive satisfaction improvements
- Claims and complaints – provide deeper insights into customer challenges, helping identify areas for improvement in products, services and customer interactions
- Contact centre KPIs – help assess the efficiency, effectiveness and quality of customer interactions

Why they are important

- We aim to provide unrivalled customer propositions and a portfolio of world-class brands targeting specific demand spaces and travel occasions.
- Passenger revenues, including fares and ancillaries, are the most important source of revenue for IAG.
- Delivering outstanding customer experience at all levels of the business and all brands will give us a leading position.
- Recognising our most loyal customers through loyalty programmes, allowing them to earn rewards on a broad range of items when flying with our airlines and partners, creates value for both IAG and our customers, and builds the relationship.

How we engaged

- Daily 'Customer Voice' survey sent to customers who have recently flown with us, collecting feedback on their experience.
- Customer feedback through a variety of channels (contact centres, social media, feedback from customer-facing employees) and partners (crews, lounge colleagues and ground handling agents) helps us understand key pain points throughout the customer journey.
- Brand surveys are performed to understand and meet the needs and expectations of our customers.
- Claims and complaints can be raised through different channels and are monitored to accommodate our customers and enable action where necessary.
- Contact centre services and other digital channels, for example chatbots on our websites or WhatsApp 24/7, are used so that customers can reach out when needed.
- Information including latest changes in service or product enhancements through various channels, including websites, emails and dynamic social media accounts.
- Guidance and a high standard of customer care are required throughout the customer journey from both airport and on-board colleagues.

Key topics

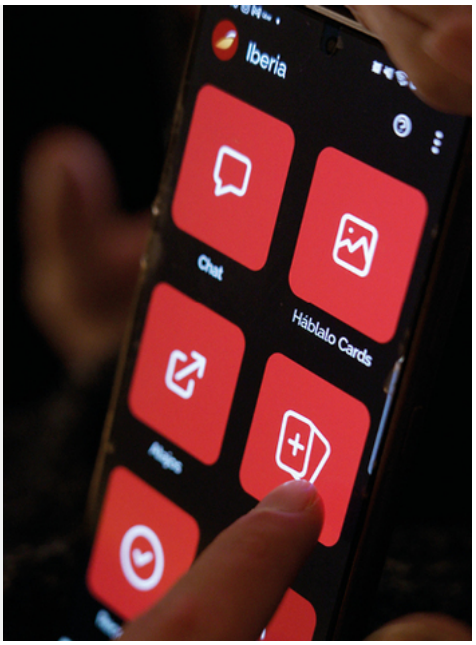
- Punctuality and operational resilience
- Process optimisation: streamlined baggage handling, boarding and flight connections
- Digitalisation of the customer journey and enhancing self-service capabilities
- Personalisation of customer experience
- Rewarding customers through loyalty programmes and benefits
- Service quality and in-flight comfort
- Communication and support during disruptions

Iberia – omnichannel strategy

Iberia has advanced its omnichannel strategy by integrating AI into its virtual assistant, improving customer service through both voice and text channels. The airline also expanded its WhatsApp functionality, allowing customers to check in, view bookings, get flight status updates and access boarding passes. Additionally, a new payment feature for baggage add-ons was introduced, and exclusive channels for Iberia Plus members were launched. The integration of voice solutions and expansion into Facebook Messenger are set to be completed by the end of the year.

In 2024, Iberia saw notable growth in its digital services. Call deflection through its voicebot of 28.0%, an increase of 6.4 percentage points from 21.6% in 2023, while WhatsApp chatbot sessions grew by 59%, reaching 1.3 million.

The website and app have been upgraded with interactive destination maps, personalised profiles through My Iberia, and self-service options for booking, check-in and flight changes. Enhanced features also include a refined search engine and easier management of seat and ticket changes, providing a more seamless and efficient experience for customers.



Challenges	Outcomes
• Loss of customer loyalty – dissatisfied customers are more likely to switch to competitors • Reputation and brand equity – unhappy customers are prone to sharing negative experiences, which can harm the airlines' reputation and brand image • Decreased growth – negative reviews may make it difficult for the airline to attract new customers, impacting growth • Financial risks – there are costs associated with addressing customer complaints, providing compensation and marketing efforts to repair the brand image • Employee satisfaction – low employee morale is often evident to customers, which can result in poorer customer experiences • Customer experience – although our teams work diligently to elevate customer experience through investment in digitalisation and customer care, we continue to identify opportunities for improvement and learning, particularly in areas such as ensuring timely and comprehensive communication to customers about schedule changes	Feedback from our customers is key to enhancing their experience. IAG's holistic approach uses all available data from various channels to inform product and service strategy decisions. 2024 outcomes include those set out below: • Enhanced digital and self-service capabilities: British Airways introduced Conversational AI, allowing customers to independently address simple queries, while enabling agents to focus on more complex cases. Iberia focused on advanced self-service features, including a premium digital concierge, enhanced 'Manage My Booking' functionality, and improved multi-channel communications to proactively address disruptions. Vueling and Aer Lingus have similarly enhanced self-service functionalities and mobile-first platforms, improving efficiency and customer autonomy. Aer Lingus introduced Revolut Pay to offer a one-click checkout. • Operational efficiency and punctuality: Optimising operations for reliability and punctuality remains a priority. British Airways implemented a new operating model at Heathrow focused on resilience. Iberia leveraged AI insights to redesign service desks, and Vueling harmonised its fleet to minimise disruptions. Aer Lingus upgraded check-in, boarding and bag-drop processes, and also enrolled in TSA PreCheck to facilitate faster security processing at US airports. • Personalised engagement and communication: All operating companies emphasised tailored communications, with Aer Lingus introducing dynamic messaging aligned with its brand values and Iberia offering proactive, multi-channel updates during disruptions, similarly to British Airways. Vueling enhanced the backend systems of their contact centres with AI, enabling faster responses, real-time translations, and significantly streamlining the refund process, all of which improve customer connections. • Service excellence and in-flight experience: Improvements in service quality included Iberia's revamped in-flight amenities and menu enhancements, Aer Lingus' consistent cabin propositions and expanded entertainment options, Iberia Express' fleet retrofits to enhance in-flight entertainment connectivity, and British Airways' seamless booking experience through upgraded website functionality. • Employee engagement and training: Iberia's "Todo Empieza Conmigo" is a customer care training programme for frontline teams, now supported by the "League WebApp" an service. Vueling's SHINE programme has redefined customer service by emphasising a customer-first approach beyond rigid procedure manuals. Aer Lingus invested in automation and scalable platforms for its contact centres, and the airline also grew its AerClub loyalty programme adding benefits like priority boarding and lounge access.

Vueling – digitalisation of customer care

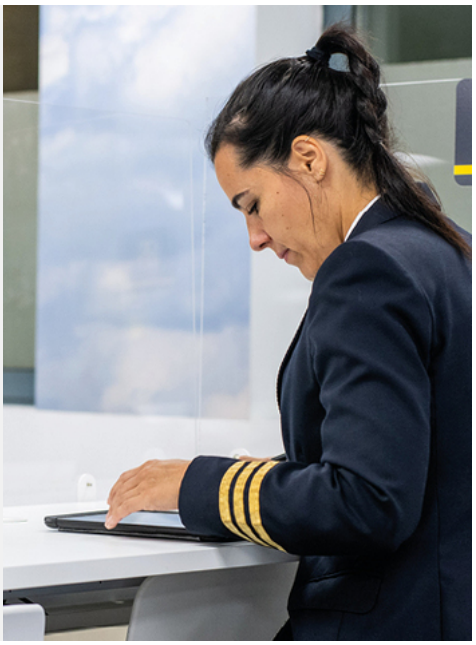
Vueling is transforming customer service with digital innovations that improve the customer journey, enable self-service and streamline operations. From cutting-edge AI tools that personalise support to enhanced agent capabilities and disruption management, we are redefining customer care with seamless, efficient, proactive solutions.

As one of the first airlines to launch a natural language Virtual Assistant powered by generative AI, we are already seeing strong results. Within days of its fourth quarter soft launch, the Assistant tripled digital interactions compared to traditional chatbots. This is vital as 65% of customers contact us for queries, most of which are solvable pre-emptively with the right information.

Broader digitalisation supports this transformation, with nearly 100% of payments processed reliably and on time, while new tools offer greater self-management during disruption. AI-enabled knowledge bases and translation tools improve agent efficiency, ensuring faster, high-quality customer support.

Insights from customer interactions further enhance service. Analysing patterns allows us to refine proactive communication strategies and better anticipate needs.

With a full rollout of the Virtual Assistant planned and expansion to platforms like WhatsApp, Vueling continues to focus on digital innovation, meeting customer needs, reducing costs, removing operational bottlenecks and enabling continuous improvement.



Stakeholder engagement *continued*

Employees

Across the Group we have 74,378 people employed across 77 countries. Colleagues are united by our shared purpose in the world: to connect people, businesses and countries.

The IAG model empowers each operating company to deliver for its customers and people - with each being responsible for managing recruitment, pay and conditions, careers and development for its colleagues.

Our operating companies actively engage with trade unions to secure balanced agreements, ensuring fair and competitive remuneration. Collective bargaining arrangements are in place for circa 85% of the workforce across the Group.

Key metrics

Recruited over

12,166

colleagues across our IAG operating companies and businesses

Invested in the skills development of

82,796

employees (including temporary workers), with a total of 3,646,185 training hours and an average of 57.5 hours per employee

Why they are important

- Our colleagues are the cornerstone of the delivery of our customer service, business transformation and strategic priorities.
- Each operating company is focused on building and embedding the culture needed to be competitive, achieve our transformation agenda and provide a work environment in which colleagues can thrive.
- We believe diversity is key to innovation and the future growth and success of the Group, and we celebrate and benefit from the richness of backgrounds, experiences, cultures and ideas that we have.
- Our aim is that all colleagues feel their uniqueness is recognised and valued. We continue to advance our equity, diversity and inclusion ambition to create a diverse and inclusive culture representative of the communities we live and work in and the customers we serve.

How we engaged

Each operating company and business has formal and informal channels in place to engage with employees, listen and act on employee feedback. They also provide opportunities to collect ideas for improvement and innovation and enable colleagues to influence and shape our plans and solutions. These channels are aligned to each operating company's unique culture and work environment and include:

- Roadshows, online employee forums, town hall meetings, internal social networks, newsletters, workshops, pulse surveys, social media, engagement groups, idea hubs
- Employee-led network and resource groups and communities, which provide valuable channels for feedback on plans and initiatives
- Local employee representatives and unions, which offer formal and informal channels for raising issues and concerns
- A Group-wide OHI survey, which is conducted every six months, plus operating-company specific engagement surveys. Feedback informs people and transformation plans
- The IAG European Works Council (EWC), which facilitates information sharing between employees and management on transnational European matters
- Designated IAG Board members who conduct workforce engagement visits with operating companies to better understand the challenges and opportunities employees are facing

Key topics

- Terms and conditions, including competitive pay, flexible working practices and rostering
- Career development opportunities, training
- Operational environment impacting performance and roles: fleet, disruptions, maintenance, supply challenges and IT issues
- Collaboration across teams and cross-functional working
- Investments in technology and fleet
- Safety and wellbeing
- Sustainability
- Improved communication with senior management

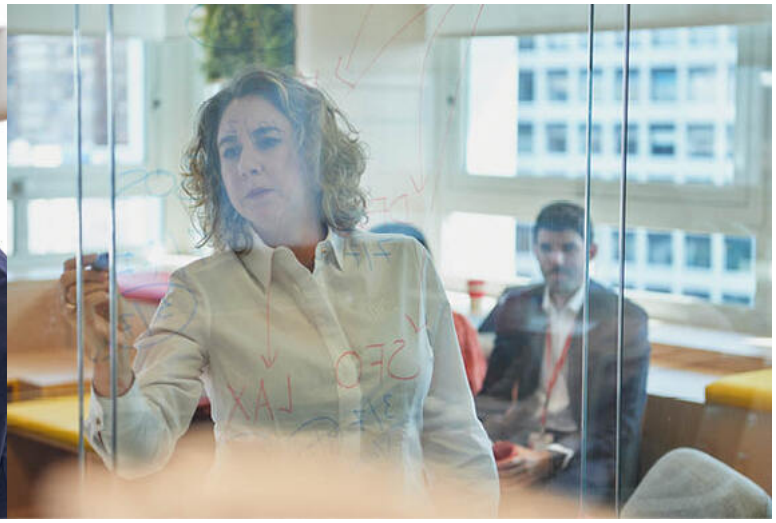






Challenges	Outcomes
• Managing the operational environment impacts on performance and roles: weather disruptions, operational issues, air traffic disruptions, fleet, maintenance, demand-supply challenges and IT issues • Resourcing, managing workloads and transformation • Communication and collaboration across teams • Improvement of IT and communication systems • Focus on competitive pay • Ways of working for crew, including rosters and impact of disruptions • Working environments – many have been refurbished and upgraded, some are in progress	Our people are at the heart of our transformation and are key to enhancing our colleague and customer experience – ensuring we stay current and future-focused. The operating companies' focus and investments are shaped by the ideas, feedback and concerns raised by our people. Over the past year, the operating companies have implemented several initiatives as a result of engagement with our employees, capturing ideas for improvement and addressing the challenges they have identified. We have placed a strong emphasis on diversity and inclusion, invested in improving our facilities and work environment, focused on ways of working and invested in careers and development: • British Airways has acted upon feedback and improved the colleague experience through several initiatives, including the introduction of improved parental leave and time-off policies to provide colleagues with greater flexibility and support when it is needed most. The airline also continues to refurbish and upgrade its workspaces across the UK and overseas and has made improvements to the staff travel offerings in response to colleague feedback. • Aer Lingus continues to enhance internal communications channels with the introduction of the employee Idea Hub and 'Coffee n' Chats' with the executive team. • British Airways is introducing better crew IT and communication systems – which will improve their interactions with the company on rosters, crew check-in and crew communications. The airline also rolled out 'Mobile Maintenance' iPads to all maintenance engineers to replace paper manuals. • Vueling has introduced the 'Make it Better' platform to tap into employee ideas and to enable colleagues to collaborate to achieve business goals and improve organisational health. • IAG Cargo has implemented regular communications with staff through display screens and meetings, which has improved clarity and feedback. • Aer Lingus continues to expand its wellbeing offerings with the introduction of a new monthly newsletter, Mindful Monday prompts and a new Wellbeing hub on its internal AerWaves communication platform. • IAG Cargo has put in place a range of training and development programmes to build skills and develop leadership capability, including the 'Leading the Way' programme hosted at the new London learning hub, and a new learning platform that provides employees with the knowledge they need to succeed. Further to its launch last year, the 'Leading the Way' programme has subsequently received external accreditation, underscoring its quality and value in fostering professional growth. • Iberia has improved facilities and upgraded the work environment including the 'Firmas' crew lounge – a space used by more than 6,000 cabin crew members. Additionally, upgrades have been made to the back offices, parking areas, canteens, changing rooms and toilets in the Maintenance area. • IAG Loyalty launched a new strategy called 'Develop You' to build a strong team and embrace agile working, focused on core skills, technical expertise and knowledge to deliver the business plan. IAG Loyalty also launched 'Recognise You', a peer-to-peer recognition approach designed to celebrate everyday wins, great work and outstanding contributions. • IAG head office invested in flexible working spaces, refreshed its training programmes and introduced new flex benefits in response to colleague feedback.





Stakeholder engagement *continued*

Suppliers

IAG is dependent on the performance of key suppliers that provide goods and services to our customers and the Group, these include aircraft, engines, maintenance, airport operations and catering suppliers.

IAG Procurement, a centralised Group function, provides a supplier management framework to manage individual suppliers by ensuring consistent and compliant governance throughout the supply chain, actively managing key suppliers.

IAG Fleet Investments manages the relationships with aircraft manufacturers and lessors on behalf of the Group, ensuring that IAG benefits from the overall volumes and relationships that the Group has developed.

Key metrics

17,500
individual suppliers

324
of the 601 aircraft in the IAG fleet were financed using operating leases (at 31 December 2024)

2,600
supplier-associated initiatives to reduce supplier cost per available seat kilometre (CASK)

Why they are important

- Suppliers are fundamental to ensuring we meet the high standards expected by customers and other key stakeholders to avoid potential impacts on operational and financial performance, customer disruption and reputational damage
- Supply chain integrity is critical to meet customers' needs, ensure the reliability of our services and support IAG's sustainability agenda
- Suppliers adhere to the IAG Supplier Code of Conduct which links to our commitment to sustainable growth
- Collaboration brings strong reciprocal benefits – supporting long-term working relationships, centred on clear and proactive contract management, shared goals and mutual brand association

How we engaged

- Supplier relationship management principles help classify and prioritise key suppliers and build relationships, as well as monitor and manage supplier and contract performance
- In 2024, IAG GBS's focus was the quality of engagement with key suppliers through obtaining EcoVadis scorecards covering 79% of IAG's total spend
- As part of IAG's Supply Chain Sustainability Programme, our Watershed partnership for emission measurement and SEDEX membership for on-site audits have strengthened carbon accounting and responsible sourcing. We have also begun collaborating with key suppliers to share best practices and enhance net-zero efforts, with suppliers providing granular carbon data to support IAG's Scope 3 measurement
- Attendance at a range of industry conferences across all supply categories to collaborate with suppliers
- Engagement with aircraft and engine manufacturers occurs at all levels. Technical and operational issues are managed through regular contact and scheduled meetings. More senior employees manage commercial activities and overall relationship management up to and including the IAG CEO
- Engagement on lease renewals, returns and the in-service fleet are largely managed by the Fleet teams in the operating airlines.
- IAG's Fleet and Environment teams engaged in detailed discussions with major manufacturers to understand and influence activities to support delivery of our environmental targets

Key topics

- Supplier relationship management, essential for optimising collaboration and value generation with key suppliers
- Launch of Requests for Information (RFIs) and Requests for Proposals (RFPs), which are vital to ensuring a comprehensive and effective supplier selection process. RFIs gather supplier capabilities and preliminary details, while RFPs evaluate detailed solutions to select the best fit based on specific business criteria
- Benchmarking exercises, crucial for identifying best practices, evaluating performance gaps, and driving continuous improvement by comparing processes and metrics against industry standards
- Contract lifecycle management, which is essential for streamlining contract processes, ensuring compliance, mitigating risks, and maximising value throughout the contract's duration
- Resolution of commercial and contractual disputes
- ESG scoring which evaluates companies on environmental, social, and governance factors to assess sustainability and ethical impact, guiding investment and operations. Suppliers failing to meet expectations must submit a Corrective Action Plan (CAP) aligned with IAG's Sustainability Strategy and Vision
- Access to more fuel-efficient aircraft with lower carbon emissions, reduced community noise, improved local air quality through reduced NOx (nitrogen oxide) emissions
- Role of major aircraft manufacturers supporting airlines in the delivery of environmental targets.
- Supply chain Scope 3 emissions from suppliers' manufacturing activities
- Innovation programmes
- Launch of Apex Procurement Digitalisation Programme, which aims to develop and implement new tools and technologies to improve our processes, ways of working and support the function in delivering our objectives

Challenges	Outcomes
• Delays in the delivery of aircraft and in maintenance, repair and overhaul (MRO) activities on existing aircraft and engines • Design, manufacturing and engineering capacity and impact of extended regulatory certification processes in the US and EU • Supply-side limits for new aircraft through inability of aircraft and engine manufacturers to meet demand. Although IAG is well positioned, there are potential impacts from other airlines on lease renewals and limiting flexibility in aircraft selection • Supply-side limits for global spare engine availability • Due diligence regarding compliance risks such as anti-bribery, corruption and trade sanctions • Ongoing assessments focus on driving sustainable performance improvements throughout the supply chain, achieving environmental and social targets for Scope 1, 2, and 3 emissions • Ensuring adherence to IAG's cybersecurity and security requirements as part of comprehensive third-party risk management	• Secured access to more fuel-efficient aircraft with lower carbon emissions, reduced community noise and improved air quality • Engagement on long-term engine maintenance arrangements with key engine suppliers mitigated the impact of supply chain challenges on MRO operations within the Group's airlines. We worked closely with suppliers to protect deliveries, spare availability and replan fleets to cope with extended ground times or delivery delays. • Continued to secure access to new short-haul fleet with firm orders and our options addressing the potential inability of manufacturers to meet demands. We acquired both new and used leased long-haul aircraft where appropriate and confirmed option delivery positions for later this decade • A new 360-degree risk management solution with risk-monitoring technologies will be implemented in 2025 to identify existing and future supplier risks, enabling a proactive, collaborative approach to anticipate and mitigate risks through targeted action plans • Where necessary, mitigation plans are put in place for suppliers identified as having potentially higher levels of risk. Issues are flagged to the relevant risk owners within the Group to take appropriate action • A joint procurement partnership was created with another airline to purchase the latest design of aircraft tyres to optimise costs and improve product quality. These new tyres have a longer lifespan, reducing waste from replacement; they are lighter, burning less fuel and reducing emissions; and they use fewer raw materials in production, reducing environmental impact.



Aer Lingus welcomes new aircraft

IAG has become the launch customer for the Airbus A321XLR long-range narrow-bodied aircraft with delivery of the first aircraft to Iberia in October and two further aircraft to Aer Lingus in December. These new fuel-efficient aircraft will allow IAG to operate new routes and increase frequency in key markets.

Stakeholder engagement *continued*

Shareholders, lenders and other financial stakeholders

This includes equity and credit investors, credit lenders, research analysts, credit rating agencies and aircraft operating lessors.

Our financial stakeholders are looking for a well-run business with a strong balance sheet based on sustainable demand for travel. This, along with a competitive cost base that allows our airlines to offer attractive fares, will drive market-leading margins and Return on Invested Capital greater than the Group's cost of capital, leading to positive free cash flows and the opportunity for sustainable dividends as well as further capital distributions, alongside continued investment in the business.

Key metrics

Significant shareholders at 31 December were:

Qatar Airways
24.995%

Capital Group
5.001%

Credit ratings
Moody's
Baa3 Stable
S&P Global
BBB- positive

Why they are important

- As the main providers of capital, this stakeholder group enables IAG to invest in and grow the Group's businesses. Investors, particularly long-term shareholders, share the risk of the business
- Strategy and business plan delivery requires: external funding for the substantial amount of capital expenditure required to replace or grow our fleet; and efficient external capital to fund our operations and invest in our asset base in a cost-effective manner.
- Their views are critical in supporting strategy formulation, which drives operational and financial performance to generate and optimise sustainable returns
- Availability and access to external capital on competitive terms influences the financial strength and positioning of the Group and its operating companies

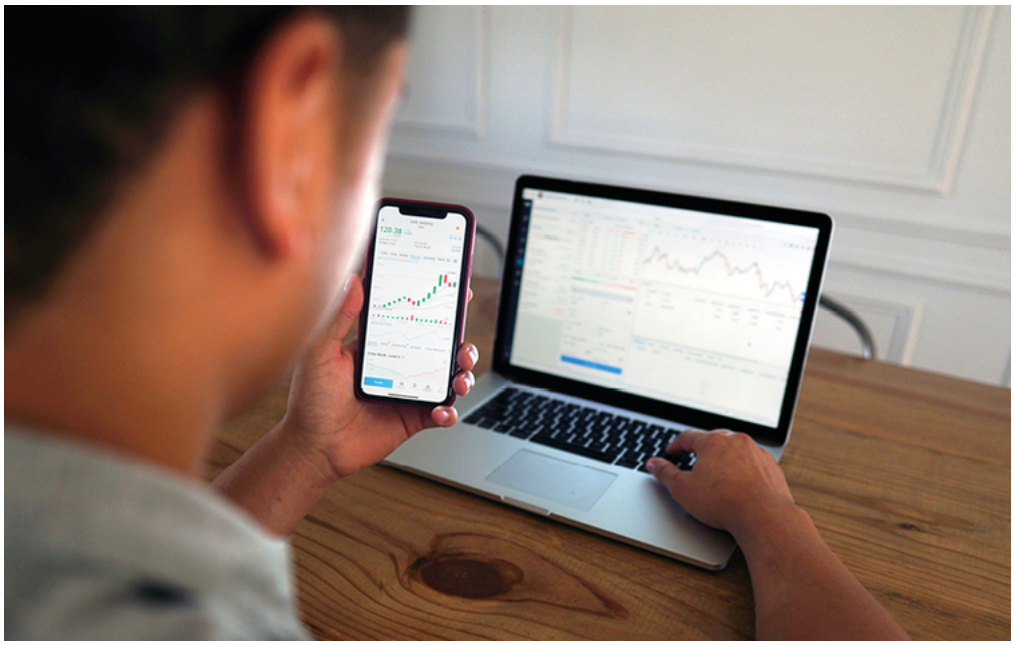
How we engaged

- Active and frequent communication through open and transparent dialogue to understand performance/concerns, in person or online
- Shareholders' Meeting and four quarterly results briefings at which shareholders, investors and equity and credit analysts could interact with the management, and in the case of general meetings, with directors
- An analyst and investor event dedicated to demonstrating key strategic drivers of value, in this case highlighting the ambition to improve British Airways' operating margin from 10% to 15% by 2027. The event was hosted by British Airways' management team as well as colleagues from across the business and key IAG personnel. A wide range of investors and analysts were invited, including current and potential shareholders, and sell-side equity analysts from across Europe
- Dedicated mailbox for institutional and individual shareholders
- Management attendance at investor conferences hosted by major financial institutions
- Investor Relations organised and attended roadshows globally to meet investors with diverse perspectives, with directors and/or management depending on the focus. Roadshows were held in London, Madrid, Paris, the US and Switzerland during 2024
- Investor Relations has ongoing dialogue with equity, credit and ESG research analysts to understand investors' views of the Group
- Group Treasury engages with credit analysts, global banks, debt investors and credit rating agencies
- The Chairman and the Remuneration Committee Chair met with some of our larger investors in one-to-one meetings

Key topics

- Impacts of potential economic recession and geopolitical issues on consumer demand, especially Europe
- Performance – operating results including unit revenue and unit costs, capacity and traffic data, gross and net debt, cash liquidity, free cash flow generation, cash and credit facilities
- Recovery in volume of business customers, particularly at British Airways
- Relative competitor performance, in particularly their pricing and capacity strategies
- Strategic and operational issues and initiatives – Group and operating company
- Funding – cash flows, sources, leverage, liquidity
- Capital spending and debt repayment commitments
- Capital allocation framework, including dividends and additional cash returns to shareholders
- ESG performance, including climate change initiatives
- Long-term growth and financial targets, such as those communicated at CMD
- Employee negotiations on pay, cost-of-living, productivity, competitiveness and financial performance
- Levels of eligible ownership, which were at 62.1% at 31 December 2024
- M&A, industry consolidation (Air Europa, TAP)

Challenges	Outcomes
• Successfully communicating IAG's investment case to drive wider share ownership and share price appreciation against a backdrop of wider macroeconomic and geopolitical uncertainty • Building relationships with existing and new investors to understand their priorities and to ensure support for strategy and management proposals • Funding mechanisms, including dividend policy decisions, may not suit all shareholder or financial stakeholder profiles, requiring a balancing of shareholder and financial stakeholder views with the corporate interest • Increased focus on climate change and diversity has potential reputation impacts and requires consideration of shareholder expectations	• IAG hosted a British Airways Insight Day at which we highlighted the airline's target to increase margins, which is a key value driver of IAG's overall margin improvement strategy • Feedback received from investors and analysts is regularly shared with the Board and senior leaders. This included discussion around customer demand, the supply of aircraft and engines in the market, recognition of IAG's ability to generate free cash flow, its focus on the balance sheet and its commitment to paying dividends and additional shareholder returns. This feedback has been considered in reporting and strategic discussions • Meetings were held with investor governance and ESG representatives, including members of the IAG Sustainability team, in which our sustainability policies, initiatives and targets were explained and discussed • We use a customer relationship management system that records engagement, tracks meetings, notes topics, questions and discussions with an automatic feedback collection mechanism based on defined questions.



Stakeholder engagement *continued*

Government and regulators

Due to the nature of their business, IAG and the operating airlines engage with a wide range of government and regulatory stakeholders. These include members of national parliaments, ministers and officials of national governments across multiple departments (including transport, trade, finance, tourism and international affairs), MEPs and other representatives of the institutions of the European Union (including at DG MOVE, and other relevant directorates, as well as permanent representatives of individual member states in Brussels). This wide stakeholder body also encompasses civil aviation regulators in the countries in which our airlines are based and the countries of destination. We also engage with competition authorities, including the Competition and Markets Authority in the UK and, for aviation alliances, the Department of Transportation in the US.

Key metrics

- We use both quantitative and qualitative metrics in engagement planning. Quantitative metrics include the different types and number of engagement events, range of policies and seniority of engagement. Qualitative appraisal includes assessment of policy outcomes and tracking the evolution of policy dossiers to ensure that the Government Affairs function is targeted appropriately. Quantitative metrics in 2024 included:
  - 90 contacts held with stakeholders in EU institutions
  - 35 letters sent to new MEPs and Commissioners
  - Direct engagement with almost 200 policymakers and institutions in Ireland, Spain and the UK
  - 19 institutional visits to the headquarters of British Airways, Iberia and Vueling
  - 'Fuelling the change' event at the European Parliament organised with Aer Lingus plus sponsorship of 10 events of Forum Europa in Brussels with high-level policymakers
  - Participation in 40 government-to-government air services negotiations with UK and Spanish authorities

Why they are important

- Government policies and decisions impact many aspects of IAG's business across a wide range of areas including transport, consumer rights, practical operational issues, commercial practices and the environment. We must comply with relevant regulations, but seek to engage responsibly to influence policy developments to benefit our customers and achieve our business goals
- Engagement with policymakers is essential to ensure they understand our plans and to encourage proportionate outcomes to deliver our strategy on sustainability and ensure we collectively meet our global climate goals
- Our airlines are subject to regulation by civil aviation regulators in the countries of registration and those of destination, requiring frequent engagement on safety, security, consumer rights and a variety of other policy and administrative issues
- Regular engagement around the world is needed to manage market access issues under international air services agreements and secure the necessary operating permits

How we engaged

- The Government Affairs teams of IAG and its operating airlines engage directly with stakeholders in their respective countries and with EU institutions in Brussels. The IAG Government Affairs team coordinates these efforts for a consistent approach
- We engage directly with policy, market and regulatory stakeholders on questions of interest to convey IAG positions and contribute technical expertise to discussions. This has included arranging visits to our airlines' bases to enhance understanding of operations and the impacts of policy proposals
- As well as direct contact, we engage through various international, regional and local trade associations and general business organisations
- This engagement involves senior executives including the IAG CEO, Management Committee members and senior executives from airline operating companies where appropriate, mainly in the EU, Ireland, Spain and the UK
- IAG supports its policy positions with factual studies. In 2024, we participated in A4E studies on Jet Fuel Tax Impacts and intermediary sector practices. Also, Aer Lingus commissioned a report on SAF policies for Ireland, while Iberia and Vueling updated their SAF report for the Spanish market and jointly presented with energy producers Cepsa (now Moeve) and Biocirc
- In the international field, IAG joined air services talks wherever possible including the EU-US Joint Committee on aviation and the International Civil Aviation Organisation's (ICAO) Air Services Negotiation Event (ICAN) to support operating companies' access to market

Key topics

- Supply chain pressures and impacts of the war in Ukraine and the Middle East, and associated sanctions regimes
- Sustainability, particularly climate and decarbonisation and all aspects of environmental policy affecting aviation, such as availability of and support for investment in SAF and noise impacts
- Economic impacts of aviation, including tax policy and economic regulation
- ATC issues and infrastructure regulation including airspace modernisation, airport charges and slot allocation policy
- Consumer rights including multimodality and accessibility
- Diversity and inclusion for employment as well as development of skills
- Safety, security and immigration rules
- International relations including air service agreements and wet leasing, and immigration policy

Challenges	Outcomes
• External factors such as air traffic control (ATC) delays, supply chain pressures or geopolitical events such as the wars in Ukraine and the Middle East have impacts on our business • Political changes present the challenge of new representatives and the need to relaunch engagement plans and raise awareness of the sector and IAG. A good example of this is the new EU institutional cycle • Decarbonisation continues to be a predominant area of interest for our stakeholders. Our goal is to promote decarbonisation while keeping European aviation competitive globally. • Consumer rights and customer service are of increasing interest to our stakeholders including aspects like multimodality or accessibility • IAG's airlines regularly engage in discussions with governments and aviation authorities in their relevant markets to respond to and mitigate the risk that states use international air service agreements to promote the interests of their own airlines, given their view that international air services and national carriers are strategic interests	• IAG's continued engagement efforts have given policymakers a better understanding of aviation's benefits to society and the economy, as well as of airlines' decarbonisation efforts. Our messages about SAF have been adopted, and institutions recognise its importance. Some examples of this can be seen in the Draghi Report (see Regulatory Environment section) or the agreement between the main political parties in Spain to support SAF. • Regular IAG opinion surveys on IAG's reputation and on relevant policy of UK members of parliament and at the European institutions showed increasing familiarity, support for the use of SAF and appreciation of concerns over European competitiveness. • Regular engagement with opposition as well as governing politicians in the UK helped ensure new ministers were familiar with key issues on taking office. • Since the end of 2023, French law has required air traffic controllers to declare their individual participation in a strike at least 48 hours in advance. This is an important step to help the French air navigation service provider determine numbers of striking employees and plan resources during strike action. • EU Member States have become increasingly aware of the impact that the aviation jet fuel tax has on regional connectivity and economic activity. At the end of the year, the Hungarian Presidency presented a proposal advocating a 20-year exemption for the aviation and maritime sectors. • Regular engagement with the UK Department for Transport, at working level and with ministers, aimed to ensure an appreciation of the causes of operational disruption and to offer solutions that would provide additional resilience in the system particularly at capacity-constrained airports. • IAG made the case for strong regulation of monopoly providers of airport services so that reasonable levels of charges are set. This engagement contributed to a downward price path for Heathrow's charges for 2025. • Market access – IAG teams supported the operating companies to secure the necessary market access through participation in international air service agreement negotiations.

Jet fuel tax exemption

Taxation of aviation fuel in the EU is regulated under the Energy Taxation Directive of 2003 which prohibits the taxation of commercial aviation fuel except for commercial domestic flights or by bilateral agreement between EU member states. As of 2024, commercial aviation fuel is currently tax exempt under the legislation of all member states of the EU. In late 2021, the European Commission proposed a Review of the Energy Taxation Directive (ETD) with a progressive tax on aviation fuel, reaching €444 per tonne by 2033.

IAG contends that the revision of the current framework would only have a negative impact on connectivity and so reduce the social and economic benefits that aviation provides. Additional costs through taxes would make the European sector less competitive. Paying higher taxes would necessarily divert funding from the industry's own investment in emissions reduction programmes and as such would not help to pursue environmental objectives including reducing CO_2 emissions.

Since the aviation tax proposal is restricted to the EU, it would jeopardise connectivity to European destinations vis-a-vis equivalent destinations in the EU neighbouring area.

To showcase the possible impact, A4E commissioned a study from consultancy firm Steer. This analysed the impact of the tax on three areas: Catalonia, Lisbon and Rome. In the first of these - one of IAG's key home markets - the report showed a negative impact of €7.7 billion on GDP and the loss of over 50,000 jobs. This study was presented to the media in Barcelona in 2024 and shared with policymakers in a joint news conference by A4E and Spanish airline association, ALA. IAG also engaged directly with relevant stakeholders at EU institutions and at a national level in Spain and Ireland.

As this is a technically complex topic, we also promoted simpler messages through our trade associations to ensure that the negative consequences of the revision could be easily understood by non-aviation experts.

As a result of the inputs from the airline industry, the EU will exempt aviation from its overall energy taxation policy plans.



Nicholas Cadbury
Chief Financial and Sustainability Officer

Delivering strong results

Nicholas Cadbury, Chief Financial and Sustainability Officer, reviews a year that saw our strategy and transformation programme deliver strong results and returns to our shareholders.

We have delivered strong financial results in 2024 as we focused on our strategy and continued to execute our transformation programme. This has helped us to achieve the financial ambitions that we set out in 2023: specifically, good earnings growth and world-class margins and returns.

IAG's business model of disciplined capital allocation is also designed to generate strong cash flows. We invest that cash in our customers, in strengthening the balance sheet and then rewarding our investors.

Delivering world-class margins and returns

During the year we achieved an operating margin of 13.8%, a significant increase on the previous year and towards the higher end of our ambition of 12%-15%. This is based on the Group's strategic advantage of strong positions and strong brands in hubs that serve some of the world's largest markets across the Atlantic, and in Europe.

All of our airlines are capable of margins that are world-leading. British Airways made very good progress during the year to achieve a 14.2% margin, on target for its 15% objective, whilst Iberia (13.6%) and Vueling (12.3%) both produced margins in our ambition range. Aer Lingus is recovering strongly following the industrial action in the peak summer period and is also targeting a result within the Group range.

We have delivered a 9% increase in revenue in the year. We grew capacity by 6%, through a combination of aircraft deliveries, as we build back our fleet, high load factors and increased utilisation. We are benefiting structurally from increased customer demand across the North Atlantic, particularly for our premium offering, increasing traffic across the South Atlantic and growing leisure demand. This, together with the investments in our customer offering, is supporting increased load factors and strong yield growth.

Turning to costs, we are investing for the long term, particularly in our propositions across the brands, as well as in resilience in our operations and IT. The transformation programme is helping to offset cost inflation, through improvements in productivity, procurement and innovation, so non-fuel unit costs increased by only 2.6% in the year. The unit cost of fuel was significantly lower than in 2023.

In our other businesses, IAG Cargo benefited from the increase in our airlines' capacity, growth in internet retailing and geopolitical disruption in the Red Sea impacting supply chains and shipping. IAG Loyalty had a record year with operating profit of €495 million, with particularly good growth in our non-airline partners such as American Express and Barclays. We expect to deliver good earnings growth over the next few years, particularly as we integrate BA Holidays into the IAG Loyalty platform.

Disciplined approach to capital allocation and shareholder returns

We have a disciplined and balanced approach to capital allocation, one of the key aspects of our business model. Our margin performance supports high operating cash generation. In 2024 we generated €6,372 million of cash from operating activities, leading to €3,556 million of free cash flow after investing €2,816 million of capital.

Our first priority is a strong balance sheet. In 2023 we set the target to be below 1.8x net leverage through the cycle. In 2024 we ended the year with leverage at 1.1x, down from 1.7x at the end of 2023 and 3.1x at the end of 2022. We are investment grade with Moody's and S&P, both of which upgraded IAG during the year.

We are continuing to reinforce our financial strength. In early 2025 we completed a liability management exercise to reduce our gross debt by buying back €577 million across our 2027 and 2029 IAG bonds. Gross debt will reduce further as an IAG €500 million bond matures in March 2025 and as we increase the proportion of unencumbered aircraft. We are targeting to reduce gross leverage over time. (2.5x at 31 December 2024).

Our second capital allocation priority is to invest in the business. In 2024 we invested €781 million of capital expenditure in our customer propositions (excluding fleet-related investment). We are upgrading aircraft interiors with new products such as the Club Suite at British Airways and upgraded lounges at Aer Lingus, British Airways and Iberia. We are also investing in our IT: in resilience as well as in developing customer-facing applications. We spent €2,035 million on fleet in 2024, with 19 new aircraft delivered. We planned to invest more but are constrained by delays at the aircraft manufacturers.

We are committed to paying a return to our shareholders. Firstly, we want to pay a sustainable dividend to our shareholders through the cycle. We announced an interim dividend of €0.03 per share at our half-year results last August and have proposed a final dividend of €0.06 per share, bringing the total dividend for the year to €0.09 per share, representing €435 million. We are also committed to returning additional cash to shareholders if no inorganic opportunities exist and with consideration to future requirements, for example significant forthcoming fleet deliveries. We will do this when net leverage is below 1.2x to 1.5x. We believe that at the current valuation of the Company the best way to do this is by a share buyback. In November 2024 we announced a €350 million share buyback and in February 2025 our intention to return up to €1,000 million of excess capital to shareholders in up to 12 months, driven by our significant cash flow generation.

We will continue to focus on maintaining our world-class margins and returns, disciplined capital allocation and delivering sustainable returns to shareholders.

Nicholas Cadbury
Chief Financial and Sustainability Officer

Disciplined capital allocation

IAG has a disciplined approach to capital allocation which is designed to maximise shareholder value creation over the long term. It ensures that we balance the needs of all of our stakeholders: our customers, our employees and our investors.



Maintain a strong balance sheet

A strong financial foundation is essential to any business. As a relatively more cyclical business, this is our first priority.

Maintain net debt/EBITDA < 1.8x across the cycle

1.1x at 31 December 2024; Investment grade



Invest in rebuilding our fleet

Having a modern, efficient fleet of aircraft is a core component of our customer proposition and a driver of operational efficiency.

Invest to grow capacity 2%-4% per annum[1]

19 new aircraft in 2024



Improve customer experience, resilience, digital and sustainability

Our strong brands depend on having an attractive and resilient competitor proposition. We are also investing in the latest technology and Sustainable Aviation Fuel.

Drive margin performance across the Group in the 12% to 15% range

13.8% operating margin



Commitment to sustainable dividend levels

We are committed to rewarding our shareholders. Offering a sustainable dividend delivers a regular, reliable return through the cycle.

Sustainable ordinary dividend payable through the cycle

Total ordinary dividend FY2024 €435 million



Excess cash returned to shareholders if no inorganic opportunities exist

We will return excess cash to shareholders if no other inorganic opportunities exist and with consideration to future requirements, such as significant forthcoming fleet deliveries.

Distribute excess cash below net leverage of 1.2x to 1.5x

Share buyback 2024 (€350 million) and 2025 (€1 billion)

1 Medium term per annum growth, dependent on aircraft deliveries

Financial review

IAG capacity

In 2024, passenger capacity operated, measured in available seat kilometres (ASKs), rose by 6.2% versus 2023.

Capacity operated by region

Year to 31 December 2024	Proportion of total ASKs 2024	ASKs higher/ (lower) v2023	Passenger load factor (%)	Higher/ (lower) v2023
North Atlantic	**30.7 %**	2.8 %	85.1	2.2 pts
Latin America and Caribbean	**19.5 %**	12.2 %	88.3	0.7 pts
Europe	**25.8 %**	5.8 %	86.6	0.7 pts
Domestic (Spain and UK)	**8.0 %**	5.8 %	89.9	0.4 pts
Africa, Middle East and South Asia	**11.9 %**	1.4 %	83.9	0.6 pts
Asia Pacific	**4.1 %**	27.5 %	88.9	0.5 pts
Total network	**100.0 %**	**6.2 %**	**86.5**	**1.2 pts**

Capacity operated by airline

Year to 31 December 2024	ASKs higher/ (lower) v2023	Passenger load factor (%)	Higher/ (lower) v2023
Aer Lingus	3.5 %	80.5	(0.1)pts
British Airways	4.4 %	85.2	1.6 pts
Iberia	13.3 %	87.9	0.7 pts
LEVEL	17.8 %	95.2	1.8 pts
Vueling	0.9 %	92.2	0.8 pts
Group	**6.2 %**	**86.5**	**1.2 pts**

North Atlantic

The Group's airlines launched new routes and increased services to the North Atlantic region, one of the Group's core profit pools, with capacity 2.8% higher than in 2023. Aer Lingus started flights to Las Vegas and Denver, and resumed its route to Minneapolis. British Airways further developed its US network with the consolidation of its Cincinnati service and increased frequencies to San Diego. Iberia increased the frequency of its flights to Los Angeles. It was also the first airline in the world to receive an Airbus A321XLR, with seven additional aircraft expected in 2025, all of them to be deployed to the US, particularly Boston and Washington (DC). LEVEL launched a year-round direct service to Miami and increased the frequency of flights to Los Angeles and Boston to daily. Passenger load factor for the region was up 2.2 points versus 2023 to 85.1%.

Latin America and Caribbean (LACAR)

The strong growth in IAG's Latin America and Caribbean profit pool was driven by the continued demand for travel to the major cities in the region, with a structural increase in demand for travel to and from Europe from both travellers visiting friends and family and leisure and corporate travel. British Airways consolidated its Barbados service at London Heathrow, allowing premium capacity to grow from the winter. Iberia increased its flight frequency to Buenos Aires, São Paulo, Santiago de Chile and Santo Domingo, while also investing in more flights to markets such as Puerto Rico and Rio de Janeiro. IAG's capacity in LACAR grew 12.2% versus 2023 and the passenger load factor for the region of 88.3% was up 0.7 points versus 2023.

Europe

The Group's capacity in Europe was 5.8% higher than in 2023, boosted by the demand for leisure travel and the extension of some operating seasons outside of the core summer peak. Aer Lingus began services to Seville and Malta. British Airways launched flights to Izmir and Tromsø, while Vueling added services to London Heathrow and Istanbul, as well as seasonal flights to Comiso (Italy), Lulea (Sweden) and Ivalo (Finland). Iberia started flights from Madrid to Innsbruck and Salzburg and increased frequency to Rome, Brussels and Zurich. Passenger load factor for the region was up 0.7 points versus 2023 to 86.6%.

Domestic

Capacity and passenger numbers in IAG's Domestic markets, which are predominantly within mainland Spain and to the Canary and Balearic Islands, increased as a result of targeted developments by Vueling at its Barcelona hub. Iberia also continued to reinforce its offering with increased flights to Palma, Lanzarote and Fuerteventura. Capacity was 5.8% higher than 2023, and passenger load factor, at 89.9%, was up 0.4 points versus the previous year.

Africa, Middle East and South Asia (AMESA)

Capacity to this region was up 1.4% on 2023. Aer Lingus started flying to Marrakesh, while British Airways launched Jeddah and increased flight frequency to Riyadh. The Saudi Arabia market continued to strengthen due to inward investment programmes and visa changes. The continued conflicts in the Middle East drove changes to short-haul operations to Cairo, Amman and Tel Aviv, with Tel Aviv temporarily suspended until 2025. Passenger load factor for the region was up 0.6 points versus 2023 to 83.9%.

Asia Pacific

During 2024, Chinese carriers continued to grow capacity into the UK and Europe. This presented a very challenging environment, coupled with the ban on flights over Russian airspace. Despite this backdrop, certain destinations, including Bangkok, Singapore and Tokyo, performed well. British Airways' route to Beijing was suspended, although the airline launched flights to Bangkok from London Gatwick and increased the frequency of its flights to Tokyo. Iberia re-launched its route to Tokyo in October. The net increases during 2024 led to capacity 27.5% higher than 2023, with the passenger load factor for the region up 0.5 points versus 2023 to 88.9%.

Basis of preparation

In its assessment of going concern over the period of at least 12 months from the date of approval of this report (the 'going concern period'), the Board has considered the impact of a severe but plausible downside scenario and sensitivities, together with aircraft financing requirements. Consequently the directors have a reasonable expectation that the Group has sufficient liquidity to continue in operational existence over the going concern period, and hence continue to adopt the going concern basis.

Summary

The Group's operating profit for the year increased by €776 million, or 22.1%, versus 2023, driven by higher passenger unit revenues and lower fuel unit costs, partially offset by an increase in non-fuel unit costs, as discussed further below. The increase in operating profit was despite adverse foreign exchange impacts of €63 million and an exceptional charge for restructuring of €160 million.

Profit for the year

Statutory results € million	2024	2023	Higher/ (lower) vly
Operating profit	**4,283**	3,507	776
Profit before tax	**3,563**	3,056	507
Profit after tax	**2,732**	2,655	77

Summary of exceptional items

The Group uses Alternative performance measures (APMs) to analyse the underlying results of the business excluding exceptional items, which are those that in management's view need to be separately disclosed by virtue of their size or incidence in understanding the entity's financial performance.

During 2024 the Group recorded exceptional items relating to employee restructuring in Iberia's ground handling subsidiary, the termination of the Air Europa purchase agreement, and a net credit relating to changes in tax legislation in Spain, the main impact of which was changing the rate at which tax losses can be utilised from 2016 onwards. There were no exceptional items in 2023.

A summary of the exceptional items relating to 2024 is given below, with more detail in the Alternative performance measures section.

		(Charge)/credit to the Income statement € million	
Income statement line	Exceptional item description	**2024**	2023
Employee costs	Iberia restructuring costs	**(160)**	–
Other non-operating credits	Termination of Air Europa agreement	**(50)**	–
Tax	Tax on exceptional items above	**40**	–
Tax	Changes to Spanish tax legislation	**100**	–

The Operating profit before exceptional items for 2024 of €4,443 million was €936 million better than the Operating profit before exceptional items of €3,507 million for 2023, driven by the increased capacity and higher revenues, net of higher operating costs, as explained further below. The Profit after tax and before exceptional items was €2,802 million, €147 million higher than the 2023 profit of €2,655 million.

Alternative performance measures (before exceptional items) € million	2024	2023	Higher/ (lower) vly
Operating profit	**4,443**	3,507	936
Profit before tax	**3,773**	3,056	717
Profit after tax	**2,802**	2,655	147

Revenue

€ million	2024	Higher/ (lower) vly (%)	Higher/ (lower) vly
Passenger revenue	**28,274**	9.5 %	2,464
Cargo revenue	**1,234**	6.7 %	78
Other revenue	**2,592**	4.2 %	105
Total revenue	**32,100**	9.0 %	2,647

Total revenue increased €2,647 million versus 2023, after favourable foreign exchange rate movements of €263 million, mainly due to the translation of British Airways' and IAG Loyalty's results from pound sterling into euro, which resulted in a favourable variance of €505 million versus 2023, offset by adverse transaction foreign exchange impacts on revenue of €242 million.

Passenger revenue

Year to 31 December 2024	ASKs higher/(lower) v2023	Passenger revenue per ASK higher/(lower) v2023[1]
North Atlantic	2.8 %	6.2 %
Latin America and Caribbean	12.2 %	(2.2)%
Europe	5.8 %	2.6 %
Domestic (Spain and UK)	5.8 %	(0.3)%
Africa, Middle East and South Asia	1.4 %	(0.5)%
Asia Pacific	27.5 %	(12.1)%
Total network	**6.2 %**	**3.1 %**

1 Passenger revenue per ASK for the total network is based on total passenger revenue divided by ASKs. For the analysis by region, passenger revenue excludes certain items that are not directly assigned at a route level, including joint business payments or receipts, foreign exchange hedging gains or losses, EC261 and UK261 compensation, and adjustments to assumptions for unused tickets.

The increase in Passenger revenue of €2,464 million, or 9.5%, was ahead of the increase in passenger capacity of 6.2%, driven by higher yields and higher load factors than in 2023. The growth in Passenger revenue was linked to the reopening of markets and strong leisure demand, together with increases in ticket prices to reflect inflation. The recovery in corporate travel was slower than that of leisure travel, with the Group's premium leisure segment continuing to perform strongly.

The passenger load factor for the year of 86.5% was 1.2 points higher than in 2023. Passenger yields, measured as passenger revenue per revenue passenger kilometre (RPK) were 1.7% higher than in 2023. The resulting passenger unit revenue (passenger revenue per ASK) for the year was 3.1% higher than in 2023.

Financial review *continued*

Cargo revenue

Cargo revenue, at €1,234 million, was 6.7% higher than in 2023. Cargo volumes, measured in cargo tonne kilometres (CTKs), were 12.6% higher than the previous year. Cargo yields, measured as cargo revenue per cargo tonne kilometre, were 5.2% lower than in 2023, resulting from the substantial growth in global cargo capacity across the industry in 2024 and the inflated market yields in the first half of 2023, which were impacted by the residual effects of supply chain disruptions after the pandemic. However, 2024 benefited from Red Sea disruption, which drove sea-to-air conversion and strong market demand and higher yields from South Asia, India and the Middle East, particularly from the second quarter onwards.

Other revenue

Overall for the year, Other revenue was up 4.2% versus 2023 to €2,592 million.

One of the Group's strategic imperatives is to drive earnings growth through asset-light businesses, with the growth of IAG Loyalty a particular priority. The impact of the growth in IAG Loyalty contributes both to the airlines' Passenger revenue and to Other revenue, through both the issuance and redemption of its loyalty currency, Avios. IAG Loyalty delivered another strong year of growth in the number of members collecting Avios, including through its partnership with American Express. IAG Loyalty also now includes BA Holidays, which benefited from a continued increase in flying activity and bookings, with Group holiday and hotel services revenues up by €52 million to €990 million.

Iberia's Maintenance, Repair and Overhaul (MRO) business saw increased engine maintenance activity for third-party airlines, with revenues from maintenance and overhaul services up €137 million to €820 million. Revenue from Iberia's ground handling business, at €159 million, was €36 million lower than 2023 as a result of the Iberia losing third-party handling contracts at eight airports in 2023. Other revenue was also impacted by the cessation of a contract relating to travel for retired Spanish citizens, which only had a small impact on operating profit.

Operating costs

Total operating expenditure rose from €25,946 million in 2023 to €27,817 million in 2024, linked to the higher volume of flights and passenger numbers and after adverse foreign currency movements of €326 million, of which €432 million were due to the translation of the operating costs of British Airways and IAG Loyalty from pound sterling into euros, offset by favourable transaction impacts of €106 million.

Employee costs

€ million	2024	Higher/ (lower) vly (%)	Higher/ (lower) vly
Employee costs, € million	**6,356**	17.2 %	933
Employee costs per ASK, € cents[1]	**1.81**	7.5 %	

1 Employee costs per ASK calculated before exceptional item related to Iberia restructuring.

The rise in Employee costs of €933 million, or 17.2%, versus 2023 reflected the increase in the Group's capacity and the related increase in employee numbers, together with investments in the airlines' operations, including at British Airways' London hub. The strong performance in 2024 also led to higher payments to colleagues in the form of bonuses and other performance-related payments. Average headcount for the year was 73,498, up 3,736 or 5.4% versus 2023. The Group had agreements in place with substantially all employee groups at the end of 2024, including new agreements reached with Aer Lingus pilots in July, Iberia pilots in August and Vueling pilots in November.

On a unit basis per ASK, Employee costs were up 7.5% versus 2023.

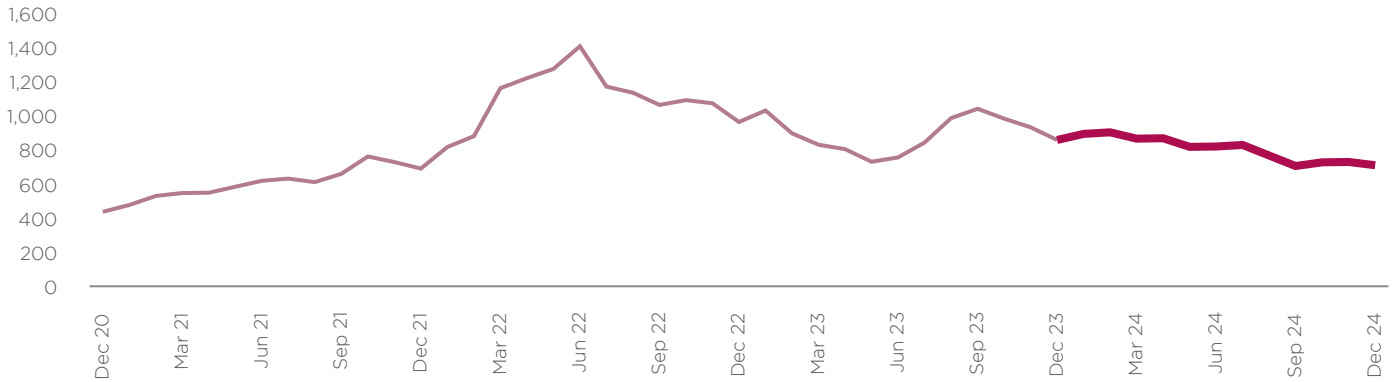
Fuel costs and emissions charges

€ million	2024	Higher/ (lower) vly (%)	Higher/ (lower) vly
Fuel costs and emissions charges	**7,608**	0.7 %	51
Fuel costs and emissions charges per ASK, € cents	**2.22**	(5.2)%	

Fuel costs and emissions charges were up €51 million versus 2023, with increased capacity and higher costs relating to emissions trading schemes (ETSs) offset by reduced average commodity fuel prices, leading to fuel costs and emissions charges up only 0.7% versus 2023 and down 5.2% on a unit basis.

Effective jet fuel prices net of hedging were down around 8% compared with 2023, driven particularly by the reduction seen in the final quarter of 2024. Foreign exchange movements accounted for €78 million of the year-on-year increase, due to the translation exchange effects between the pound sterling and euro, partially offset by a small favourable impact from transaction foreign exchange net of hedging. The cost of complying with ETS, mainly in the EU and UK, was €301 million, up from €212 million in 2023, reflecting both the higher level of capacity flown, market prices under such schemes, and the reduction in free allowances issued across the EU and UK.

Jet fuel price trend ($ per metric tonne)



Fuel hedging

The Group seeks to reduce the impact of volatile commodity prices by hedging prices in advance. The Group's current fuel hedging policy was approved by the Board in May 2021 (and has been regularly reviewed for appropriateness by the Audit and Compliance Committee subsequently) and is designed to provide flexibility to respond to both significant unexpected reductions in travel demand or capacity and/or material or sudden changes in jet fuel prices. The policy allows for differentiation within the Group, to match the nature of each operating company, and the use of call options for a proportion of the hedging undertaken. The policy operates on a two-year rolling basis, with hedging of up to 60% of anticipated requirements in the first 12 months and up to 30% in the following 12 months, and with flexibility for low-cost airlines within the Group to adopt hedging up to 75% in the first 12 months. For all Group airlines, hedging between 25 and 36 months ahead is only undertaken in exceptional circumstances.

Fuel consumption

The Group continued to benefit from reduced fuel consumption associated with the investment in new fleet, with 19 newer-generation and more fuel-efficient aircraft delivered and brought into service in the year. Increased passenger load factors versus 2023 also contributed to reduced carbon intensity, measured as grammes of CO_2 per passenger kilometre, which was down 3.0% versus 2023, with the reduction also driven by higher use of Sustainable Aviation Fuel (SAF).

Supplier costs

€ million	2024	Higher/ (lower) vly (%)	Higher/ (lower) vly
Handling, catering and other operating costs	**4,135**	7.4 %	286
Landing fees and en-route charges	**2,405**	4.2 %	97
Engineering and other aircraft costs	**2,729**	8.8 %	220
Property, IT and other costs	**1,120**	5.9 %	62
Selling costs	**1,082**	(6.3)%	(73)
Currency differences	**32**	23.1 %	6
Total Supplier costs	**11,503**	5.5 %	598
Supplier cost per ASK, € cents	**3.35**	(0.7)%	

Total Supplier costs rose by €598 million, or 5.5%, to €11,503 million, slightly below the increase in capacity. Supplier costs benefited from the Group's transformation initiatives, which partially offset inflationary pressures, and also reflect customer experience and IT investments.

Total foreign currency impacts on Supplier costs, including currency differences, were €129 million adverse versus 2023, including an adverse impact of €200 million related to translating British Airways' and IAG Loyalty's supplier costs from pound sterling into euro, partially offset by a favourable transaction foreign exchange impact of €71 million.

On a unit basis per ASK, Supplier costs were down 0.7% versus 2023.

Ownership costs

Ownership costs include Depreciation, amortisation and impairment of tangible and intangible assets, including right-of-use assets, and the Net gain on sale of property, plant and equipment.

€ million	2024	Higher/ (lower) vly (%)	Higher/ (lower) vly
Depreciation, amortisation and impairment	**2,364**	14.6 %	301
Net gain on sale of property, plant and equipment	**(14)**	nm	12
Ownership costs	**2,350**	14.0 %	289
Ownership costs per ASK, € cents	**0.68**	7.3 %	

The increase in ownership costs versus 2023 is mainly driven by the increase in the Group's fleet of aircraft, linked to the increased capacity and the investments in new, more fuel-efficient aircraft. In addition, costs increased due to the depreciation related to aircraft maintenance and investments to improve the customer experience, such as new business cabin seats, digital offerings and lounges.The Net gain on sale of property, plant and equipment was €14 million, reflecting the disposal of aircraft withdrawn from service and related spare parts.

On a unit basis per ASK, Ownership costs were up 7.3% versus 2023.

Aircraft fleet

In 2024, the in-service fleet increased by 19 aircraft: 30 aircraft entered service and 11 aircraft were retired. The aircraft entering service were the 19 new aircraft deliveries from Airbus and Boeing explained in the Capital expenditure section below, together with four used aircraft that were delivered in 2023 but did not start flying for the Group until 2024, and a further seven used aircraft leased directly from aircraft lessors.

Number of fleet

Number of fleet in-service	2024	2023	Higher/ (lower) vly
Short-haul	**396**	389	1.8 %
Long-haul	**205**	193	6.2 %
	601	582	3.3 %

In addition to the in-service fleet, there were a further 11 aircraft not in service, made up of three aircraft held by the Group pending disposal or lease return and eight Airbus A320ceo aircraft for Vueling, which were delivered in 2024 but not yet in service by 31 December 2024.

Exchange rate impact

Exchange rate impacts are calculated by retranslating current year results at prior year exchange rates. The reported revenues and expenditures are impacted by the translation of currencies other than euro to the Group's reporting currency of euro: primarily pound sterling related to British Airways and IAG Loyalty. From a transaction perspective, the Group's performance is impacted by the fluctuation of exchange rates, primarily exposure to the pound sterling, euro and US dollar. The Group typically generates a surplus in most currencies in which it does business, except the US dollar, for which capital expenditure, debt repayments and fuel purchases typically create a deficit which is managed and partially hedged. The Group hedges its economic exposure from transacting in foreign currencies but does not hedge the translation impact of reporting in euro.

Overall, in 2024 the Group operating profit before exceptional items was reduced by €63 million due to adverse exchange rate impacts.

Exchange rate impact before exceptional items

	2024		
€ million Favourable/(adverse)	**Translation impact**	**Transaction impact**	**Total exchange impact**
Total exchange impact on revenue	505	(242)	**263**
Total exchange impact on operating expenditures	(432)	106	**(326)**
Total exchange impact on operating profit	73	(136)	**(63)**

	2023		
€ million Favourable/(adverse)	Translation impact	Transaction impact	Total exchange impact
Total exchange impact on revenue	(379)	(111)	(490)
Total exchange impact on operating expenditures	351	57	408
Total exchange impact on operating profit	(28)	(54)	(82)

The exchange rates of the Group were as follows:

	2024	2023	Higher/ (lower) vly
Translation - Balance sheet			
£ to €	**1.21**	1.16	4.3 %
Translation - Income statement (weighted average)			
£ to €	**1.18**	1.15	2.6 %
Transaction (weighted average)			
£ to €	**1.18**	1.15	2.6 %
€ to $	**1.09**	1.09	– %
£ to $	**1.28**	1.26	1.6 %

Total net non-operating costs

Total net non-operating costs for the year were €720 million, versus €451 million in 2023.

Finance costs of €917 million were €196 million lower than in 2023, due to early debt repayments made in the second half of 2023. Finance income at €404 million was up slightly from €386 million in 2023, with higher average interest rates offsetting lower average cash balances. The Net change in the fair value of financial instruments of €237 million reflects the increase in the fair value of IAG's €825 million convertible bond maturing in 2028, which increased in line with the Group's strong share price performance during the year. Net currency retranslation resulted in a charge of €127 million in 2024 versus a credit of €176 million in 2023, principally reflecting the strengthening of the US dollar in 2024 versus a weakening in 2023. Other non-operating credits of €94 million in 2024 (2023: credit of €8 million) mainly represent net gains or losses on derivative contracts for which hedge accounting is not applied.

Tax

The tax charge on the Profit for the year was €831 million (2023: tax charge of €401 million), and the effective tax rate was 23.3% (2023: 13.1%). The effective tax rate in 2023 was reduced by the recognition of prior year tax losses, notably in the Group's Spanish subsidiaries.

The substantial majority of the Group's activities are taxed where the main operations are based: in the UK, Spain and Ireland, which had statutory corporation tax rates of 25%, 25% and 12.5% respectively for 2024. The expected effective tax rate for the Group is determined by applying the relevant corporation tax rate to the profits or losses of each jurisdiction.

The geographical distribution of profits and losses in the Group results in the expected tax rate being 24.5% for the year to 31 December 2024. The difference between the actual effective tax rate of 23.3% and the expected tax rate of 24.5% is primarily due to the impact of changes in Spanish tax legislation, outlined below.

The Profit after tax for the year was €2,732 million (2023: €2,655 million).

The Group is monitoring the OECD's proposed two-pillar solution to address the tax challenges arising from the digitalisation of the economy. This reform to the international tax system is designed to ensure that multinational enterprises with consolidated worldwide annual turnover exceeding €750 million will be subject to a minimum 15% effective tax rate, and also proposes to address the geographical allocation of profits for the purposes of taxation.

On 21 December 2024, the Spanish government enacted Law 7/2024 to implement the EU Minimum Tax Directive with effect from 1 January 2024.

For 2024, the predominant jurisdiction in which the Group operates with an effective tax rate of less than 15% was Ireland through Aer Lingus. In 2024 Aer Lingus recorded a current tax expense of €2 million relating to Pillar Two.

Changes in Spanish tax legislation

In 2024 the Group was impacted by changes in tax legislation in Spain, principally related to the pace at which prior year tax losses could be utilised from 2016 onwards. On 18 January 2024, the *Tribunal Constitucional* (Constitutional Court) in Spain issued a ruling that the amendments to corporate income tax arising from the introduction of Royal Decree-Law (RDL) 3/2016 were unconstitutional and accordingly revoked. On 20 December 2024, the Spanish government enacted Law 7/2024, which with effect from 1 January 2024 onwards, implements the tax measures that had been previously declared unconstitutional by the *Tribunal Constitucional*. The Group recognised a net exceptional tax credit of €100 million in 2024, being a net credit of €135 million relating to RDL 3/2016 and a tax charge of €35 million relating to Law 7/2024.

IAG Loyalty VAT

As previously disclosed, since 2022 and for periods commencing March 2018, HMRC in the UK has been considering the appropriate VAT accounting to be applied by IAG Loyalty, and the validity of a historical ruling ('the Ruling') issued by HMRC to the Group. On 29 October 2024, HMRC issued a decision asserting that VAT is payable at the standard rate of 20% on the issuance of Avios as opposed to the historical approach of accounting for VAT depending on the nature of the redemption products for which Avios are redeemed, for which the vast majority are flights that are zero-rated.

At 31 December 2024, HMRC has issued IAG Loyalty with VAT assessments amounting to €673 million. Of these assessed amounts, the Group expects €260 million to be recoverable as input VAT for certain subsidiaries of the Group, predominantly by British Airways. During the course of 2024, in addition to the aforementioned assessed amounts and in order to avoid incurring potential interest and penalties, the Group commenced paying to HMRC, without admission of liability, VAT on the issuance of Avios. This has resulted in payments, that the Group does not consider it can recover from its partners, totalling €88 million having been made in the year to 31 December 2024 and a corresponding receivable recognised in the Balance sheet.

The Group has reviewed HMRC's decision with its legal and tax advisers and strongly disagrees with HMRC's decision. The Group considers that accounting for VAT depending on the nature of the redemption remains appropriate, and that the Group has a legitimate expectation that it should have been able to rely upon the Ruling.

In order to appeal the case to the First-tier Tribunal (Tax), subsequent to 31 December 2024 and prior to the date of this report, the Group paid to HMRC, without admission of liability, the total of the aforementioned VAT of €673 million that it had not previously paid. These amounts will be recoverable, in part or in full, should the Group be successful through litigation in the case.

The directors are satisfied that it is not probable that an adverse outcome will eventuate, and accordingly, the Group does not consider it appropriate to record any provision for this matter at 31 December 2024.

Further detail on tax matters, including IAG Loyalty and the changes in Spanish tax legislation, can be found in note 10 to the consolidated financial statements.

Operating profit performance of airline operating companies

	Aer Lingus € million		British Airways[1] £ million		Iberia[2] € million		Vueling € million	
Statutory	2024	Higher/ (lower) vly	2024	Higher/ (lower) vly	2024	Higher/ (lower) vly	2024	Higher/ (lower) vly
Passenger revenue	2,304	95	13,466	798	5,862	600	3,244	63
Cargo revenue	55	–	789	32	305	30	–	–
Other revenue	17	7	153	12	1,375	(46)	17	–
Total revenue	**2,376**	102	**14,408**	842	**7,542**	584	**3,261**	63
Fuel costs and emissions charges	638	(1)	3,676	(149)	1,611	115	895	(12)
Employee costs	514	43	2,871	312	1,618	334	427	28
Supplier costs	855	66	4,679	(150)	2,985	158	1,260	20
Ownership costs[3]	164	14	1,134	125	461	50	279	23
Operating profit/(loss)	**205**	(20)	**2,048**	704	**867**	(73)	**400**	4
Operating margin	8.6%	(1.3) pts	14.2%	4.3 pts	11.5%	(2.0) pts	12.3%	(0.1) pts
Alternative performance measures[4]								
Passenger revenue	2,304	95	13,466	798	5,862	600	3,244	63
Cargo revenue	55	–	789	32	305	30	–	–
Other revenue	17	7	153	12	1,375	(46)	17	–
Total revenue before exceptional items	**2,376**	102	**14,408**	842	**7,542**	584	**3,261**	63
Fuel costs and emissions charges	638	(1)	3,676	(149)	1,611	115	895	(12)
Employee costs	514	43	2,871	312	1,458	174	427	28
Supplier costs	855	66	4,679	(150)	2,985	158	1,260	20
Ownership costs[3]	164	14	1,134	125	461	50	279	23
Operating profit before exceptional items	**205**	(20)	**2,048**	704	**1,027**	87	**400**	4
Operating margin before exceptional items	8.6%	(1.3) pts	14.2%	4.3 pts	13.6%	0.1 pts	12.3%	(0.1) pts

1 During the year to 31 December 2024, the Group changed its internal organisation, resulting in BA Holidays being transferred from British Airways to IAG Loyalty. Accordingly, the Group has restated its previously reported segmental information for the year to 31 December 2023. See note 5 to the consolidated financial statements.

2 The Iberia numbers in the table above are presented on the same basis as in note 5 to the consolidated financial statements and exclude LEVEL Spain.

3 Ownership costs reflects Depreciation, amortisation and impairment, and the Net (gain)/loss on the sale of property, plant and equipment.

4 Further detail is provided in the Alternative performance measures section.

Financial review *continued*

Review by operating company

The main driver of the Group's increase in operating profit for 2024 was British Airways, which achieved an increase in operating profit of £704 million to £2,048 million (€2,422 million). Iberia and Vueling were able to maintain the strong margins each achieved in 2023, with Iberia's growth in its passenger capacity of 13.3% leading to an increase in operating profit before exceptional items of €87 million. Aer Lingus was impacted by industrial action in July, alongside strong competition at its hub in Dublin from US carriers, leading to a €20 million fall in its operating profit and an operating margin of 8.6%.

Operating profit before exceptional items

	2024	2023
Aer Lingus (€ million)	**205**	225
British Airways (£ million)[1]	**2,048**	1,344
Iberia (€ million)	**1,027**	940
Vueling (€ million)	**400**	396
IAG Loyalty (£ million)[1]	**420**	367

1 2023 comparatives restated for the transfer of BA Holidays from British Airways to IAG Loyalty.

IAG Loyalty continued to achieve double-digit growth in its operating profit, increasing by £53 million to £420 million (€495 million) in 2024, driven by the growth of its non-airline partner revenue streams, together with benefiting from the strong performance of the Group's airlines. BA Holidays was transferred from British Airways to IAG Loyalty during 2024.

Free cash flow

The Group uses Free cash flow as an Alternative performance measure. Free cash flow is defined as Net cash flows from operating activities less Acquisition of property, plant and equipment and intangible assets. See Alternative performance measures section for further details.

€ million	**2024**	2023	Variance
Net cash flows from operating activities	**6,372**	4,602	1,770
Acquisition of property, plant and equipment and intangible assets	**(2,816)**	(3,282)	466
Free cash flow	**3,556**	1,320	2,236

In 2024, Free cash flow was €3,556 million, up €2,236 million versus 2023, driven by higher operating cash flows linked mainly to the significant increase in operating profit described above, together with lower interest payments associated with debt repayments in the second half of 2023, and reduced capital expenditure - both explained below.

Cash flows from operating activities

€ million	**2024**	2023	Variance
Operating profit	**4,283**	3,507	776
Depreciation, amortisation and impairment	**2,364**	2,063	301
Increase in provisions (excluding carbon-related obligations)	**282**	25	257
Purchase of carbon-related assets net of the change in carbon-related obligations	**62**	(50)	112
Interest paid	**(764)**	(1,005)	241
Interest received	**367**	365	2
Tax paid	**(245)**	(291)	46
Movement in working capital	**(82)**	(142)	60
Other operating cash flow movements	**105**	130	(25)
Net cash flows from operating activities	**6,372**	4,602	1,770

The principal components of the €282 million increase in provisions are the exceptional restructuring charge in Iberia and aircraft maintenance provisions for restoration and handback obligations for leased aircraft. The cash payments for ETS allowances (carbon-related assets) acquired during the year were lower than the provision charged to Fuel costs and emissions charges in the Income statement, linked to the Group's balance of allowances built up in previous years and resulting in a net inflow of €62 million.

The reduction in interest paid in 2024 reflects the early repayment of debt in the Group's airlines in 2023, explained further below.

Cash tax in 2024 benefited from the receipt of refunds of €101 million in relation to changes to Spanish tax legislation; a further €88 million is expected to be received, at the earliest, in 2025. See note 10 to the consolidated financial statements for further details.

The normal expected working capital cycle associated with growth in the Group's airlines would lead to a modest cash inflow, related to increased deferred revenue for passenger tickets sold in advance of travel, and higher trade payables linked to a larger operation, and therefore higher fuel and supplier costs.

In 2024, working capital was negatively impacted by the incidence of cash payments versus Income statement provisions related to certain maintenance contracts, VAT payments in respect of IAG Loyalty, as described in note 10 to the consolidated financial statements, and higher fuel and SAF prepayments at 31 December 2024, together with a reduced fuel price which had the effect of reducing trade payables.

Capital expenditure

In 2024, the Group continued to invest in the replacement and growth of its aircraft fleets, customer products and services, and IT infrastructure and applications. Capital expenditure, measured as the Acquisition of property, plant and equipment and intangible assets from the Cash flow statement, was €2,816 million, compared with €3,282 million in 2023, with the reduction of €466 million due mainly to the lower number of new aircraft delivered in the year and the re-profiling of pre-delivery payments for aircraft to be delivered in future years, linked to delayed future deliveries. There were also supply chain delays that impacted on retrofitting older aircraft with new cabin interiors. Investment in other property, plant and equipment, and in IT, which includes software assets recorded within Intangible assets, was higher than in 2023, as the Group continues to invest in its customer product, IT estate and transformation projects.

€ million	2024	2023
Property, plant and equipment – fleet	**2,035**	2,715
Property, plant and equipment – other	**296**	193
Intangible assets	**485**	374
Total	**2,816**	3,282

In 2024, the Group took delivery of 19 new aircraft from Airbus and Boeing: 13 for British Airways, two for Iberia, and four for Aer Lingus. The Group also took delivery of 15 used aircraft direct from aircraft lessors: one additional Airbus A330-200 for LEVEL and 14 Airbus A320ceo aircraft for Vueling, including aircraft to backfill additional aircraft maintenance requirements linked to the Pratt & Whitney 'GTF' engines issue.

Aircraft deliveries	2024	2023
Airbus A320neo family	**10**	19
Airbus A321XLR	**3**	–
Airbus A350	**2**	7
Boeing 787-10	**4**	2
Sub-total manufacturer deliveries	**19**	28
Airbus A330	**1**	2
Airbus A350	**–**	2
Airbus A320ceo	**14**	2
Total	**34**	34

Capital commitments

Capital expenditure authorised and contracted for at 31 December 2024 amounted to €12,634 million (2023: €12,706 million). Whilst the number of aircraft represented by these commitments fell during 2024, with more deliveries than new orders, the value of capital commitments only fell slightly, due to the strengthening of the US dollar over the course of the year, as most of these commitments are denominated in US dollars.

The Group has certain rights to cancel commitments in the event of significant delays to aircraft deliveries caused by the aircraft manufacturers. No such rights had been exercised as at 31 December 2024.

Aircraft orders

During 2024, the Group converted 10 A320neo options to firm deliveries in 2029, as replacement aircraft for its short-haul network. A new order was placed for two new Airbus A350-900 aircraft for Iberia, to be delivered in 2026 and 2027.

Aircraft future deliveries at 31 December	2024	2023
Airbus A320ceo	**7**	3
Airbus A320neo family	**82**	82
Airbus A321XLR	**11**	14
Airbus A350	**3**	3
Boeing 737	**50**	50
Boeing 777-9	**18**	18
Boeing 787-10	**7**	11
Total	**178**	181

In addition to the committed future deliveries shown above, at 31 December 2024, the Group held options to acquire a further 223 aircraft from Airbus and Boeing.

The Group anticipates ordering further aircraft in 2025, including long-haul aircraft for replacements and growth, consistent with its strategy set out at its Capital Markets Day in November 2023.

Funding and debt

IAG's long-term objectives when managing capital are: to safeguard the Group's ability to continue as a going concern and its long-term viability; to maintain an optimal capital structure in order to reduce the cost of capital; and to provide sustainable returns to shareholders.

The Group's current ratings (at 27 February 2025) are all investment grade, with the following ratings: S&P: BBB- (positive outlook), Moody's: Baa3 (stable outlook). British Airways has separate credit ratings, which are also investment grade, with S&P BBB- (positive outlook), Moody's: Baa3 (stable outlook) and Fitch BBB- (stable outlook).

Net debt and leverage

The Group monitors leverage using net debt to EBITDA before exceptional items, in addition to closely following measures used by the credit rating agencies, including those based on total borrowings (gross debt).

In 2019, the Group set a target of net debt to EBITDA before exceptional items below 1.8 times, which broadly corresponded to investment grade with the credit rating agencies. At its Capital Markets Day in November 2023, the Group confirmed this target remains appropriate.

As at 31 December 2024, net debt to EBITDA before exceptional items had reduced to 1.1 times, compared with 1.7 times in 2023, reflecting the strong recovery in profitability and the related cash generation, with capital expenditure €466 million lower than the previous year, impacted by aircraft delivery delays and the related impact on pre-delivery payments for future aircraft deliveries.

€ million	2024	2023	Higher/ (lower)
Total borrowings (gross debt)	**17,345**	16,082	1,263
Cash, cash equivalents and current interest-bearing deposits	**9,828**	6,837	2,991
Net debt at 31 December	**7,517**	9,245	(1,728)
Net debt to EBITDA before exceptional items (times)	**1.1**	1.7	(0.6)
Gross debt to EBITDA before exceptional items (times)	**2.5**	2.9	(0.4)

Financial review *continued*

Debt

Gross debt increased by €1,263 million to €17,345 million at 31 December 2024, with the two biggest increases being €639 million due to the strengthening of the US dollar (as the majority of aircraft financing is denominated in US dollars) and €281 million due to the increase in the fair value of IAG's €825 million convertible bond due in 2028, itself closely linked to IAG's strong share price performance in 2024. The remaining balance of the increase is explained by the net impact of the financing of new aircraft, leases for used aircraft acquired or extended under operating leases, and repayments of leases.

Key cash flow extracts relating to debt

€ million	**2024**	2023	Variance
Within investing activities			
Sale of property, plant and equipment, intangible assets and investments	**584**	1,091	(507)
Within financing activities			
Proceeds from borrowings	**1,474**	1,001	473
Repayment of borrowings	**(410)**	(4,268)	3,858
Repayment of lease liabilities	**(1,737)**	(1,731)	(6)

Aircraft debt

Long-term aircraft financing was drawn for 21 new aircraft during 2024, including five aircraft that were delivered in 2023. The €584 million of cash inflow from the Sale of property, plant and equipment, intangible assets and investments is mainly due to aircraft sale and leaseback transactions in the year, for aircraft financed on operating leases. Proceeds from borrowings of €1,474 million reflects the proceeds from aircraft financed on finance leases. The Group also secured committed funding of €134 million, to be drawn in 2025, for two Iberia aircraft; this committed funding is included in committed and undrawn aircraft financing facilities at 31 December 2024.

The Group continues to have attractive alternatives for aircraft financing, which include retaining new aircraft unencumbered, in order to balance the mix of net debt between gross debt and cash.

The repayment of borrowings of €410 million is mainly in respect of aircraft on finance lease arrangements entered into from 1 January 2019 onwards, the date from which IAG adopted IFRS 16 'Leases'. The repayment of lease liabilities of €1,737 million includes €814 million of principal repayments in respect of finance leases in place on 31 December 2018 and accounted for under IFRS 16 as lease liabilities; the balance of €923 million includes the principal element of aircraft operating lease payments in the year, together with certain other lease liabilities.

Non-aircraft debt

In 2023, the Group's airlines repaid early €3,271 million of debt that was due to mature between 2024 and 2026; the airlines had raised this additional debt during the COVID-19 pandemic. In 2024, no further debt was repaid early.

At 31 December 2024, the Group's general debt, aside from aircraft financing-related debt, included: two €500 million IAG bonds due in 2025 and 2027, respectively; IAG's €825 million 2028 convertible bond; and a €700 million IAG bond due in 2029.

In January 2025, the Group further reduced its debt, redeeming a notional amount of €277 million of its 2027 unsecured bond and €300 million of its 2029 unsecured bond; the €500 million 2025 unsecured bond will be repaid in March 2025.

Cash

Cash, cash equivalents and interest-bearing deposits

€ million	**2024**	2023	Higher/ (lower)
Aer Lingus[1]	**567**	356	211
British Airways	**2,530**	1,360	1,170
Iberia	**2,069**	1,890	179
Vueling	**1,054**	452	602
IAG Loyalty	**1,134**	1,374	(240)
IAG and other Group companies	**2,474**	1,405	1,069
Cash and cash equivalents and interest-bearing deposits	**9,828**	6,837	2,991

1 At 31 December 2024 Aer Lingus held €29 million of restricted cash (2023: €31 million) in interest-bearing deposits maturing after more than three months to be used for employee-related obligations.

British Airways, Iberia, Vueling, Aer Lingus and IAG Loyalty all experienced significant positive operating cash flow in the year. The reduction in IAG Loyalty's cash balance was due to consideration paid to British Airways for the acquisition of BA Holidays. The rise in cash in IAG and other Group companies principally represents dividends upstreamed from the operating companies during the year.

Liquidity

Total liquidity, measured as cash, cash equivalents and interest-bearing deposits of €9,828 million and committed and undrawn general and aircraft facilities of €3,534 million, was €13,362 million at 31 December 2024. This represented an increase of €1,738 million versus total liquidity of €11,624 million at the end of 2023, linked mainly to the Group's cash generation during the year and the reduction in facilities, which was also linked to the Group's strong balance sheet and cash position.

€ million	**2024**	2023	Variance
Cash, cash equivalents and current interest-bearing deposits	**9,828**	6,837	2,991
Committed and undrawn general and overdraft facilities	**3,400**	4,412	(1,012)
Committed and undrawn aircraft facilities	**134**	375	(241)
Total	**13,362**	11,624	1,738

Liquidity facilities

During the year, the Group entered into a new five-year $3.0 billion (€2.9 billion), sustainability-linked, secured Revolving Credit Facility (RCF), accessible by British Airways, Iberia and Aer Lingus, each of which has separate limits. As a consequence, the Group extinguished its $1.755 billion (€1.6 billion) secured RCF and British Airways extinguished its two £1.0 billion Export Development Guarantee Facilities that were partially guaranteed by the UK Export Finance (total value: €2.4 billion). The three extinguished facilities were not drawn in the period prior to cancellation and the new $3.0 billion RCF was not drawn at 31 December 2024.

Aer Lingus has a €350 million credit facility with the Ireland Strategic Investment Fund (ISIF), which is available until March 2025. This facility was undrawn at 31 December 2024.

The Group also has certain other committed and undrawn general and overdraft facilities, amounting to €120 million, bringing total committed and undrawn general and overdraft facilities at 31 December 2024 to €3,400 million (2023: €4,412 million).

The Group also holds €134 million of committed and undrawn aircraft financing facilities (2023: €375 million). The committed amount at 31 December 2024 represents financing for two Iberia aircraft, to be drawn in 2025.

In total, the Group had €3,534 million of committed and undrawn general and aircraft facilities as at 31 December 2024 (2023: €4,787 million).

The facilities values above do not include the balance of certain shorter-term working capital facilities available to the Group's operating companies.

Equity

No equity was raised or repaid during the year, nor in 2023.

Dividends and share buybacks

In 2024, the Group paid an interim dividend of €0.03 per share in September. The Board has proposed a final dividend of €0.06 per share and this will be paid subsequent to the General Shareholders' Meeting in June 2025. No dividends were proposed or paid in 2023.

In November 2024, the Group announced a €350 million share buyback, to be completed by the end of February 2025.

In February 2025, the Group announced its intention to return up to €1,000 million of excess capital to shareholders in up to 12 months, driven by the Group's significant cash flow generation.

Active engagement on key policy challenges

Engagement context

Aviation continues to push forward technical innovation and develop new commercial opportunities across international boundaries. These characteristics help make the sector a significant generator of economic growth. Connecting people, businesses and countries makes IAG's businesses part of a strategic industry that is of considerable interest and importance to policymakers.

We aim to steer policymakers' interest towards actions that enhance the social and economic benefits of the Group's activity and to explain the impacts of proposals in terms of connectivity, consumer benefits and effects on the economy. To do so, IAG engages with policymakers chiefly in the countries in which its operating companies are based and with those in their largest markets.

The institutions of the European Union are an important audience for our discussions. The new institutional cycle in the EU presents new opportunities for IAG: the EU's renewed emphasis on the competitiveness of its companies provides a fresh perspective for our advocacy efforts as a leading airline group committed to creating sustainable long-term value. In 2024, IAG held 90 meetings with EU and national representatives in Brussels.

In the different jurisdictions in which we engage, we cover a wide range of policy topics from sustainability to accessibility. The aviation industry's international, safety critical nature, direct customer engagement, as well as fierce competition, all mean it is subject to different regulators worldwide.

Supply chain pressures

The year 2024 began with sharp regulatory focus on Boeing when a door panel blew off a Boeing 737 Max 9 aircraft in flight over the US. This incident proved not to be just an isolated (albeit serious) technical matter but had far-reaching consequences for Boeing and its customers. Investigation of the incident led the Federal Aviation Agency to raise concerns about Boeing's management processes and restricted its production, leading to upheaval at the company including significant industrial relations disputes.

The impact of these issues means inevitable delays to Boeing aircraft delivery but was just one factor providing airlines with challenges related to aircraft and maintenance. The international supply chain for parts remained stretched in 2024 and is yet to return to pre-pandemic norms. This made ad hoc maintenance slower and added pressure to fleet availability. British Airways was also affected adversely by the durability issues with its Rolls-Royce Trent 1000 engines. Six aircraft in its long-haul fleet were unavailable at stages during the year as the Trent engines underwent renewal. This delayed the introduction of new routes and required the airline to reduce frequencies to some destinations.

Airspace challenges

Aviation infrastructure providers also presented challenges to airline operations in 2024, with summer 2024 being reported by Eurocontrol as the second-worst summer ever for en-route air traffic flow management (ATFM) delays (after 1999) with half of all flights across Europe not sticking to their original plan.

Air traffic management in Europe remains fragmented and lack of capacity and restrictions created delays for all IAG's airlines. Eurocontrol reported that while traffic volume was up 4.8% in the summer of 2023 (June-August), ATFM delays were up 52%. Of all summer delays, 37% were due to structural lack of air traffic control (ATC) capacity and 12% to lack of staff among air navigation service providers. IAG continued to engage with the EU and with national governments both directly and through its trade associations, in particular Airlines For Europe (A4E), to seek solutions to the impact of disruption caused by ATC.

In parallel, at a technical level and led by Vueling, we have been progressing in the working groups with the air navigation services providers (ANSPs) such as Spanish ENAIRE and Eurocontrol to measure the airspace efficiency of different routes using a recently set new standard and to implement quick wins with the common goal to reduce CO_2 emissions.

At the same time, in 2024, ANSPs presented their performance plans to the European Commission for the years 2025-2029 (known as Reference Period 4 - RP4). Many ANSPs across Europe have submitted high single or double digit increases in unit rates and are likely to collectively miss the EU performance target of decreasing the navigation charges at -1.2% per annum. We continue to engage with individual ANSPs and their regulators, as well as the European Commission and the Performance Review Body as IAG and through A4E and IATA, to push back on these cost increases and inefficiencies.

In 2024, EU institutions reached an agreement on the reform of the Single European Sky (SES2+); however, the new compromise is not expected to deliver the promised improvements in terms of airspace capacity, operational efficiency and sustainability.

IAG welcomes initial steps set out by the UK Government in October to introduce a new Airspace Design Service to accelerate modernisation of the airspace around London.

Airport infrastructure impacts

The efficient provision of airport capacity at the Group's airlines' main hubs remains a significant issue. In July, the UK CAA published its final decision on Heathrow Airport's charges resulting in a further 6% decrease to the regulated price cap to an estimated £23.73 per passenger in 2025. Nevertheless, Heathrow remains the most expensive airport in the world without a matching customer experience. We continue to engage with CAA on the next five-year regulatory period but advocate reform of Heathrow's economic regulation. This is required now to benefit consumers and keep the UK's only hub competitive, but it is essential before the Government's welcome intent to expand runway capacity can be realised.

In Spain, IAG's operating airlines worked with Spanish association ALA to respond to airport operator AENA's demand for a further allowance for COVID-19 losses which would be recovered through future airport charges. ALA and its members are seeking a mutually acceptable solution with AENA, while the Spanish civil

aviation authority also does not support AENA's demand. Our Spanish operating airlines will also start working with ALA to begin an open dialogue with AENA on next year's consultation on airport charges for the period 2027-2031 (known as DORA 3), a period that is key as it will include an investment of €2,400 million for the expansion of Madrid, Barcelona and other Spanish airports.

IAG, together with the individual airlines, is challenging airport fee increases that exceed inflation at other major airports. The most notable case is Amsterdam Schiphol, where charges will rise by 47% in 2025 despite airlines' strong objections with the airport authority blaming inflation and wage hikes for the increases, despite fees already having increased by 40% over the past three years.

The Irish Aviation Authority (IAA) aimed to impose a passenger cap at Dublin Airport, but Aer Lingus and other airlines legally challenged the decision. In November the High Court granted a stay on capping take-off and landing slots for the summer 2025 season, and the case has now been referred to the ECJ. The Group, through its engagement with the Irish Government and other stakeholders, continues to emphasise the urgent requirement for a resolution to this issue.

IAG worked with IATA on another systemic issue affecting UK aviation in 2024: the role of the airport slot coordinator, Airport Coordination Limited (ACL). IAG values the independence of the coordinator but, along with other airlines, has become concerned that it is not always making decisions in the interests of airlines or their customers. IAG considers that ACL's failure to grant appropriate flexibility in slot alleviation in response to the impact on airline operations of events such as military activity in the Middle East or the CrowdStrike outage means the coordinator's decisions on slot allocation are reducing the resilience of the system. IAG encourages the UK Government to provide ACL with formal guidance to clarify airlines' use of slots and maintain efficient use of capacity at constrained airports.

Worldwide crises continue

As the war in Gaza intensified in 2024 and Northern Israel came under further attack from armed groups in Lebanon, IAG's operating companies were forced to cancel flights to Tel Aviv until March 2025 (British Airways also cancelled flights to Amman for a period). The Group continues to monitor the situation in the region closely.

Since Russia's invasion of Ukraine in 2022, Russian airspace has been closed to EU and UK airlines but not to those from China, among other states. This restriction continues to add considerable time to flights to Asia and causes congestion in the airspace south of Russia in particular. The additional hours and fuel burn continue to add considerable extra cost to operations. We seek a level playing field with competitor airlines operating these routes, particularly to China, and continue to explain the impacts to aviation authorities while a regulatory mechanism is sought.

Consumer trends

The impacts of these geopolitical and other external factors, in particular the lack of ATC capacity, caused disruption for customers and regularly brought the situation to the attention of policymakers and regulators.

In 2024, the EU focused on the Passenger Rights Package presented at the end of 2023, which aims to improve aspects like multimodal journeys, better information for consumers or enhanced rights for customers who bought via intermediaries. IAG has been actively engaging on this dossier, leveraging our experience in offering better travel solutions to boost customer satisfaction including using digital means.

With A4E, IATA and ERA (European Regional Airlines Association) IAG engaged with the European Commission to support the principle of 'unbundling' products in response to the Spanish government's legal action against Vueling and other airlines on their hand luggage policies. As a result of the advocacy activities, the European Commission has started an exchange on the matter with Spanish Authorities in the context of a so called EU Pilot dialogue.

A4E commissioned a study on the aviation intermediary sector. The report highlights that online travel agencies (OTAs) do not always meet customers' expectations of objective price comparison services. In fact, OTAs' prices were found to be an average of 25% higher than those available from airlines, with consumers facing hidden mark-ups and charges. The report



Regulatory environment *continued*

comes in the context of the European Commission designating booking.com as a gatekeeper under the EU's Digital Market Act (DMA) and the mandate to the new Transport Commissioner to prepare a proposal for a Single Digital Booking and Ticketing Regulation to ensure that Europeans can buy one ticket on one single platform and benefit from passenger rights for the whole trip.

The US also put a focus on consumer regulation, fitting with the Biden administration's long-standing suspicion of the extent of competition in the US domestic market. In October it launched a wide-ranging inquiry into the state of the market, to which IAG contributed, following a separate probe into the frequent-flyer programmes of major airlines announced in September. IAG is monitoring developments under the new Trump administration which is expected to be less likely to take forward such investigations.

Alongside these reviews the US Government introduced several new regulations including those on family seating and to require automatic refunds for cancellations or for significant changes to flights.

The US also introduced additional requirements for support for passengers using wheelchairs including staff training on properly handling motor wheelchairs during boarding and ensuring appropriate seating arrangements for passengers with disabilities. The political approach was reinforced by the Department for Transportation levying large fines on US carriers for failure to meet regulatory standards in this area.

While the US has been the most active jurisdiction in 2024 in this field, accessibility is an increasingly important topic among regulators around the world. In the EU, for example, extra attention is paid to passengers with special needs in the new Passenger Package proposal. The UK also brought in an airline accessibility framework to mirror its existing scheme for airports. IAG was encouraged to see that the regulator took on board views from disability rights groups and airlines in its final decisions on the make-up of this scheme so that it will be practical and enforceable.

IAG supports measures to improve the experience of passengers with additional needs and has taken an active role in international efforts to coordinate the industry response to regulatory measures through IATA and with local regulators. We continue to advocate a customer-service based approach as opposed to regulatory measures, as being likely to achieve the best outcomes for consumers.

Sustainability policy

The issue of sustainability and the energy transition remained the key topic for the airline sector in its interaction with policymakers.

IAG continues to encourage regulators to take a balanced approach to introducing requirements on the industry that recognise the social and economic benefits that air travel generates. We aim to secure measures that support the development of SAF in order to bring down the costs of this essential part of the transition to net zero emissions. These measures include policy support to ensure SAF investment, in particular because government mandates for SAF supply will be insufficient on their own to achieve industry and government emissions targets.

With this regulatory and institutional audience we aim to promote decarbonisation initiatives in a way that maintains the global competitiveness of European aviation.

In the EU, there has been a shift towards measures with a focus on competitiveness of European companies, following the presentation of the Letta Report and especially the Draghi Report. This latter report includes some of the policy requests that IAG has been calling for with European institutions such as earmarking the revenues of the EU Emissions Trading System (ETS) to support emissions' reduction in transport.

We welcome and support the 2025-2029 mandate of the new College of Commissioners for a Sustainable Transport Investment Plan to scale-up and prioritise transport. IAG is working with A4E to make sure that SAF is included as part of this plan.

Positively, 2024 has been the first year that allowances for eligible fuel have been made available in the ETS to airlines to mitigate the extra cost of SAF under that system. This mechanism has supported IAG's increased use of SAF in 2024 in the EU.

We were encouraged to see the announcement by the new UK Government that it will legislate for a revenue certainty mechanism (RCM) to support investment in SAF production in the UK. This is expected in 2025 and should be used to support the development of production facilities that test new technology and kick-start the industry in the UK. It is an essential complement to the SAF mandate that was brought into law in November and is effective from January 2025, implementing the previous government's plans.

The new Labour government's first budget also stated that it would maintain the Advanced Fuels Fund scheme until the RCM is in place, a measure IAG entirely supports.

Taxation

In the EU, discussions regarding the jet fuel aviation tax included in the revision of the Energy Taxation Directive (ETD) proposed in July 2021 by the European Commission are ongoing. Although the mandate of the new College of Commissioners encompasses concluding negotiations on the ETD, significant differences remain between EU member states, which have the exclusive authority to reach this agreement.

At the beginning of 2024, A4E presented the outcomes of a report prepared by a consultancy firm assessing the impact of the jet fuel aviation tax on connectivity and the economy across various regions in Europe. In Spain, the study was presented by A4E alongside Spanish ALA, emphasising the tax's economic implications for Spain and the particular case of Catalonia. Positively, we saw during the last part of the year, that the Hungarian Presidency of the Council proposed exempting shipping and aviation from fuel tax for the next 20 years.

Throughout 2024, varying trends in aviation taxes emerged across different jurisdictions.

Sweden announced that its aviation tax would be abolished in July 2025 due to its negative effects on economic growth, tourism, employment and low-fare connectivity for Swedish citizens.

Conversely, in the October Budget, the UK introduced a minor increase to Air Passenger Duty on short-haul travel for the first time for 10 years, and a larger increase on long-haul, including premium economy. IAG considers that APD continues to be a drain on UK international competitiveness.

Other jurisdictions, such as France and Nigeria also began to implement or increase taxes on aviation.

A further significant challenge occurred in India, where the government aimed to impose Goods and Services Tax (GST) on international airlines, marking a considerable departure from international norms. After extensive engagement and clarification, India's GST Council granted an exemption; however, the issue remains under review.

On the different tax dossiers, IAG continues to engage and monitor the situation closely, alongside its trade associations.

International relations

In 2024, IAG and its operating airlines continued to participate in international events to support air transport market access, including the ICAO Civil Aviation Network conference in November. Our goal is to maintain positive relationships with regulators and policymakers in key markets to expedite the resolution of doing-business issues and to identify strategic topics at an early stage.

In 2024, this included taking part in 40 air services negotiations between the UK, Spain and third countries of interest for our operating airlines. Also, we have participated in conversations between the European Commission and third countries including the EU-US Joint Committee.

Engagement approach

In addition to direct engagement with policymakers across our jurisdictions, IAG actively participates in trade associations, both at high level and technical level at the different governance bodies and working groups to advance its policy recommendations.

In the case of the International Air Transport Association (IATA), Luis Gallego is a member of the Board and the Chair Committee and has been voted by the Board as Chair-elect; he will chair IATA for one year from June 2025.

IAG is a founding member of A4E and actively participates in the association, including CEO events in Brussels twice a year. In the UK, IAG representatives take active roles in Airlines UK and participate in business organisations such as the Confederation of British Industry and British Chamber of Commerce Business Council.

IAG has responded to relevant consultations in different jurisdictions such as on emissions flight labelling in the EU or to different ANSPs' performance plans across Europe. We have engaged directly and through trade associations to inform regulators and propose balanced regulations, with a view to avoiding introducing additional rules that impact the competitiveness of the airline industry.



Continuing to invest in and transform British Airways



"We continue to place a focus on transforming our business through our £7 billion investment programme, ensuring we deliver for our customers, our investors and our people."

Sean Doyle
Chair and Chief Executive Officer of British Airways

14.2%
Operating margin before exceptional items
+4.3pts vly

+4.4%
ASK change
vly

83.0gCO_2/pkm
Carbon intensity
-3.7% vly

Business overview

In 2024 we delivered a strong operating profit and continued to strengthen our balance sheet, making good progress in executing our transformation plan as part of our £7 billion investment to create a better British Airways for our customers, investors and colleagues.

Demand for leisure travel continues to outperform pre-pandemic levels, and while business travel is recovering at a slower pace in some markets, we continued to see incremental improvements throughout the year.

There is no denying that we continue to navigate a challenging operating environment, with a number of issues outside our control that caused disruption to our customers' travel plans. This included frequent air traffic control restrictions, periods of adverse weather, geopolitical events and ongoing global supply chain issues, particularly in relation to the availability of spare parts and the Rolls-Royce Trent 1000 engines that are fitted to our fleet of Boeing 787 aircraft.

As always, we worked hard to alleviate the factors within our control and placed an increased focus on improving our operational performance even further. We continue to invest in our customer experience, our people and our sustainability commitments as we pursue the transformation of British Airways and deliver for our customers, our investors and our people.

Our people

Our people are key to our success, and we are grateful for their continued hard work and outstanding contributions to our airline. We also welcomed more than 5,000 new colleagues into the business in 2024, including more than 600 colleagues into operational roles at Heathrow, marking a 6.1% increase in employment in comparison to 2023.

We have remained committed to sustaining a positive working environment and a culture in which our colleagues feel proud, valued and empowered to do the right thing for our customers. We continued to maintain constructive relationships with our trade unions, and recent colleague survey results indicate we are making good progress in engaging with our people. We improved travel benefits for our colleagues and launched business class standby agreements with other airlines for the first time, something we know matters to our colleagues.

We also unveiled our new Airport Operations Control Centre at Heathrow and continued to transform our workspaces and colleague rest areas. We've taken and continue to take positive action to drive inclusion across our airline and champion our colleague-led networks, which celebrate different perspectives, backgrounds and experience - but we don't shy away from the fact that there is more work to be done.

We also continue to move forward with our industry-leading fully-funded Speedbird Pilot Academy training programme and have doubled the number of places available on the scheme in 2025 to 200, removing the financial barriers and making the opportunity to become a pilot more accessible.

Our customers

We continue to invest for our customers and remain focused on improving the customer experience and our Net Promoter Score. In 2024 we took delivery of 13 new fuel-efficient aircraft, launched our new short-haul seats and cabin interiors – and unveiled our new 'First' seat which is set to debut on our Airbus A380 aircraft in 2026. We continue to retrofit our Club Suite onto our existing long-haul fleet, invest in our lounges and provide our customer care colleagues with more tools and new technology to better assist our customers and resolve issues in the moment.

We are making progress with our transformation programme and in 2024 completed more than half of the 1,200 initiatives on our plan to transform our business, including launching our new short-haul seats and cabin interiors. Transformation initiatives we continue to work on include rolling out a brand-new website and mobile app and introducing AI and situational awareness tools to improve our operational performance and elevate the customer experience.

We continue to connect Britain with the world and the world with Britain, and launched flights to destinations including Agadir, Izmir, Bangkok and Jeddah, helping us to restore capacity to close to pre-pandemic levels. We also announced plans to launch new flights to Tbilisi and Rimini and frequency increases to a number of destinations across our network in 2025.

Our planet

We remain fully committed to reducing the impact flying has on our planet, and sustainability has continued to be front and centre of our business strategy.

We announced a partnership with CUR8 to become the largest airline purchaser of carbon removals, purchasing more than £9 million of carbon removal credits as part of a six-year agreement. We also partnered with The Earthshot Prize, an organisation that works to discover, spotlight and scale innovative climate solutions across the globe, including sustainable aviation fuels and carbon removals.

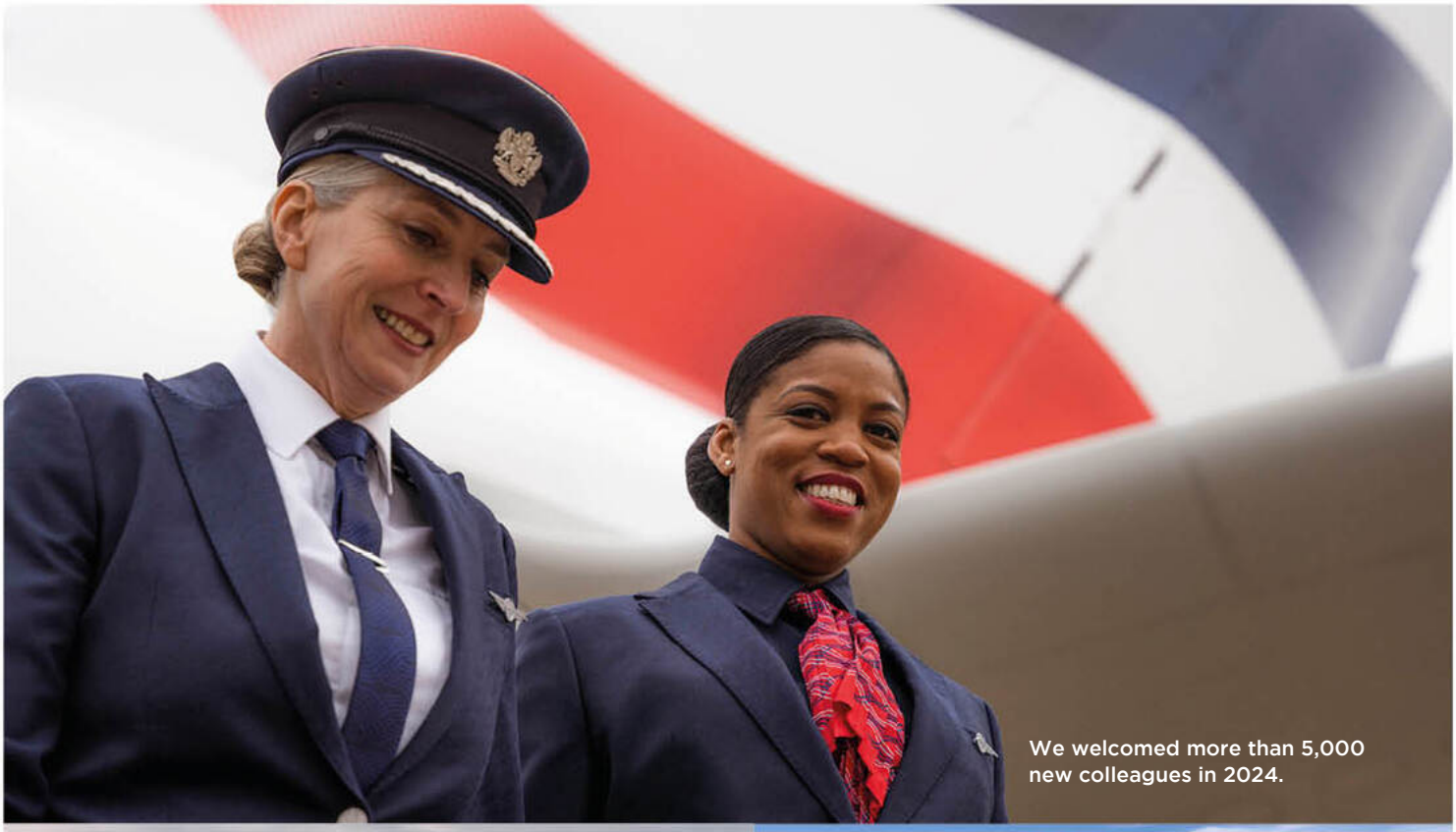
All flights departing from London Heathrow fly with a small amount of SAF and we continue to work closely with industry and government to invest in and scale up the development of SAF, which is urgently needed. We also continue to empower our customers to address their emissions via our CO_2llaborate platform, where customers can choose to purchase carbon removal credits or SAF before, during or after their flight.

We continue to build a thriving and responsible business and, during the year, we celebrated raising more than £30 million for Flying Start, our charity partnership with Comic Relief, since our partnership began in 2010. Our customers and colleagues have also helped us to raise more than £6.4 million in funding to support more than 170 charities across the UK through our BA Better World Community Fund.

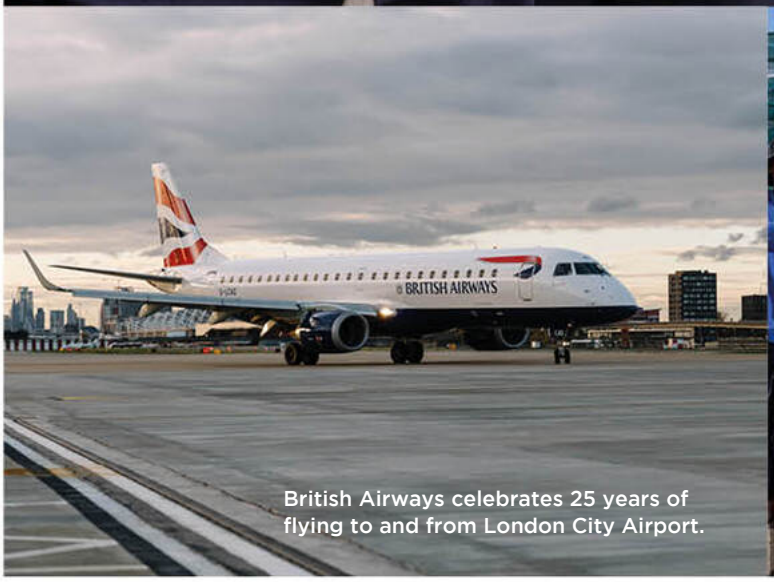
Looking forward

We remain committed to delivering for our customers and colleagues by running an airline of which they can be proud, while managing our costs and ensuring we are operating safely and efficiently.

We made strong progress in 2024, and looking ahead, we will continue to transform our business, invest in our customer and colleague experience and consider our environmental impact at every stage, as we work to create a better British Airways for everyone.



We welcomed more than 5,000 new colleagues in 2024.



British Airways celebrates 25 years of flying to and from London City Airport.



We have raised over £30 million for Flying Start, our charity partnership with Comic Relief, since we started working together in 2010.

Building a leading hub



"In 2024, we achieved profitable growth, fuelled by strong demand across our network. Our transformation plan, *Plan de Vuelo 2030*, will drive ambitious organic growth and position Madrid as a leading European hub."

Marco Sansavini
Chair and Chief Executive Officer of Iberia

13.6%
Operating margin before exceptional items
+0.1pts vly

+13.3%
ASK change
vly

67.0 gCO_2/pkm
Carbon intensity (including LEVEL)
-2.2% vly

Business overview

In 2024, we achieved solid growth while maintaining profitability, reinforcing our position as one of Europe's most profitable airlines. Despite global economic uncertainties, strong demand across our key corridors and a decline in fuel prices enabled us to expand profitably.

We enhanced our long-haul fleet with the addition of one Airbus A350-900 and one Airbus A321XLR, becoming the global launch customer for the latter. This aircraft has allowed us to operate thinner transatlantic routes more profitably and sustainably. We encountered challenges with engine availability due to supply chain bottlenecks. Despite these challenges, we set a record for connectivity between Europe and Latin America, surpassing 5.3 million seats - a 16% increase compared with 2023.

In August, IAG withdrew from the Air Europa acquisition as it was no longer in the interests of shareholders. Nevertheless, the Group's commitment to robust growth and building a leading European hub in Madrid remains unchanged. With over 20 initiatives across our airline and maintenance divisions, our *Plan de Vuelo 2030* serves as a comprehensive roadmap to create lasting value for shareholders, employees, customers and society.

Our people

Our employees are the cornerstone of our success, and we believe that sharing our financial and operational achievements with them is a key component in building the company's future.

In line with this, we achieved a critical milestone with the signing of an agreement with the major pilots' union (SEPLA) which will enable us to share profits with pilots if financial, operational and customer service objectives are met.

Our aim is to extend similar profit-sharing agreements to other employee groups, starting with our cabin crew.

Throughout the year, more than 100 pilots, 450 cabin crew members and 180 maintenance colleagues joined Iberia. We are deeply grateful to all our flight crews, ground staff and office employees, whose commitment and dedication have enabled us to successfully minimise the impact of a challenging operating environment marked by significant air traffic control restrictions during the summer.

Our customers

In 2024, despite operational challenges during the summer, we successfully maintained strong customer satisfaction. Our commitment to service excellence was recognised with awards including 'Best Staff Service in Europe' from Skytrax and 'Best Food Service' from Pax International Magazine.

We continue to connect Spain with the world and the world with Spain, and in 2024 we launched new routes from Madrid to Tokyo, Innsbruck, Salzburg and Tromsø, and increased frequencies to Buenos Aires, São Paulo and Santo Domingo.

We elevated the customer experience at our Madrid lounge by introducing new dining times and services, and passengers on outbound flights from Madrid enjoyed refreshed menus and extended options. Additionally, we expanded our in-flight entertainment offering through a partnership with Disney+.

Our Iberia Plus loyalty programme also saw significant enhancements, with new benefits for top-tier members. We introduced Avios-Only Flights to various short-haul destinations across our network, where every seat is exclusively available for purchase using the loyalty currency.

Our planet

In 2024, we advanced our sustainability strategy to accelerate the industry's transition, and reduced our carbon intensity by 2.2% compared to 2023.

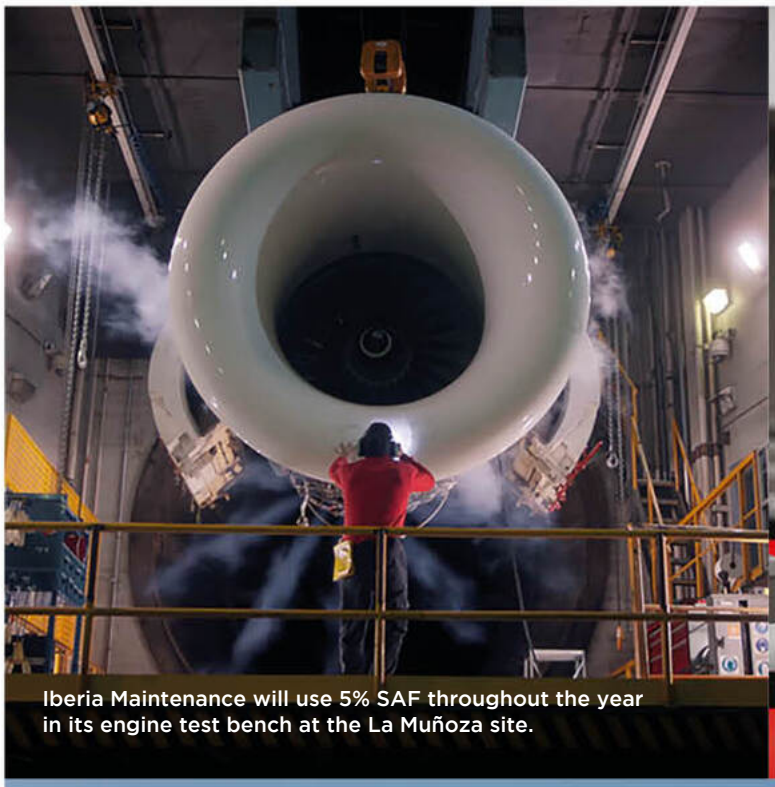
We secured SAF agreements with corporate customers and completed several offtake deals, reinforcing our commitment to SAF industry growth. Between Iberia and Iberia Express, we increased our SAF consumption by nearly 14 times compared to the previous year. We also introduced a 5% SAF use in our MRO engine test bench operations at our La Muñoza site. Additionally, we implemented a water reduction plan and completed the second phase of our solar panel project at these facilities.

In January 2024, we earned IATA's IEnvA environmental certification, further highlighting our sustainability efforts. In the last quarter, Iberia partnered with Nexus Lab through the Hangar 51 programme to better understand the impact of non-CO_2 emissions, such as contrails. We also developed an on-board food waste reduction plan with the NGO Enraíza Derechos.

Looking forward

In 2025, we anticipate continued profitable growth, expanding our long-haul network with six additional Airbus A321XLRs and an additional Airbus A350-900.

Through our *Plan de Vuelo 2030*, we are committed to continuing to transform Iberia by focusing on three strategic pillars: maintaining financial robustness and operational excellence, establishing Madrid as a leading hub in Europe, and shaping the future of our handling and maintenance businesses.



Iberia Maintenance will use 5% SAF throughout the year in its engine test bench at the La Muñoza site.



Iberia won the top award for Best Airline Staff in Europe at the 2024 World Airline Awards.



Iberia has become the first airline in the world to operate transoceanic routes with the new Airbus A321XLR.

20 years flying together



"Our transformation is positioning Vueling among the top-performing European low-cost carriers, thanks to the great efforts of our 4,700 colleagues."

Carolina Martinoli
Chair and Chief Executive Officer of Vueling

12.3%
Operating margin before exceptional items
-0.1pts vly

+0.9%
ASK change
vly

79.2gCO_2/pkm
Carbon intensity
+0.4% vly

Business overview

The year 2024 marked Vueling's 20th anniversary. Over two decades, we have become a leading low-cost airline in southern Europe, driven by innovation and a digital-first mindset. Aviation is constantly evolving, and we embrace this dynamic and ever-changing sector with a 'Why not?' attitude, pushing boundaries and striving for continuous improvement and transformation.

This year's results reflect our team's dedication, with strong operating profit of €400 million, a record-high load factor of 92.2% and ranking among Europe's most punctual low-cost carriers (LCC). The signing of the fourth collective bargaining agreement for pilots also marks a significant step in securing sustainable agreements across all our labour groups.

Amid a complex operational landscape, we could manage challenges such as ATC regulations, weather disruptions, Pratt & Whitney geared turbofan engine revisions and other supply chain issues, demonstrating our resilience. In 2024, the Spanish Ministry of Consumer Affairs sanctioned Vueling and another four airlines for hand luggage policy. The case is under judicial review as it allegedly breaches EU pricing freedom and distorts competition in the single market. Airline associations expressed their concerns to the EC.

Our people

We are driving transformation by fostering a culture rooted in our core values: efficiency, teamwork and striving for excellence. We are constantly working to create an environment where everyone can be their authentic selves and reach their full potential. Initiatives such as learning paths on diversity and inclusion promote awareness of biases and strategies to address them. Employee networks and partnerships with REDI (Business Network for LGBTI, Diversity and Inclusion) highlight our commitment.

Our values are embedded in all our processes, including recruitment and training. The 'Yellow Academy' offers cabin crew training and licence sponsorships to prepare the next generation of Vueling ambassadors. Our transformation also emphasises improving the work environment through a health and wellbeing programme.

'Make it Better' is our platform to encourage idea sharing and collaboration to achieve business goals and enhance services. An example of 'Make it Better' ideas coming to life is the data link initiative, which improves data accuracy, fuel consumption and pilot workload by quickly integrating updated information on winds, performance and flight plans.

These efforts have contributed to Vueling being recognised by the Top Employers Institute as 'Top Employer' in 2024 - the first airline in Europe and second LCC worldwide.

Our customers

We are dedicated to elevating the travel experience of our customers. Our commitment to excellence is reflected in maintaining one of the best on-time performance records in Europe while continuously enhancing our services to set new benchmarks for customer satisfaction. As a result, our Net Promoter Score saw an improvement.

This year, we made significant progress in our roadmap to create a digital-first experience that redefines customer engagement at every touchpoint of the journey. We are empowering our customers with instant solutions, including launching an online virtual assistant, implementing seamless self-management tools for disruption and enhancing communication reliability.

We truly believe that exceptional service begins with our people. That is why we are prioritising capability-building initiatives and focusing on developing new programmes to foster strong engagement across the company. Our goal is to ensure our employees feel heard, valued, and connected, empowering them to deliver outstanding service and drive continuous improvement.

Our planet

Our commitment to society is a shared value across the company. We work tirelessly to reduce CO_2 emissions, with Sustainable Aviation Fuel (SAF) playing a key role in achieving our net zero emissions targets. This year, we reached a new milestone by supplying over 13,000 tonnes of SAF - more than ten times the amount used in 2023. Additionally, we continue to invest in SAF development, exemplified by our partnership with Seduco-Wenergy to produce SAF derived from liquid manure.

Vueling also prioritises in-flight operational efficiency. We introduced the Optipath tool, which identifies optimal flight paths and compares them to actual trajectories, allowing for precise calculations of potential savings in fuel and CO_2. We are actively collaborating with Spanish and European authorities to integrate this tool into larger sustainability initiatives.

We are committed to creating a positive social impact. With special focus on three key areas: responding to humanitarian crises, supporting vulnerable children and promoting gender equality and women's empowerment.

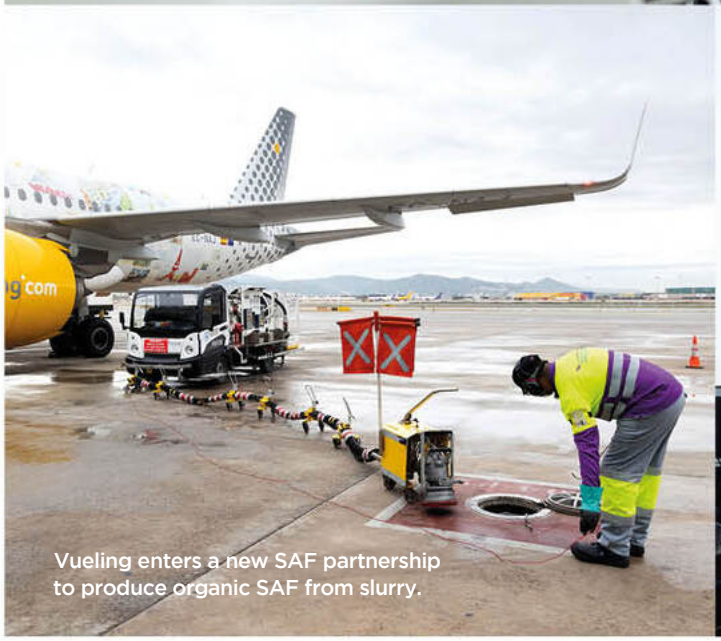
Looking forward

Innovation is at the heart of everything we do. Our goal is to continuously enhance efficiency, deliver advanced solutions for our customers, and empower our people. A good example is our Vueling Tech University Programme, which nurtures talent and fosters innovation.

From leveraging generative AI to developing new technologies to anticipate future needs such as predictive maintenance tools, we believe this ongoing transformation will further strengthen our position in our key markets, optimise our resources and improve the customer experience in 2025, while addressing environmental challenges.



We launched our 'Yellow Academy', which provides cabin crew with training and sponsors their licences, preparing the next generation of Vueling ambassadors.



Vueling enters a new SAF partnership to produce organic SAF from slurry.



Vueling celebrates its 20th anniversary.

Building stronger North Atlantic connections



"We made significant progress in our business transformation and continuous improvement programmes, leading to both higher punctuality and customer satisfaction."

Lynne Embleton
Chair and Chief Executive Officer of Aer Lingus

8.6%
Operating margin before exceptional items
-1.3pts vly

+3.5%
ASK change
vly

81.7 gCO_2/pkm
Carbon intensity
-1.1% vly

Business overview

In 2024, we continued our business transformation by investing in digital, data and processes to improve the customer experience while striving for operational excellence. As a result, our Net Promoter Score, On Time Performance and Aircraft Technical Reliability all saw increases compared to last year.

Overall profitability was impacted by the market pressures in our long-haul economy cabin and pilot industrial action; however, passenger demand was strong across our short-haul European network and in our North Atlantic business cabin. Aer Lingus revenue growth outstripped capacity increases, despite the significant rise in competitor capacity across the Atlantic.

Aer Lingus also faced uncertainty during the year with a passenger cap being imposed at Dublin airport. However, in the fourth quarter the High Court in Ireland granted a stay on the earlier decisions of the Irish Aviation Authority to reduce capacity in summer 2025. The High Court has referred a number of questions relating to the interpretation of the EU Slot Regulation to the Court of Justice of the European Union (CJEU) and the stay will remain in place until these matters have been determined. The impact of the passenger cap issue has eased but has not yet been resolved. In addition, we progressed our strategic initiative to grow our North Atlantic position. We increased frequencies to several destinations and launched new routes to Denver, Minneapolis-Saint Paul and Las Vegas.

Our people

At Aer Lingus, it is our ambition that travelling with us means warm welcomes, safe hands and great value, every time you fly. It is our people who make this possible.

In 2024, we continued our journey to modernise ways of working. We are improving processes and investing in systems and tools to reduce the everyday challenges our people face. We completed the rollout of 'Connected Crew' - enabling cabin crew to report digitally after every flight, improving both ease of reporting for crew and the quality and timing of information. We also implemented SAP, Salesforce and a leading revenue management system by Sabre, revolutionising the tools used by our finance, customer and revenue management colleagues.

In July 2024, following an extensive process and a period of industrial action, we came to an agreement over pay, working terms and conditions with our pilot community. The agreement covers a four-year term, with an average pay award of 4.4% per annum, a salary cap for flying narrow-body aircraft and higher productivity.

This year, Aer Lingus' new Diversity, Equity, Inclusion and Belonging strategy was accredited by the Irish Centre for Diversity with the Bronze Award.

Our customers

Significant programmes to enhance the customer experience were delivered in 2024. Our New Distribution Capability (NDC) agreement with Expedia ensures more customers can avail of Aer Lingus' pre-flight servicing, while the introduction of Salesforce technology enables a quicker and more personalised service and experience for customers.

Our Day of Travel experience was also improved. We added features to our mobile app that increased self-serve capabilities. In addition, we implemented process changes at check-in and boarding desks, reducing passenger queuing time and increasing operational efficiency. New lounges were opened in Chicago, Boston and San Francisco, while the London Heathrow lounge was refurbished - offering a better product for our business cabin passengers and our AerClub members.

Major improvements were made in our customer contact centres. With investment in our people, systems and processes, we have reduced customer waiting times while improving agent response times and increasing our 'first call resolution' rate.

Our planet

Our commitment to sustainability continues, with our focus on delivering reductions in emissions through new, fuel-efficient aircraft and technologies, the use of SAF and operational improvements.

At the end of the year Aer Lingus received the first of six Airbus A321XLR aircraft, joining the eight Airbus A321LR aircraft already in the fleet. These new next-generation aircraft are more fuel efficient and quieter than previous generation aircraft. Now, 35% of our long-haul fleet consist of these next-generation aircraft.

SAF remains a critical part of our journey towards net zero emissions by 2050. In conjunction with IAG we procured SAF at Heathrow Airport which represented 12% of our planned fuel consumption at Heathrow.

We continue to reduce single-use plastic on-board and expanded our recycling on-board to our long-haul operation.

Looking forward

In 2025 we will strengthen our transatlantic position with the introduction of the Airbus A321XLRs, new routes and investment in our customer proposition. Our transformation programme will also continue with significant progress planned across the entire airline.

We are confident this will deliver efficiencies and capabilities that will benefit both the experience of our customers and the performance of the business.



In summer 2024, Aer Lingus as official airline partner of Paralympics Ireland, proudly transported 35 Team Ireland athletes and coaches to Paris, along with thousands of supporters. After winning six medals, Team Ireland returned to a heroes' welcome at Dublin Airport.



Aer Lingus announced a new route to Nashville, Tennessee from April 2025, operating four times weekly from Dublin on the Airbus A321XLR. This route connects over 20 European cities to Nashville, a major market for the airline's DUB-Hub strategy.

Strengthening our long-haul proposition in Barcelona

LEVEL



"We are at a crucial moment of consolidation and expansion. Receiving our Air Operator Certificate will allow us to build our long-haul network from Barcelona."

Rafael Jiménez Hoyos
Chair and Chief Executive Officer of LEVEL

Business overview

2024 marked a historic year for LEVEL as we obtained our Air Operator Certificate (AOC), after operating under Iberia's licence until then. We also expanded our seat capacity to the highest number since our foundation seven years ago.

During 2024 we completed the AOC process and started the necessary licensing procedures in each of the countries where we operate. This achievement strengthens Barcelona airport's international hub and supports our ambitious growth plans within the Group.

In the first quarter of 2024, we added our sixth aircraft and ended the year with the arrival of our seventh. This fleet growth enabled us to grow our capacity by 17.8% compared to the previous year, which is equivalent to an extra 145,000 seats. We carried 20.7% more customers than in 2023, with a strong punctuality performance.

In 2024, we also launched a year-round, direct service to Miami, with the new route estimated to generate €50 million in revenue for Catalonia every year.

Our people

Our people continue to play a central role in everything we do. This year we strengthened our organisational culture and doubled down on our commitment to maintaining a diverse and inclusive place to work. We continue to participate in Pride to reaffirm our support for the LGBTQ+ community, with our operational and corporate colleagues joining the Pride parade in Barcelona from our float. Overall, we are making positive progress relating to equity, diversity and inclusion initiatives and practices, but there is still more to do.

Our customers

This year saw us continue to focus on enhancing the customer experience and growing our digital presence. We have expanded our premium economy cabins, doubling the seat capacity to offer more choice for customers. Nearly 45% of people who travelled with us used our new pre-order platform, with two-thirds of customers who pre-ordered a meal choosing to customise their menu. We launched an on-board library for both adults and children, giving flyers the opportunity to swap or pick up a book for free when travelling with us. We are proud that this project promotes reading, cultural exchange and sustainability through book reuse.

Our planet

Sustainability remains a core element of our strategy. In 2024, we continued to progress in line with our sustainability roadmap, to lower our carbon footprint and reduce our environmental impact. To promote reuse and reduce waste, we donated former crew uniforms to a Barcelona-based NGO that supports vulnerable individuals. We also introduced lighter catering equipment, which not only improves the service-delivery experience for our crew but also reduces the operational weight of the aircraft by approximately 678 tonnes annually, saving 203 tonnes of fuel and helping to reduce CO_2 emissions by 508 tonnes.

Looking forward

Completing the AOC process will allow us to continue building our long-haul network from Barcelona. We are firmly committed to contributing to the development of the international hub at Barcelona El Prat to further promote economic growth and global connectivity. We will follow the roadmap of our growth plan in the US and Latin America, key markets that are a strategic priority for the Group. To achieve this, we will expand our fleet to eight aircraft by 2026. This plan clearly reflects our mission to connect Barcelona with the world and to establish LEVEL as the leading long-haul airline at Barcelona airport.

From brand to airline

Launched in 2017, LEVEL was founded to offer long-haul services between Europe and North and Latin America at a low-cost-carrier price point, giving customers more choice across the Atlantic. The airline's first flights took off in June 2017, with services to destinations including Los Angeles, San Francisco, Punta Cana and Buenos Aires, marking the start of its operations.

LEVEL's fleet initially consisted of two Airbus A330-200 aircraft dedicated to long-haul routes. By 2019, the fleet grew to four, with new destinations such as Boston, New York and Santiago de Chile added to its network.

During the COVID-19 pandemic, LEVEL faced significant challenges. However, its ability to adjust route offerings and maintain essential services throughout the crisis highlighted the resilience of its business model. Despite the challenges, LEVEL continued to serve selected routes, focusing on cost efficiency and meeting customer demand.

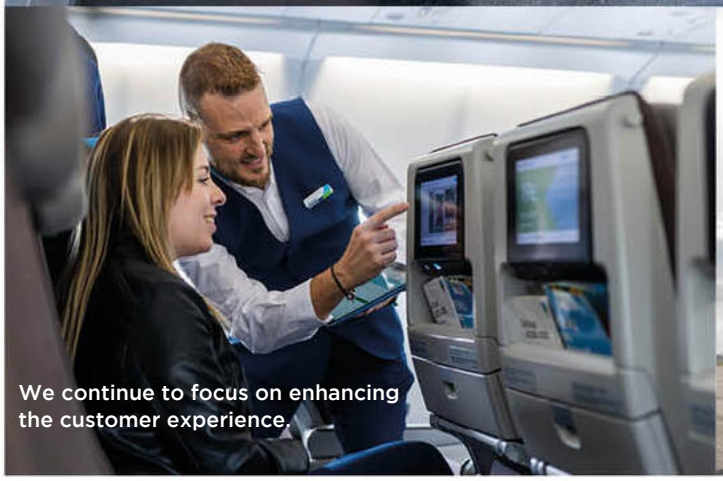
In 2023, LEVEL welcomed a new Airbus A330-200 and became the leading long-haul airline at Barcelona El Prat airport. By 2024, its fleet had grown to seven aircraft, and a new Miami route was launched. At the same time, LEVEL began working towards obtaining its Air Operator Certificate (AOC).

The announcement that LEVEL would transition into an airline with its own AOC was made during IAG's Capital Markets Day in November 2023. The process began with the creation of a new Operations team that led the project and, since then, the company has worked towards securing the AOC. In December 2024, LEVEL received its AOC, confirming that the airline's operations met the rigorous safety standards set by AESA, the Spanish Aviation Safety Agency. Simultaneously, LEVEL obtained its operating licence, also issued by AESA – verifying the financial sustainability of its operations.

With the AOC and the operating licence now secured, the final stages of the process will be completed during 2025. The next stage involves obtaining operational permits to fly to each of the countries where LEVEL operates, issued by the national aviation authorities of Argentina, Chile and the United States. Once this process is complete, LEVEL will operate under the IATA code 'LL'; this will be the only noticeable change for passengers.

This major milestone will enable the airline, now in its eighth year, to consolidate its next-generation business model and focus on expanding long-haul operations from Barcelona.





We continue to focus on enhancing the customer experience.



Our fleet growth enabled a capacity increase of 17.8% compared to 2023.

Expanding the power of loyalty



"We're very proud of the results we have achieved. We are entering a new chapter with BA Holidays as part of IAG Loyalty, and we look forward to further stretching our ambitious goals."

Adam Daniels
Chair and Chief Executive Officer of IAG Loyalty

17.3%
Operating margin before exceptional items
-0.6 pts vly

18.4%
Revenue growth
in 2024

177 billion
Total Avios issued
+24% vly

Business overview

IAG Loyalty had another record-breaking year in 2024, with BA Holidays moving from British Airways to IAG Loyalty and becoming an integral part of our business. More customers earned and spent Avios and more passengers embarked on a holiday with BA Holidays than ever before.

Across our business, we have exciting growth plans. With 77% of BA Holidays' bookings coming from British Airways Executive Club members, at IAG Loyalty we can unlock our customer base to accelerate growth in both businesses.

We improved our core proposition by introducing new redemption opportunities, making it even easier for customers to spend their Avios. We worked with the IAG operating companies to simplify the customer experience and harmonise their loyalty programmes by aligning the award of Tier Points according to spend. Customers are also enjoying collecting Avios from our growing network of commercial partners, who are an integral part of our business. We launched our new global currency partner as Finnair adopted Avios as the currency for its loyalty programme. Finnair joins Qatar Airways in our global network. Following several years of discussion with HMRC on the appropriate accounting for VAT within our business, we were disappointed that HMRC issued a decision letter in October 2024 that was contrary to the accounting previously agreed with HMRC and applied by IAG Loyalty. We strongly disagree with the position taken by HMRC and have subsequently appealed this matter. Further information on tax matters, including taxes paid and collected by IAG is set out in note 10 of the consolidated financial statements.

Our people

IAG Loyalty remains invested in its people through an engaging people plan that encompasses talent acquisition and development, people experience and culture. Every colleague plays a crucial part in building, enhancing and maintaining our business culture. During 2024, the Loyalty team has built a comprehensive new plan to develop every individual to achieve their full potential, as well as introducing new measures to manage and reward performance that will ensure the business works to meet stretching goals during 2025.

During 2024 the BA Holidays business joined IAG Loyalty, with both businesses earning equally high employee engagement scores. Senior leaders across all businesses met to welcome Andrew Flintham as the new Managing Director for BA Holidays and to understand the potential that the joining of our businesses has to offer.

A new colleague listening plan was developed to further enhance the colleague journey and to also ensure that individuals have an opportunity to offer feedback and help shape the business strategy.

During 2025, our people plan will remain at the very heart of our business.

Our customers

In 2024, we saw significant growth in our customers' engagement with our programmes. Customers earned 24% more Avios and redeemed 20% more than in 2023. We introduced new collection partners, making it easier for our members to earn Avios through everyday spending. Customers can now spend their Avios to pay nearly 100% of the value of British Airways flights and can link their Iberia Plus and Vueling Club accounts in a new digital wallet. We launched our first British Airways long-haul Avios-Only Flight and extended Avios-Only Flights to Iberia Plus and AerClub members.

We have around 69 million enrolled members across our IAG frequent-flyer programmes and our global currency partners, Qatar Airways and Finnair. In 2024, customers transferred 16 billion Avios between their British Airways Executive Club and Qatar Privilege Club or Finnair Plus accounts, enabling them to spend Avios while flying to more destinations.

BA Holidays saw its highest customer engagement to date in 2024, with 1.3 million customers embarking on a holiday earning 1.1 billion Avios. British Airways Executive Club bookings made up 77% of BA Holidays customers and reported a satisfaction score of 36. Despite our strong satisfaction scores, we believe we can do more. We recognise the limitations of BA Holidays' current platform and customer

frustrations with the online booking process. We are investing in a best-in-class customer experience and plan to make significant progress on this in 2025.

Our planet

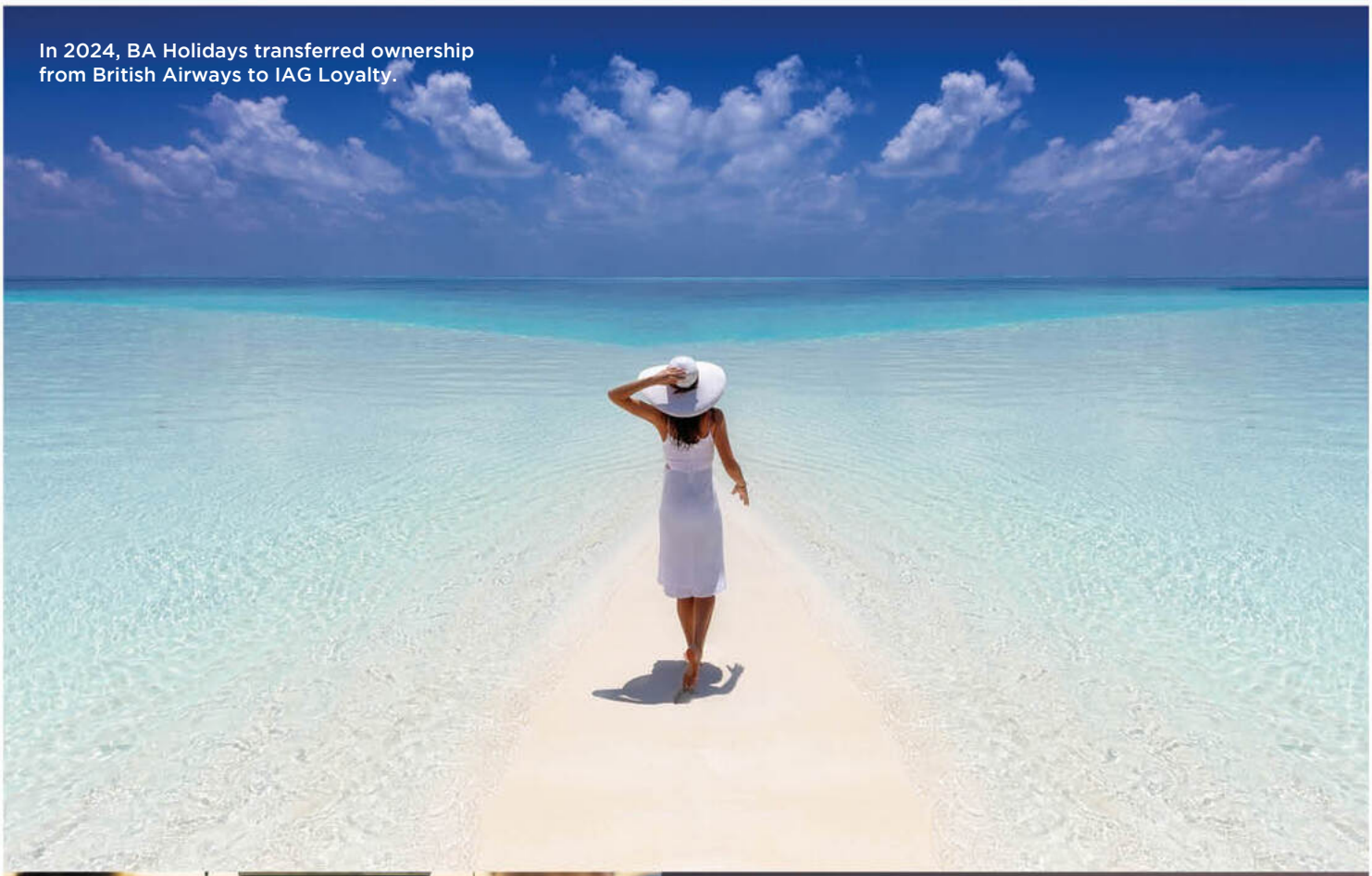
British Airways Executive Club members continue to donate Avios to causes supported by the BA Better World Community Fund. IAG Loyalty ran two match-funding campaigns, doubling the value of Avios donations made to Comic Relief between February 2024 and March 2024 and to Alzheimer's Society between October 2024 and December 2024. Since the Community Fund's launch in 2022, over £300,000 has been raised through members' Avios donations and match-funding provided by IAG Loyalty. Iberia Plus members continue to support the Avios Solidarios initiative, where members can donate Avios to their choice of non-governmental organisation. Since its launch in 2019, over 54 million Avios have been donated.

We laid the foundations this year for future customer initiatives across both Loyalty and BA Holidays. From April 2025, British Airways Executive Club members will earn Tier Points and collect Avios when they make contributions to SAF, providing members with a new way to earn in addition to flying.

Elsewhere, IAG Loyalty entered into its second year of a charity partnership with Winston's Wish, the children's bereavement charity. To date, customers and colleagues have raised over £80,000 for its work.

Looking forward

We will further grow our business in 2025 by strengthening our core proposition, transforming BA Holidays and expanding our global footprint. As our airlines redefine how customers earn tier status, we will work with them to ensure the loyalty currency plays an important role in the new Clubs going forward. This will enable us to maintain a strong operating profit and make a significant contribution to the Group's profitability.



In 2024, BA Holidays transferred ownership from British Airways to IAG Loyalty.



Following a successful launch in 2023, British Airways completed its first-ever long-haul Avios-Only Flight in October 2024.



Adam Daniels hosts an event in collaboration with Skift, discussing consumer demand for consolidated loyalty programmes.

Trusted to deliver



"Our vision is clear: to be a trusted, leading logistics business, with people and customers at the centre of everything we do, and we are well on the path to achieving this goal."

David Shepherd
Chief Executive Officer of IAG Cargo

Business overview

The air freight industry experienced a continuing two-speed market during the year. In the East, supply chain constraints, geopolitical factors and disruptions in sea freight ensured yield growth but reduced capacity. On transatlantic routes, capacity growth outpaced moderate demand, putting downward pressure on the market yield. This yield reduction was compounded by a network configuration that was not optimised for cargo operations.

Our strategy centred on four priorities: continuing to modernise and improve our commercial systems and processes; developing our customer base; starting to consider airline partners outside the Group as customers for our capacity; and investing in our infrastructure to ensure that we have the capability in our handling operations to deliver for our customers to the level they expect.

As a result of our proactive approach, we ended 2024 with revenues 6.7% higher than 2023 and transported 12.6% more tonnage than last year. This is testament to our continued investment in digital transformation and innovation to enhance operational efficiency and reliability for our customers.

Our people

We recognise that our people are our most valuable asset and continue to support them to be the best that they can be. IAG Cargo was named one of UK's top employers by Top Employer Institute, a global authority on recognising excellence in people practices. This accolade showcases IAG Cargo's dedication to building a positive, inclusive workplace through people-focused policies and practices, and reinforces our commitment to be a model employer.

Central to our business strategy is investing in our teams, which led to the introduction of a refreshed development pathway designed to provide our employees with the knowledge they need to succeed: 'Leading the Way'. Since launching last year, this initiative has received external accreditation, underscoring its quality and value in fostering professional growth.

We also launched 'Licence to Recruit' – a training programme to support inclusive hiring and enhance manager skills across our global operations. Additionally, our 'Great to Be' campaign has been instrumental in connecting employees with topics that matter, helping to create a supportive and open culture within IAG Cargo.

Our customers

Our vision to be a leading logistics business, trusted to deliver, is built on a foundation of innovation and transformation. This vision is supported by continuous investment ensuring our customers benefit from advancements that enhance their experience.

In 2024, we implemented a market-based pricing system to better align our offerings with real-time market dynamics. While the initial rollout presented challenges, the system is now delivering measurable benefits. Customers now enjoy up-to-date market rates and the flexibility of fixed discounts, enhancing both efficiency and transparency in our pricing operations.

Operational excellence remains central to our ability to meet and exceed customer expectations, and this year we achieved several key milestones that further strengthen this commitment:

- The redesign of our sales platform, offering customers new features such as track and trace and airway bill selection
- The implementation of a new revenue management system, which ensures better forecasting, optimises our planning and delivers a better performance for customers
- 45% uplift in temperature-controlled capacity at a new perishables facility at our Madrid hub, resulting in a 20% increase in tonnage transported in year one
- A new operations control centre at London Heathrow to manage operations more precisely, which enables quicker issue resolution and enhances the customer experience
- The installation of a state-of-the-art equipment diagnostic system to increase resilience at Heathrow

All these innovations have been part of a five-year modernisation programme to deliver a fully digital customer journey spanning network, software, infrastructure and mechanical systems. We have doubled the size of our IT and digital team to support this transformation.

Our planet

In 2024, we made significant strides towards reducing our environmental impact and building a more sustainable business. Central to this effort is our commitment to minimising waste, reducing emissions and adopting innovative solutions to achieve our sustainability goals.

A waste reduction programme combined with a shift toward circular practices has reduced disposal contributions and increased material reuse across our operations.
At Heathrow, our newly implemented reuse policy has driven a 10% reduction in waste compared to last year, representing a substantial improvement to smarter waste management.

In addition to tackling waste, we have accelerated our transition to more renewable energy solutions. In London, 160 ground vehicles have switched to hydrotreated vegetable oil (HVO), reducing lifecycle emissions by up to 90% compared to conventional diesel.

In Madrid, we replaced over 50 forklifts with efficient, environmentally friendly vehicles powered by lithium-ion batteries, further reducing our carbon footprint.

New customer agreements have strengthened our Sustainable Aviation Fuel (SAF) Scope 3 programme, including the largest airline Scope 3 agreement to date. Our new agreements in 2024 enable an additional 56,000 tonnes of SAF, reducing lifecycle greenhouse gas emissions by over 190,000 metric tons of CO_2e, the annual equivalent of replacing three Boeing 747-400s with Airbus A350-1000s.

These initiatives are crucial steps in embedding sustainability across our operations and bring us closer to achieving our Group goal of net zero emissions by 2050.

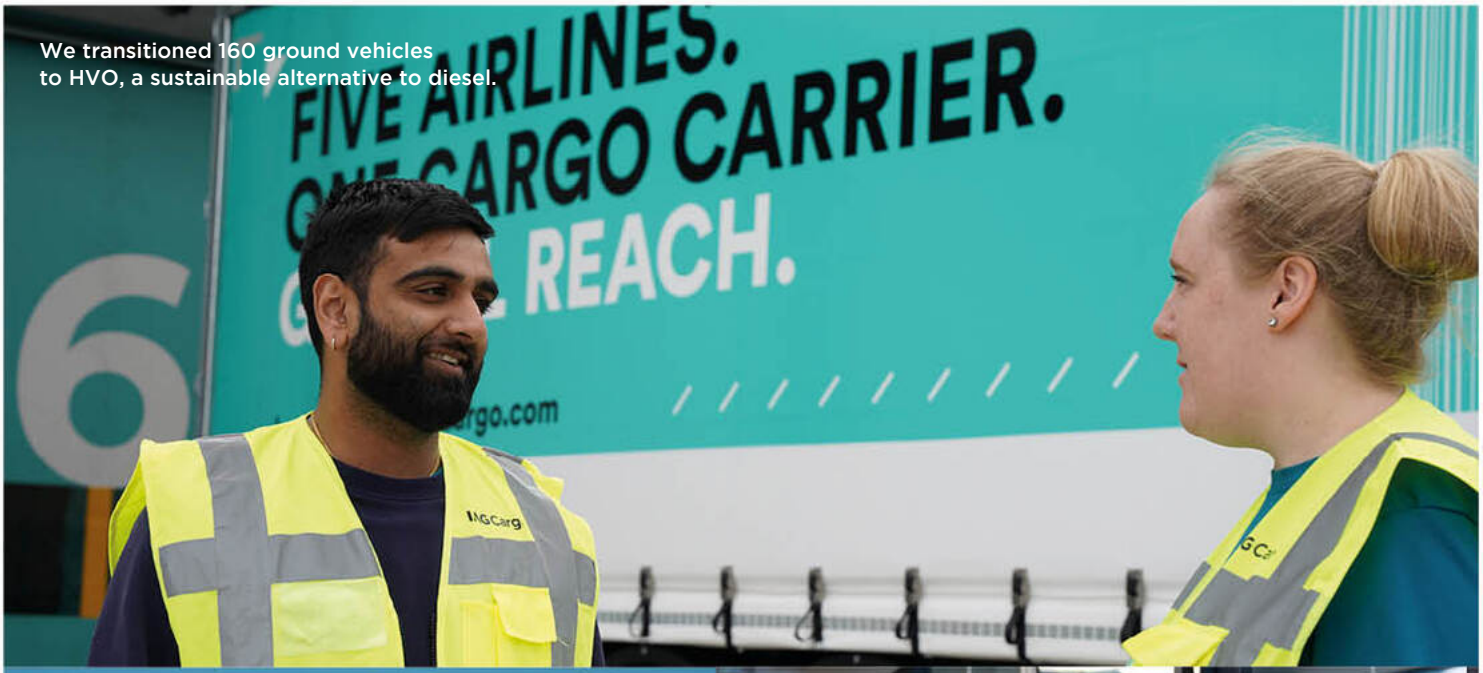
Looking forward

Modernisation, strategic partnerships, digital innovation and operational resilience remain the foundation for future growth and strengthen our proposition as a trusted partner.

Despite ongoing global events that require our strategy to remain agile, our purpose is clear, and we have reimagined our vision to reflect this:

'Trusted to Deliver'.

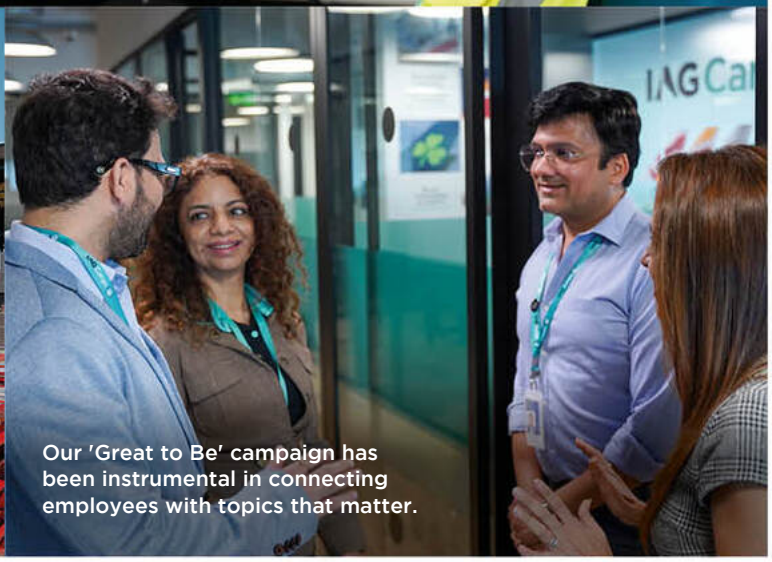
This is not just a strapline; it is a firm commitment that embodies our focus as we build a strong, future-ready business with a focus on delivering value for our customers.



We transitioned 160 ground vehicles to HVO, a sustainable alternative to diesel.



We added 45% of additional temperature-controlled capacity at a new perishables facility at our Madrid hub.


Our 'Great to Be' campaign has been instrumental in connecting employees with topics that matter.

Sustainability

IAG's vision is to be a world-leading airline group on sustainability.

That means using our scale, influence and track record to not only transform the business, but to also support the sector-wide changes required to make the aviation industry more sustainable, while ensuring that relevant policies are effective and fair for all market participants.

IAG is committed to delivering best practices in sustainability programmes, processes and impacts, while executing Group strategy.

Full details of IAG sustainability information are provided in the consolidated Non-Financial and Sustainability Information statement, referred to as the 'Sustainability statement' section of this Annual Report. The Sustainability statement complies with Spanish Law 11/2018, of December 28, amending the Commercial Code, and the consolidated text of the Companies Law approved by Royal Legislative Decree 1/2010, of July 2, Law 22/2015, of July 20, on Auditing, in matters of non-financial and diversity information, and Law 5/2021, of April 12, amending Article 49.6.II, fourth paragraph, of the Commercial Code.

For the disclosure of transitional requirements outlined by the joint communication by the CNMV and ICAC released on 27 November 2024, the Global Reporting Initiative (GRI Standards), an international initiative for sustainability reporting, has been applied. The statement is prepared in accordance with the EU Corporate Sustainability Reporting Directive (CSRD) on a voluntary basis.

IAG also complies with the 2018 UK Streamlined Energy and Carbon Reporting regulation, the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, and the EU Taxonomy Regulation (2020/852). The Sustainability statement is third-party independently verified to limited assurance standards in line with ISAE3000 (Revised)[1] standards.

E Environment highlights

78.1gCO_2
per passenger kilometre, delivering our 2025 carbon intensity reduction target of 80.0gCO_2/pkm a year early

$3.5 billion
total expenditure, including future commitments, for SAF offtake as of 31 December 2024[2]

100%
IAG senior executives have climate-related remuneration

469,000
tonnes of CO_2 saved in 2024 from the use of SAF, up 197% vly

S People and prosperity highlights

74,378
people employed across 77 countries

12,166
new hires in 2024

36%
of senior leadership roles held by women. We remain committed to our ambition of 40% by 2025

11%
of UK senior leadership roles held by individuals who identify as 'minority ethnic'[3]. We have exceeded our ambition of 10% by end of 2027

G Governance highlights

4
meetings of the IAG Safety, Environment and Corporate Responsibility Committee

79%
of suppliers covered by spend evaluated using EcoVadis sustainability scorecards, which provide IAG insight into ESG issues and a baseline for improvements

1st
ranked airline group under the Transition Pathway Initiative Management Quality Indicator Assessment

109
ESG audits from suppliers received in 2024, up from 38 in 2023, which will improve mapping of potentially high-risk suppliers in the value chain

1 ISAE3000 is the assurance standard for compliance, sustainability and outsourcing audits, issued by the International Federation of Accountants (IFAC).
2 Based on an assumed jet fuel price of $800 per metric tonne and contracted margins for SAF production.
3 UK Parker Review defines 'minority ethnic' as Asian, Black, Mixed/Multiple, Other.

Sustainability leadership KPIs

Our strategy is to pursue the nine KPIs agreed by the Board in 2021.

① Clear and ambitious targets relating to IAG's most material issues

IAG has published carbon targets for 2025, 2030 and 2050 and annually updates its transition plan to achieve net zero emissions by 2050. IAG also agreed a sustainability-linked financing facility in 2024 related to its 2030 carbon efficiency.

② Low-carbon transition pathway embedded in business strategy

Sustainability aspects are included in three-year business planning for operating companies.

③ Accelerating progress in low-carbon technologies including aircraft technology, SAF, carbon offsets and carbon removals

Sustainability remains a focus area within the IAG accelerator programme, Hangar 51.

④ Management incentives aligned to delivering a low-carbon transition plan

Over 7,500 senior executives and managers have 10% of their annual incentive linked to annual carbon intensity targets.

⑤ Industry leadership in stakeholder engagement and advocacy

IAG holds leadership roles in multiple trade associations.

⑥ Industry leadership in the innovation and deployment of SAF including power-to-liquids

As of 31 December 2024, IAG's expenditure including future commitments for SAF offtake exceeded $3.5 billion.[1]

⑦ Leadership in carbon disclosures

IAG participates in the Carbon Disclosure Project (CDP), Sustainalytics, and Transition Pathway Initiative (TPI) management quality indicators assessment. Under TPI's new beta methodology, IAG has been assessed as having the highest level of management quality in 2024.

⑧ Stepping up our social commitments including on diversity, employee engagement and sustainability as a core value

IAG continues to invest in careers and development, has seen continuing momentum on building healthy organisational cultures and has achieved 36% of senior leadership roles held by women.

⑨ Investing in innovation in low-carbon technology

British Airways signed a deal to purchase 33,000 tonnes of carbon removal credits under a partnership with CUR8, Standard Chartered and UNDO, to demonstrate our commitment to support the scale-up of Greenhouse Gas Removal (GGR) technologies.

Timeline of our key action to date

A leader in aviation's efforts to deliver net zero emissions by 2050

IAG continues to play a key role in driving sustainability action in the aviation sector.

Oct 2019	Feb 2020	Sept 2020	Feb 2021	Oct 2021
IAG becomes first airline group to commit to net zero emissions by 2050	Sustainable aviation roadmap and commitment is launched	**one**world commitment to achieve net zero emissions by 2050	A4E develops net zero emissions roadmap and makes commitment to net zero emissions	IATA commits to net zero emissions by 2050
Oct 2022	**Apr 2023**	**Nov 2023**	**Feb 2024**	**July 2024**
ICAO commits to long-term aspirational goal to deliver net zero emissions by 2050	The EU announces an ETS allowance mechanism to support SAF utilisation	ICAO commits to a 5% reduction in greenhouse gases through the use of SAF by 2030	IAG becomes chair of the Aviation Taskforce of the Sustainable Markets Initiative	The UK Government commits to a revenue certainty mechanism to support SAF supply

Advancing innovation in carbon reductions

Sept 2019	Oct 2020	Jan 2021	Mar 2021
A sustainability category is added to the Group's accelerator programme	IAG becomes a founding member of Coalition for Negative Emissions, supporting carbon removals	IAG secures first aviation sustainability-linked loan linked to ESG targets, via British Airways	IAG invests in hydrogen aircraft (ZeroAvia)
Nov 2022	**Feb 2024**	**Sept 2024**	**Nov 2024**
British Airways offers carbon removals to customers	IAG signs its largest SAF purchase agreement with Twelve, an e-SAF producer	British Airways contracts to purchase more than £9 million of innovative carbon removals	IAG signs agreement with Infinium to provide e-SAF from 2026

1 Based on an assumed jet fuel price of $800 per metric tonne and contracted margins for SAF production.

E Environment

2024 has been another very important year on our journey to be both among the industry leaders in sustainability and delivering progress towards our ambition to achieve net zero emissions by 2050.

Delivering emission reductions towards our climate targets

Since becoming the first airline group in the world to set a goal of net zero emissions by 2050, in 2019, IAG has been publishing updates to its roadmap every year.

Key measures to reduce our emissions are set out under IAG's Flightpath net zero strategy. These include fleet modernisation, SAF usage, market-based measures (through participation in the UK Emissions Trading Scheme, EU Emissions Trading Systems (ETS) and Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)), and purchase of carbon removals to cover residual emissions.

IAG is on track to deliver its climate targets, to reduce Scope 1 net emissions from direct operations by 20% in 2030, achieve a 20% reduction in Scope 3 emissions from the value chain by 2030 and deliver net zero emissions by 2050.

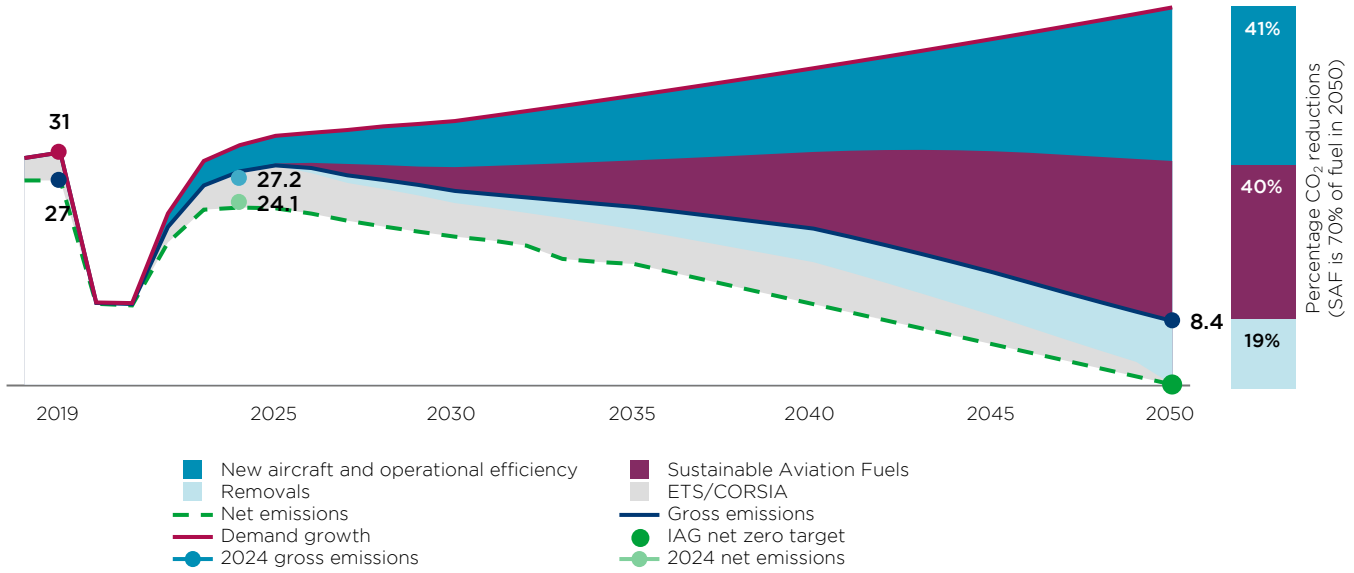
Emission-reduction initiatives are delivered in collaboration with key stakeholders, and IAG is proactively advocating for government policies and technology development to support its 2030 and 2050 goals.

In 2024, IAG achieved a carbon intensity of 78.1gCO_2 per passenger kilometre (pkm), exceeding our 2025 target of 80.0gCO_2/pkm). This is a 13% improvement on 2019 levels (89.8gCO_2/pkm).

Key contributors to this achievement include the increase in the use of SAF to more than 162,000 tonnes (up 203% on 2023), operational efficiency initiatives (which increased annual emission reductions by 32% on 2023 levels) and the introduction of 19 new aircraft to the fleet, which reduce emissions compared to the aircraft they replace.

IAG also continues to drive internal action by using climate-related annual incentives for over 7,500 senior executives and managers across the Group, and our operating companies tailor these targets so that they are relevant for their direct operations. British Airways launched its 'One million tonnes' initiative in 2024, which aims to save one million tonnes of CO_2 through employee engagement activities by 2030.

IAG Scope 1 emissions roadmap to net zero
million tonnes CO_2 (MT)



IAG interim targets include: 11% improvement in fuel efficiency 2019-2025, 20% drop in net Scope 1 and 3 emissions 2019-2030, 10% SAF in 2030, net zero by 2050.

IAG regularly reviews its transition plan to deliver net zero emissions by 2050. Changes to our roadmap focus on delivering SAF against mandated requirements in the UK and EU in the short term and increasing our investment in carbon removals before 2030. Beyond 2030, it maintains an assumption that hydrogen aircraft will be introduced to the fleet from 2040, and 5% emissions saving from airspace modernisation will be achieved by 2050. Less than 10% of the emissions reductions between 2019 and 2050 are expected to come from offsets.

More details on our sustainability programme, including our transition plan, is available in the Sustainability statement at the end of this Annual Report.

Working with pathway initiatives

IAG supports the 1.5°C ambition of the Paris Agreement. Our net zero by 2050 target has been independently assessed by the Transition Pathway Initiative (TPI) as aligned to the 1.5°C ambition of the Paris Agreement, and our near-term 20% net emissions reduction target by 2030 has also been assessed as well below 2°C.

IAG continues to review the evidence on aviation pathways that support this ambition and is engaging with relevant stakeholders, including the Science Based Targets initiative (SBTi) and International Organization for Standardization (ISO), to build an understanding of aviation industry pathways to net zero, how these contribute to national and global goals, and how companies and policymakers can drive investment into the low-carbon transition.

Delivering on our SAF commitments

Sustainable Aviation Fuel (SAF) is the main term used by the aviation industry to describe a non-conventional (fossil derived) aviation fuel. SAF is the preferred IATA and ICAO term for this type of fuel although when other terms such as sustainable alternative fuel, sustainable alternative jet fuel, renewable jet fuel or biojet fuel are used, in general, the same intent is meant. 'Biofuels' typically refers to fuels produced from biological resources (plant or animal material). However, current technology also allows fuel to be produced from other alternative sources, including non-biological resources; thus this generic description is used.

The chemical and physical characteristics of SAF are almost identical to those of conventional jet fuel and they can be safely mixed with the latter to varying degrees, use the same supply infrastructure and do not require the adaptation of aircraft or engines. Fuels with these properties are called "drop-in fuels" (i.e. fuels that can be automatically incorporated into existing airport fuelling systems). This definition is available on the IATA website.

The feedstocks for these fuels – currently waste materials such as municipal waste or waste wood – absorb CO_2 in their growth cycle before this carbon is recycled into fuel and then emitted during the flight. SAF produces similar levels of carbon dioxide to conventional aviation fuels when burned, but the carbon dioxide generated is already part of the carbon cycle and is not extracted from the ground specifically for creating aviation fuel. This means that using SAF results in a reduction in carbon emissions compared to the traditional jet fuel it replaces over the lifecycle of the fuel.

Globally, there are eight certified pathways to making SAF based on use of specific technologies and feedstocks. These processes are certified to international standards to ensure the fuels are safe to use. IAG requires its SAF to comply with strict certification schemes, such as ensuring the feedstocks come from sustainable sources, and that the production processes conserve water and energy and have minimal wider impacts.

In 2021, the Group set a target of using 10% SAF by 2030, dependent on appropriate government policy support. IAG continues to make purchase agreements to secure new and innovative SAF production capacity, catalysing the wider development of the SAF market.

As of 31 December 2024, our total expenditure including future commitments for SAF offtake exceeded $3.5 billion, based on an assumed jet fuel price of $800 per metric tonne and contracted margins for SAF production. This expenditure includes securing more than one-third of the SAF required to meet IAG's 10% SAF by 2030 target. For SAF produced from other pathways, the Group is also working to support projects that remove carbon or capture and store it. IAG's airlines used more than 162,000 tonnes of SAF in 2024, an increase of 203% versus 2023, and one of the highest volumes globally. This saved more than 469,000tCO_2.

Advancing SAF policy support

Following the successful implementation of SAF mandate legislation by both the UK and EU in 2024, which became effective in 2025, IAG recognises that appropriate SAF policies are urgently needed to provide a strong investment signal to scale up supply to meet sector demands. Our work in 2024 has focused on supporting the work of the UK Government in its development of a revenue certainty mechanism (RCM) to



LanzaJet: Freedom Pines
Supported by investment from British Airways, in January 2024 LanzaJet opened the world's first production plant dedicated to low-carbon ethanol SAF in Georgia, USA.



Twelve
In February 2024, IAG signed its largest SAF purchase agreement with Twelve, a SAF project based in the US state of Washington, which produces e-SAF, made from CO_2, water and renewable energy.



Infinium
In November 2024, IAG announced a purchase agreement with e-SAF producer Infinium, which plans to supply SAF from 2026. The e-SAF will be produced at Infinium's Project Roadrunner facility, pictured above, based in the US state of Texas.

support SAF production and the technical details of the EU ETS SAF allowances programme, which rewards SAF utilisation in the EU ETS by enabling airline operators to claim emission allowances aligned to the cost difference between SAF and jet kerosene.

Scaling carbon removals

Carbon removal solutions extract CO_2 already in the atmosphere and store it in biological or geological ways.

IAG is committed to only using carbon removals to mitigate any residual emissions from its operations by 2050. IAG also expects to use carbon removals to meet an increasing share of its CORSIA obligations between 2025 and 2035, conditional on appropriate policy support. IAG supports wider guidance on how to transition to removals, such as that provided by the Oxford Offsetting Principles.

Our investment in greenhouse gas removal (GGR) technologies involves a combination of forward delivery procurement and project financial support, facilitating the scale-up of GGR technologies alongside relevant government support.



British Airways carbon removals partnership

In 2024, British Airways signed a deal to purchase 33,000 tonnes of carbon removal credits under a partnership with CUR8, Standard Chartered and UNDO, as part of a broader £9 million purchase of carbon removals credits in the UK and overseas. This deal, as part of a six-year agreement, is a demonstration of our commitment to support the scale-up of greenhouse gas removal (GGR) technologies and accelerate our climate change efforts between now and 2030. Pictured above is one of the projects called Carbon Removers, which captures biogenic CO_2 at a distillery in Scotland, to store it within construction materials.

Policy advocacy and stakeholder engagement

The aviation industry will only reduce carbon emissions faster with stakeholder and policy support. The Group and its airlines regularly engage with key stakeholders – governments and regulators, shareholders, lenders and other financial stakeholders, trade associations, customers, suppliers, employees, communities, NGOs and academic institutions to advocate for support for emissions reductions and to share progress on Flightpath net zero.

Internal governance ensures that wider stakeholder engagement on climate change is consistent with material issues and environmental goals. Please see our Sustainability statement for more details on sustainability governance at IAG.

Policy advocacy

Aviation is a global industry, and IAG remains committed to supporting cost-effective approaches to work towards net zero emissions by 2050. The Group continues to advocate for carbon reduction policies for the sector that are effective and fair for all market participants.

IAG has positively influenced outcomes by contributing expertise and time to drive net zero targets and create and support roadmaps to net zero emissions across Sustainable Aviation (SA), Airlines4Europe, **one**world, UK Government's Jet Zero Taskforce (JZT), and Air Transport Action Group (ATAG). IAG and key trade associations are listed on the EU Transparency Register.

IAG believes that the industry has an essential part to play in tackling the causes and impact of climate change. If the climate-related positions of trade associations are deemed to be substantially weaker or inconsistent with this stance, IAG representatives take roles on task forces and working groups and respond to consultations to communicate our position and constructively move to alignment. For example, IAG has demonstrated this action through its work to encourage higher SAF ambitions across the JZT, **one**world and World Economic Forum.

In 2024, IAG supported policymakers to develop policy support mechanisms that will accelerate the scale-up of SAF production and enable cost-efficient deployment by airlines (see the Advancing SAF policy support section). IAG also welcomed the decision made by ICAO and its member states at the third ICAO Conference on Aviation Alternative Fuels (CAAF/3) in 2023, to strive to achieve a global aspirational vision to reduce CO_2 emissions in international aviation by 5% by 2030 through the use of SAF, low-carbon alternative fuels (LCAF) and other aviation clean energies.

On carbon pricing, IAG supports fair, global carbon pricing for the aviation sector as a key instrument to determine both the pace of emissions reductions for the aviation industry and the balance of in-sector and out-of-sector reductions. We advocate for the use of greenhouse gas emission removal technologies in carbon markets, by both natural and engineered means, and responded to the UK's consultation on inclusion of GGRs in the UK ETS in 2024.

Sustainable Markets Initiative

In February 2024 IAG CEO Luis Gallego was appointed the chair of the Sustainable Markets Initiative's (SMI) Aviation Industry Task Force. SMI is comprised of more than 250 global CEOs across the private sector and seeks to drive collective action towards a sustainable future in line with the Terra Carta. As stated on the SMI website, the Terra Carta is a charter that aims to reunite people and planet, by giving fundamental rights and value to nature, and ensuring a lasting impact for this generation. The Terra Carta Seal (pictured below) recognises global companies that are actively leading the charge to create a climate and nature-positive future.

Under IAG's leadership, the SMI Aviation Task Force is delivering work to accelerate the use of SAF by 2030, alongside supporting workstreams that will develop the use of transformative technology and fuels and improve contrail management.

Reducing the impact of non-CO_2, noise and air pollution

Non-CO_2 climate impacts

IAG is supporting ongoing research and development of mitigations for the non-CO_2 effects of aviation. This includes participating in the UK Jet Zero Council's non-CO_2 working group, and supporting research by the Rocky Mountain Institute (RMI). The Group's airlines already participate in several non-CO_2 research projects.

Noise and air pollution

IAG remains committed to reducing the impact of aircraft noise and air pollution on local communities near airports and supports innovation as a means of delivering this. Noise and air quality performance are monitored using national databases and global aircraft noise standards. IAG has delivered a 15% reduction in noise per take-off and landing cycle (LTO) versus 2019, owing to the use of newer, quieter aircraft compared with the aircraft they replaced. IAG's airlines adopt operational practices to minimise noise impacts, such as the use of continuous descents. They engage with stakeholders such as regulators and industry partners to understand their concerns and participate in research and operational trials to identify and refine solutions.

Waste reduction and recycling

IAG has one of the most comprehensive waste reduction plans in the airline industry. Our priorities include reducing food waste and eliminating the use of single-use plastic (SUP), in addition to increasing recycling across our operations. IAG remains committed to delivering our '5 by 2025' plan, which was launched in 2021 and covers five waste streams and five business units, using 2019 figures as the baseline for our targets. The plan includes waste generation and recycling targets across on-board, office, cargo and maintenance waste, and a zero-based approach to SUP. IAG is committed to reducing, reusing and recycling waste and dealing with any hazardous waste in line with relevant national and international regulations.

Our priorities in 2024, delivered through our Waste Working Group, have focused on on-board services, which are the main source of waste. Key outputs include sourcing replacement products for plastic packaging and recycling leftover food waste, drinks cans and cabin items such as wrappers. Waste is typically offloaded and processed at airports by third-party caterers, with some materials recovered on-site and other materials incinerated or sent to landfill. The majority of cabin and catering waste is processed at IAG's hub airports – Barcelona, Dublin, London and Madrid – although the Group flies to over 200 airports worldwide.

In 2024, IAG operations generated 52.8kt of waste (up 0.3% versus 2023), reflecting an increase in employees based in corporate functions (and the resulting increase in office use compared to 2023), along with an increase in on-board waste consistent with increasing flying activity. We recovered or recycled 6.8kt (13%). Refer to the Sustainability statement for more information.

Biodiversity, nature and illegal wildlife trafficking

Biodiversity was not identified as a material issue for IAG in its 2024 double materiality analysis; however, the Group's operating companies consider the impact on biodiversity from their operations and within the value chain. Our actions focus on issues including eradicating illegal wildlife trafficking on aircraft and engaging across our value chain in the ground travel and tourism sector to understand the impacts on local biodiversity.

IAG is proud to support United for Wildlife (UfW) to tackle illegal wildlife trafficking on aircraft. All IAG airlines are signatories to the Buckingham Palace Declaration, which aims to reduce the illegal trade of wildlife. In 2024, British Airways Holidays completed a nature impact assessment aligned to the UN Global Biodiversity framework, and Iberia performed a preliminary analysis of biodiversity impacts aligned to the principles of the Taskforce for Nature-related Financial Disclosures (TNFD). Vueling also achieved the IATA Environmental Assessment (IEnvA) illegal wildlife trafficking module certification. In November, Jonathon Counsell, IAG's Group Sustainability Officer and Chair of the UfW Transport Taskforce, discussed the issue with HRH Prince William and introduced him to key members of the taskforce at the annual UfW summit.

Environmental management

IAG is committed to improving our environmental performance and complying with recognised standards in our sector for environmental management on material issues identified in this report. All Group airlines were fully certified under the IEnvA standard in 2024, which is equivalent to ISO 14001, in all our flight operations and corporate buildings, complying with the core scope defined by IATA. British Airways and Iberia have extended the certification to their maintenance activities at hub airports and, in the case of Iberia, to its handling services at Madrid airport. Southern Europe Ground Handling Services (SOUTH) also hold an ISO 14001 certification in all the airports at which it operates, with the aim of guaranteeing that an environmentally responsible service is provided to its customers. As per IEnvA certification requirements, all operating airlines hold an environmental policy signed by their corresponding CEOs.

In line with our commitment to supporting a more responsible supply chain, British Airways and Iberia respond annually to the EcoVadis questionnaire. EcoVadis is a provider of business ESG ratings, by giving a view of environmental, social and governance issues within participating companies. The response to this questionnaire is supported by the Group's policies and practices, such as supplier engagement policies administered by IAG Global Business Services (GBS), which also allows us to identify points of improvement to annually improve the score of all Group airlines.

IAG third-party ESG assessments and awards

The Group continues to provide evidence to support third-party ESG disclosures and rating assessment frameworks. Our 2023 response to the Carbon Disclosure Project (CDP) is available on our website, and IAG continues to participate in the Transition Pathway Initiative (TPI), which assesses 600 companies across 47 countries on their readiness for the low-carbon transition. In November 2024, TPI also recognised IAG as having the highest quality level management of its greenhouse gas emissions and risks and opportunities related to the low-carbon transition. IAG assesses its position as the leader among 38 other airlines who participate in the programme.

IAG is also in the top 10% of airlines assessed by Sustainalytics, which gives ESG risk ratings to around 15,000 companies worldwide based on public disclosures. IAG was also awarded 2024 Eco-Airline of the year by Air Transport World for a best-in-class SAF programme and the Airline Strategy 'Airline Business of the year' award for the Group's ESG leadership.

Awards and partnerships

ATW Airline Awards

IATA IEnvA Registered Airline – Stage 2 Environmental Assessment

Certified Airline United for Wildlife

People

The IAG model empowers each operating company to deliver for its customers and people - with each being responsible for managing recruitment, pay and conditions for their colleagues, as well as careers and development. Centrally we set the ambition, define frameworks and facilitate sharing of best practice across operating companies and businesses, with a focus on leadership, talent, diversity and culture.

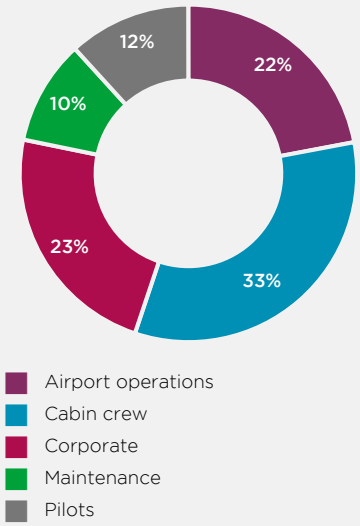
We have increased headcount levels across our operating companies to fully support our business and operations. As we progress on our transformation journey we have focused on enhancing the resilience and flexibility of our workforce across the Group and making transformative changes in our businesses.

IAG continues to invest in careers and development, remains committed to achieving our diversity and inclusion ambitions and has seen continuing momentum on building healthy organisational cultures.

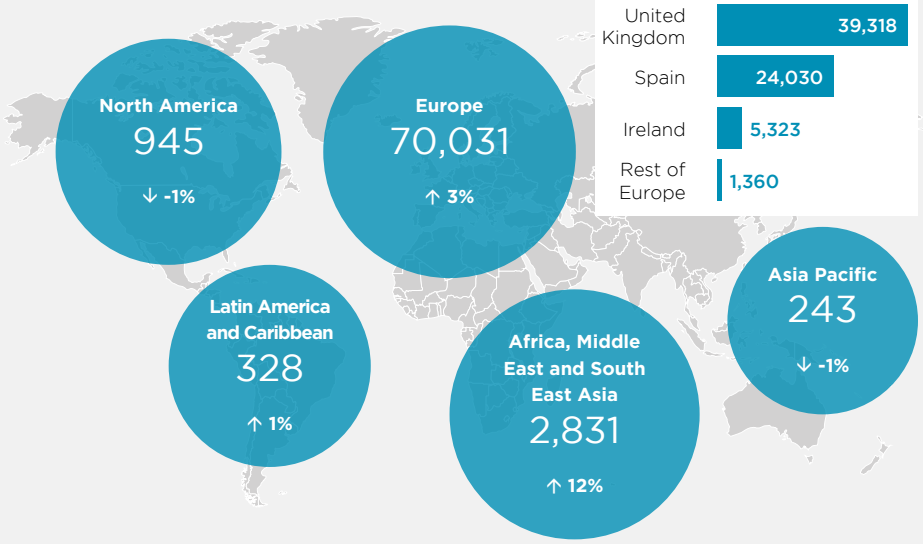
Key metrics and progress

Relevant standards: GRI 2-8, 401-1, 405-1

Workforce composition
at 31 December 2024



Headcount by geographical location
at 31 December 2024



Progressing on our transformation journey

We continue to progress on our transformation journey and have made significant changes to our business and organisational structures. Notable changes include the launch of SOUTH – our new ground handling services company – which started operations mid-May, changes in Iberia, Vueling and LEVEL CEOs, and the establishment of an AOC (Air Operator Certificate) for LEVEL.

Investing in senior leadership

Investing in senior leadership has been, and will continue to be, key to driving our transformation. We continue to invest in the bench-strength and diversity of senior leadership. Our focus on succession planning and talent management has supported these changes and provided development and progression opportunities for talent across the Group.

Continued focus on our culture

Across the Group we are united by our shared purpose to connect people, businesses and countries and our common values of ambition, teamwork, innovation, pragmatism, efficiency and responsibility. Each operating company and business has its own unique culture and values, enabling each to deliver on its brand promise and customer experience, with people policies set locally to deliver attractive and inclusive colleague experiences that underpin broader business strategy and operational performance.

Each operating company continues to focus on engagement, listening and acting on colleague feedback, and utilises a number of channels to enable this. In addition to specific initiatives to measure employee satisfaction and engagement, IAG runs a twice-yearly OHI survey to benchmark management practices against a global framework and track progress on the development of culture in each business. Insights are used to shape broader people and transformation plans and priorities.

Health, safety and wellbeing

The health, safety, security and wellbeing of our workforce, our customers and suppliers is a shared, everyday commitment – whether in the sky or on the ground. We are proactive in following all applicable safety and security laws, regulations and procedures. We continue to focus on and invest in the health and wellbeing of our colleagues – physical, mental and financial.



Focus on cadet programmes
Each airline is looking at increasing the diversity of its pilot populations through talent attraction and recruitment practices, as well as school engagement and outreach programmes. In 2024, over 230 cadet pilot training positions were opened across Aer Lingus, British Airways and Iberia - all provide financial support, removing barriers to entry and making the opportunity to become a pilot more accessible.

Training and development

We continue to invest in the skills of our workforce and remain committed to professional and career development, supporting colleagues in their daily work and in preparing for future skills such as digitalisation and AI, and customer and product investments.

IAG is committed to supporting the development of the regions and communities in which we operate: creating jobs, investing in infrastructure, and contributing to social and environmental causes. Our operating companies engage young people in employment, build their skills, prepare them for potential careers and attract talent into the aviation sector – through work experience placements, internships, apprenticeships and graduate programmes. In many cases, these also open up a range of entry routes for diverse talent.

All operating companies run mandatory corporate training courses on topics such as the code of conduct, compliance with competition laws, anti-bribery and corruption compliance, and data privacy, security and protection. Details of this training are provided in the Sustainability statement.

Remuneration

Operating companies are responsible for reward frameworks and terms and conditions, aligned to local markets and roles to ensure they remain sustainable and competitive in attracting the best talent. Around 85% of employees are covered by collective bargaining agreements. Senior leader remuneration balances fixed pay with variable pay and long-term incentives to align leadership compensation with performance and achievement of long-term strategic goals. Senior leader remuneration decisions take into account performance, market competitiveness and broader workforce experience.

Social dialogue

Our operating companies actively engage with trade unions to secure balanced agreements, ensuring fair and competitive remuneration. Local employee representatives and unions provide formal channels for collective agreements as well as informal channels for raising issues and concerns.

Additionally, the IAG European Works Council (EWC) facilitates information sharing between employees and management on transnational European matters.

Community giving

In 2024, IAG raised €9.5 million for charitable causes across the Group, 27% more than in 2023. Of this, €3.4 million came from customer contributions, €3.9 million from company donations, €1.6 million from employee contributions, and €0.6 million from in-kind donations. These funds continue to significantly contribute to the economic and social improvement of local communities. They represent a tangible commitment to supporting initiatives that address key social and economic challenges, such as poverty alleviation, education enhancement, healthcare provision and environmental sustainability, within the communities served by IAG. Group operating companies have partnerships with a range of organisations including:

- Disasters Emergency Committee (UK)
- Flying Start (UK)
- Save the Children (Spain)
- Lovaas Foundation (Spain)
- Dublin Pride (Ireland)
- Special Olympics (Ireland)
- Business vs Smog (Poland)
- Noble Gift (Poland)
- UNICEF (global).



Equity, Diversity and Inclusion (EDI)

IAG has an ambition for our businesses to reflect the diversity of the communities we live and work in and to create a healthy and inclusive environment where individuals feel a true sense of belonging and in which their unique differences are valued. We believe diversity is key to innovation and the future growth and success of the Group, and we celebrate and benefit from this richness of backgrounds, experiences, cultures and ideas.

Across the Group we are committed to:

- Championing inclusivity – promoting a culture of inclusion where everyone's unique difference is recognised and valued
- Respect – promoting work environments in which people neither discriminate nor are discriminated against, but instead treat all individuals with dignity and respect, regardless of age, sex, disability, race, religion/belief, marital/civil partnership status, pregnancy and maternity, sexual orientation, gender or any other protected characteristics
- Equal opportunities – monitoring the composition of our workforce for diversity and inclusion and ensuring the principles of IAG's equity, diversity and inclusion policy are reflected in the practices of our Group and the terms and conditions of employment for colleagues across the Group
- Role modelling – promoting IAG values and expected behaviours across the Group, with a particular focus on role modelling

At the Group level we have placed a specific focus on diversity of senior leadership:

- Gender: In 2022, we set a Group-wide ambition for 40% of our senior leadership roles to be held by women by 2025. The gender diversity of our senior leadership is at 36%, reflecting a 6 percentage points increase since 2020. We remain committed to achieving our 40% ambition. Our Board has a representation of 45% women, the IAG Management Committee[1] has 30% women, and 27% of our IAG Management Committee and Direct Reports[1] are women. Overall, 44% of our workforce across the Group are women.
- Race and ethnicity: In 2023, we set a Group-wide ambition for 10% of the Group's UK senior leadership to be minority ethnic[2] by the end of 2027, which we shared as part of our response to the UK Parker Review. In 2024, 11% of our UK Senior Leader Group self-disclosed as ethnically diverse[2] (compared to 6% in 2023). In 2024, 13% of our UK-based IAG Management Committee and Direct Reports[1] identified as ethnically diverse[2].

We have Group-wide policies designed to eradicate discrimination. Operating companies and businesses review people processes to ensure they are inclusive and free from bias, and that recruitment and selection decisions are open, transparent and fair and seek applications from underrepresented groups.

IAG is active in driving EDI across our industry and in promoting best practice within our operating companies:

- IAG's Diversity Panel sees representatives from all operating companies sharing best practice and leading on the co-design and implementation of new EDI initiatives that guide us towards our ambition.
- We continue to actively partner with the Women in Hospitality, Travel and Leisure (WiHTL) and with the International Air Transport Association (IATA). We are committed to advancing gender diversity as part of IATA's '25 by 2025' strategy (a global initiative to enhance EDI and gender balance in the aviation sector).
- Across our operating companies and businesses, employee-led networks and resource groups and communities create opportunities to represent the diverse perspectives and needs of their workforces. These groups reinforce local efforts to promote inclusion and belonging, offer feedback channels and provide colleague support. They also raise awareness and broaden perspectives through events and communications designed by colleagues and for colleagues: celebrating moments that matter, including International Women's Day, Ramadan, Pride, Black History Month and Neurodiversity Week.
- Our operating companies and businesses are committed to supporting individuals who have accessibility needs and disabilities throughout the entire employment lifecycle – from inclusive recruitment practices and making reasonable adjustments during the hiring process, to fostering an accessible work environment. Our operating companies and businesses strictly adhere to relevant accessibility laws in our facilities and overall operations. See the Sustainability statement.
- Our operating companies and businesses provide a range of support including assistive technologies, flexible work arrangements and ongoing support to create an inclusive and equitable workplace for all.

1 The IAG CEO is included in the Board reporting. The IAG Management Committee and Direct Reports segmentation was first introduced in 2024.

2 Minority ethnic as defined by Parker Review – Asian, Black, Mixed/Multiple, Other.

G Principles of sustainability governance

IAG has robust governance in place to ensure joined-up and progressive decisions on sustainability.

IAG's sustainability governance helps ensure that wider stakeholder engagement is consistent with the Group's material issues, environmental priorities and sustainability goals. An annual meeting planner for the Board ensures that sustainability governance processes fit within the reporting and disclosure framework of the Group.

The Group's structure means that each individual operating company has a distinct sustainability programme. These are regularly reviewed to ensure alignment with the Group sustainability strategy and principles, KPIs and engagement plans.

IAG's activities in 2024

Ethics and compliance

IAG is committed to conducting its business ethically, responsibly and in full compliance with all applicable laws and regulations. The Group strives to foster a culture of accountability at every level of the organisation. All directors and employees are expected to act with integrity and in accordance with the laws of countries in which they operate.

As IAG continues to enhance its ethics and compliance programme, it works to maintain the highest levels of trust among all stakeholders. During 2024, IAG developed and rolled out a new Ethics and Compliance Charter, with the purpose of setting out the framework for managing risks at Group level and within each operating company. IAG also introduced a new framework regulating the creation, approval, implementation and review of corporate policies, to ensure consistency, clarity and alignment of policies across the Group, reinforcing our commitment to good governance.

In August 2024, the Board of Directors approved a revised version of the IAG Code of Conduct, which defines the general expectations for ethical conduct across the organisation and sets out the principles that govern the conduct of all directors and employees when performing their duties. This document is available on the IAG website.



In December 2024, the Board of Directors approved a new Human Rights Policy, emphasising IAG's commitment to respecting and promoting human rights throughout its operations and value chain. The policy aligns with international standards, including the U.N. Guiding Principles on Business and Human Rights, and outlines our approach to identifying, mitigating and addressing human rights risks.

Recognising the importance of shared values throughout the IAG value chain, IAG also published a new Third Party Code of Conduct in December 2024. Alongside this, in response to the evolving regulatory landscape and emerging compliance risks, the Audit and Compliance Committee also approved a revised three-year ethics and compliance plan to be rolled out across the organisation.

Whistleblowing policy

IAG is committed to encouraging a culture of speaking up and, therefore, does not tolerate any retaliation against individuals using the whistleblowing channel or contributing to investigations arising from reports to the whistleblowing channel. The Code of Conduct and the 'Speak Up' policy explicitly outline protections for whistleblowers to ensure that individuals who report concerns in good faith are protected from retaliation. The IAG 'Speak Up' policy and the procedure that regulates how to handle whistleblowing investigations provide details on how to report concerns and establish the framework to ensure a robust and consistent approach to address issues and take remedial action whenever necessary. The Audit and Compliance Committee and subsequently the Board approved the revised IAG 'Speak Up' policy in 2024.

IAG received a total of 399 whistleblowing reports in 2024 through its 'Speak Up' platform. Each report was carefully assessed, and all relevant cases were investigated independently under the supervision of the Compliance Officers of each operating company, in line with IAG 'Speak Up' procedures.

The Audit and Compliance Committee plays a critical role in overseeing and supporting the Group Head of Ethics Compliance to lead the IAG 'Speak Up' programme, together with the compliance officer of each operating company. This ensures that reports are handled with diligence, confidentiality and fairness.

To ensure employees have easy access to relevant compliance policies, these are published on the intranet page of each operating company. The Group continues to prioritise compliance training as a cornerstone of its ethics and compliance programme. Employees across the organisation completed mandatory training to ensure they are equipped with the necessary knowledge to uphold the company's values and comply with regulatory requirements. Further details on compliance training hours completed are available in the Sustainability statement.

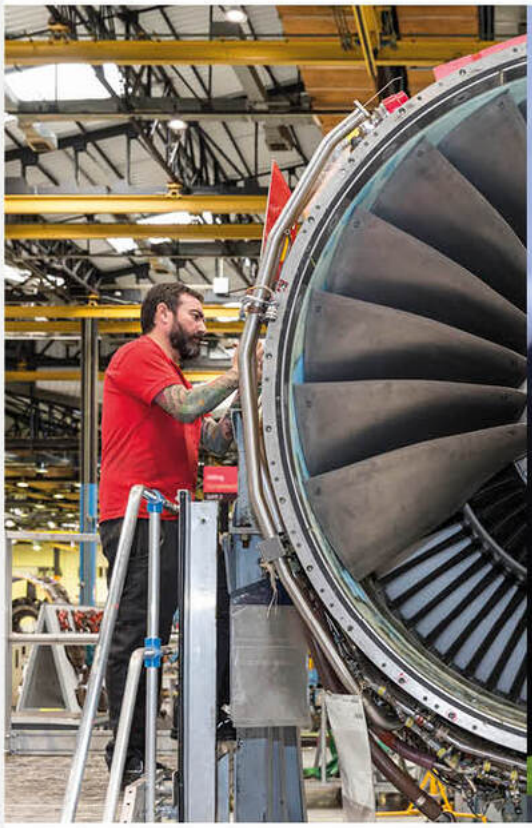
Anti-corruption and anti-money laundering

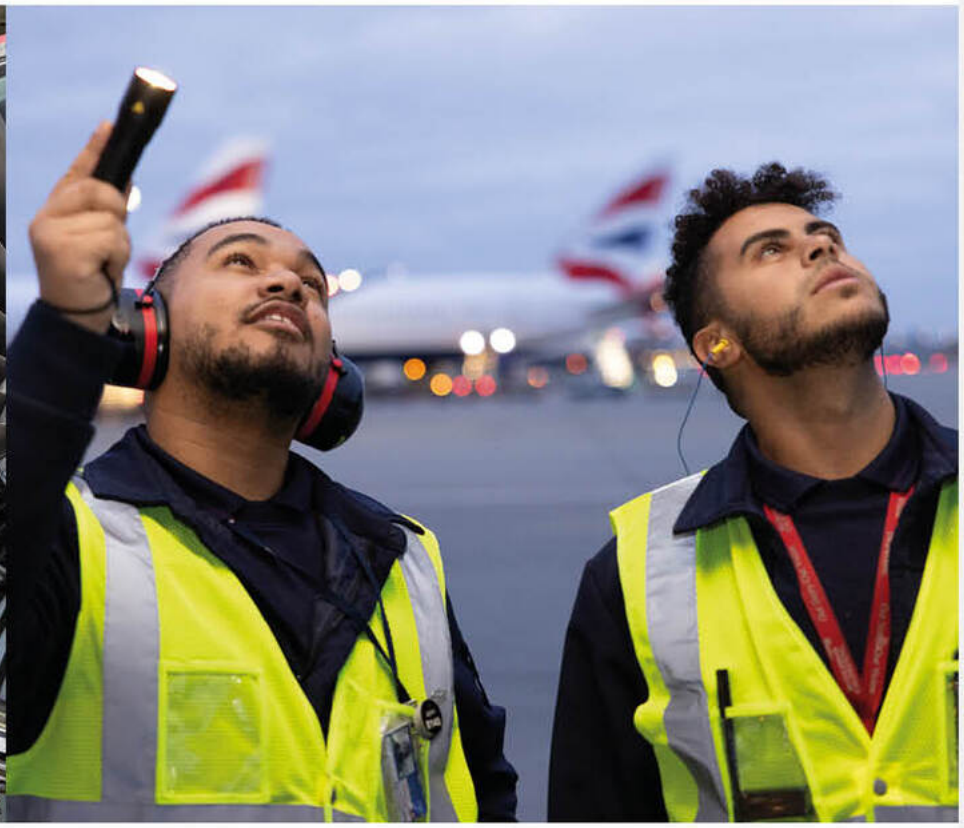
IAG and its operating companies do not tolerate any form of bribery or corruption. This is made clear in the Group Code of Conduct and supporting policies, which are available to all directors and employees. An anti-bribery policy statement is also set out in the Third Party Code of Conduct.

IAG has in place a Group-wide anti-bribery and corruption policy aligned with international anti-corruption standards, including the UN Convention Against Corruption. Each operating company has a Compliance Officer responsible for managing the anti-bribery programme in its business. Compliance teams from across the Group meet regularly through working groups and steering groups, under the coordination of IAG's Group Head of Ethics and Compliance. They conduct annual reviews of bribery risks at operating company and Group level.

The main compliance risks identified for 2024 were unchanged from the previous year and relate to the use of third parties, operational and commercial decisions involving government agencies, and the inappropriate use of gifts and hospitality. No material compliance breaches were identified in 2024, as in 2023. There were no relevant concerns or legal cases regarding corruption brought against the Group and its operating companies in 2024, as in 2023, and management is not aware of any impending cases or underlying issues.

Managing risk in an accelerating change environment





Enterprise risk policy and framework

The Group has an enterprise risk management (ERM) framework underpinned by an ERM policy, which operates in accordance with Spanish corporate law and governance and UK corporate governance requirements, and was approved by the Board in 2023. This sets out a comprehensive risk management process and methodology to ensure a robust identification and assessment of the risks facing the Group, including emerging risks. The risk management framework is embedded across all of the Group's businesses. Enterprise risks are defined as any risk that could impact the three-year strategic business plan ('the plan'). They are assessed and, if the impact is above a threshold, plotted on an enterprise risk heat map, based on probability and impact.

Consideration is given to changes in the speed of potential impact and how principal risks influence other principal risks to help assess where key mitigations can have a greater effect on reducing overall risk to the business. Risks are also assessed in combining events where a number of risks could occur together, particularly in the supply chain. This process is led across the Group by the IAG Management Committee and operating company management committees supported by the ERM function.

Although the Group considers enterprise risks that could impact the plan (defined as the short term), it also considers potential risks that could impact over the medium term of up to five years and in the longer term, beyond five years.

Risk outcomes are quantified as the potential cash impact to the plan over three years.

Non-cash outcomes that could impact our customers, employees, reputation, sustainability targets or regulatory obligations are considered for every risk.

Key controls and mitigations are documented, including appropriate response plans. Where risk treatments require time to implement, short-term mitigations are assessed and the timeline to risk mitigation and consequent risk acceptance is discussed and agreed.

Every principal risk has clear Management Committee oversight at the Group level and in each business.

Principal risks reassessment

In the year management have undertaken a review of the Group's principal risks, to reassess the events or scenarios, particularly combinations of risks, that could: have a material impact on the financial, operational or reputational performance of the Group; delay, impact or prevent delivery of the Group's strategic business plan, key targets and commitments; reduce stakeholder engagement or cause regulator or other scrutiny or censure; or result in adverse consequences for our customers, employees or third parties.

As a result, the Group now reports 11 principal risks. These are still grouped into four categories: strategic risk, business and operational risk, financial risk including tax, and compliance and regulatory risks.

Risks are presented alphabetically with the category of risk shown against each individual risk disclosure.

The Group's ERM framework will continue to adapt and evolve according to the needs of the business and our stakeholders. This allows the Group and its businesses to both respond to changes in the external risk environment and support the pace and scale of business transformation, in line with the Board's appetite for risk.

Emerging risks

Where emerging risks and longer-term threats that the Group or the industry could face are identified, they are managed within the overall risk framework as 'on watch' until they are reassessed to be no longer a potential threat to the business or where an evaluation of the risk impact over the plan period can be made and appropriate mitigations can be put in place, or the risk becomes a principal risk. Other high-impact, low-likelihood risks are also considered.

During the year, management across the Group have reviewed the macroeconomic and geopolitical landscape to identify emerging risks and implications for existing principal risks as well as competition and market risk changes, particularly those that could impact operational resilience, our sustainability ambitions or the Group's transformation, innovation and change agenda. By continuing to develop the Group's assessment of the interdependencies of risks, using scenarios to quantify risk impact under different combinations and assumptions, and considering the risks within the Group's risk environment that have increased or changed in their nature, either as a result of external factors or decisions within the Group's businesses, its Board and management are better informed and can react more quickly.

New guidance from regulators and investors is reviewed on an ongoing basis and best practice sought from other risk management sources.

Risk appetite

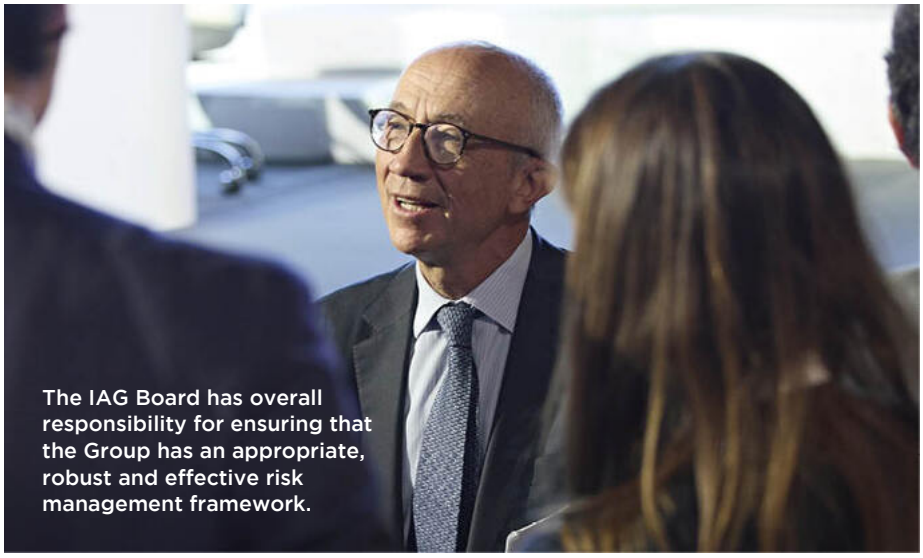
IAG has a risk appetite framework that includes statements informing the business either qualitatively or quantitatively of the Board's appetite for certain risks. Each risk appetite statement applies either on a Group-wide basis or for specific programmes, initiatives or activity within the Group.

In the second half of 2024, the Board assessed its appetite across a number of critical strategic priorities to set tolerances for the Group for the upcoming plan period, taking account of changes in the risk landscape since the prior year's exercise. This approach allows tolerances to be set dynamically and ensures alignment to the Group strategic priorities as approved by the Board, which sets the level of ambition and investment for the plan period. The exercise allowed the Board to discuss and consider the trade-offs within the plan and ensure that it was satisfied that management had set the appropriate prioritisation of initiatives to seek opportunities and manage risk within its defined appetite tolerances. The framework and tolerances were in place throughout the year, with the Audit and Compliance Committee assessing appetite across all of the framework statements at year end against the Group's performance and its anticipated delivery of the Board-approved strategic business plan priorities and initiatives.

The Board is satisfied that the Group continued to perform and deliver initiatives throughout 2024 as planned to mitigate risk as set out in its framework statements. Where further action has been required, the Board has considered potential mitigations and, where appropriate or feasible, the Group has implemented or confirmed plans that would address those risks or retain them within the Board's determined Group risk appetite. Regular reassessment and confirmation of the risk appetite of the Board allows the Group to take appropriate risks to deliver the plan.

Viability assessment

The Board's assessment of the viability of the Group is directly informed by the outputs of the ERM framework. Full details of our approach, scenarios modelled and the viability assessment are shown at the end of this report.



The IAG Board has overall responsibility for ensuring that the Group has an appropriate, robust and effective risk management framework.

Risk management roles and responsibilities

Risk owners and management

Across the Group, risk owners are responsible for identifying potential risks and appropriately managing decisions within their area of responsibility that could impact business operations and delivery of the plan.

As the Group undertakes transformation activities within its operating companies, the pace and agility of the changes required create risks and opportunities. For transformational risks, business owners are assigned, and the business will agree appropriate mitigations and timelines for implementation, following discussions with all relevant stakeholders.

Emerging risks are assessed and risk owners consider and identify any potential impact to plans. Longer-term on-watch risks are subject to review as part of the framework.

Management is responsible for the effective operation of the internal controls and execution of the agreed risk mitigation plans.

Operating companies' management committees

Risk heat maps for each operating company and central functions are reviewed biannually by their operating company's management committee or function leadership team.

Where the Group's operating companies rely on other parts of the Group for services delivery, risks are reflected appropriately across risk heat maps to ensure accountability is clear.

They escalate risks that have a Group impact or require Group consideration in line with the Group ERM framework.

They confirm to their operating company boards and audit committees, where they exist, that they have undertaken the identification, quantification and management of risks within their operating company at least annually.

Local risk heat maps are in place for subsidiary businesses, together with Group support platforms including Group Procurement and Services, and Tech and Innovation.

IAG Management Committee

The IAG Management Committee reviews risks during the year, including the Group risk heat map biannually in advance of reviews by the Audit and Compliance Committee, in accordance with the 2018 UK Corporate Governance Code and the Spanish Good Governance Code for Listed Companies.

At the year end, the IAG Management Committee reviews the performance of the Group during the full year against the risk appetite framework and reports any near tolerance or out of tolerance assessments to the Audit and Compliance Committee.

The IAG Management Committee recommends severe but plausible scenarios for stressing the strategic business plan as part of the annual Group viability assessment.

IAG Board and Audit and Compliance Committee

The IAG Board has overall responsibility for ensuring that the Group has an appropriate, robust and effective risk management framework, including the determination of the nature and extent of risk it is willing to take to achieve its strategic objectives.

The IAG Audit and Compliance Committee discusses risk and considers the risk environment regularly throughout the year, as does the IAG Board as part of wider Board discussions, in addition to the IAG Audit and Compliance Committee's biannual risk heat map review, including a review of the assessment of the Group's performance against its risk appetite for the financial year, scenarios for assessment of viability and the outputs from the viability modelling. The Audit and Compliance Committee has early sight of management consideration of viability scenarios to enable it to challenge subjectivities and confirm rationale. It then reviews the outputs at year end and makes recommendations on the viability assessment and statement to the Board.

The IAG Board reviews the Group's risk heat map annually and it has completed a robust assessment of the Group's emerging and principal risks in the year.

The IAG Board sets risk appetite for the plan period.

Enterprise Risk Management function

The Enterprise Risk Management function provides support across the Group to ensure risk management processes are appropriately embedded and applied consistently, as well as working with management to identify risk, challenge assessments and strengthen the risk culture across the Group.

The function provides risk management guidance and shares best practice across the Group and its operating companies, keeping them informed of any risk-related regulatory developments. The function is responsible for ensuring that the ERM framework remains agile and responsive to meet the needs of the business and its stakeholders.

The ERM function works with other compliance and Group functions, such as Group Finance, Government Affairs, Investor Relations, Legal, Ethics and Compliance, and Sustainability, leveraging their frameworks and assessments where appropriate. Risk assessments form an important input into the Internal Audit planning and delivery process.

Year in review

The highly regulated and commercially competitive environment, together with the operational complexity in the aviation sector and reliance on critical third parties for provision of goods and services, expose the Group to risks, where its influence and ability to directly manage the risks may be limited.

Examples include aircraft, engines and component availability; delays in airframe and engine manufacturer production; issues with fleet and engine performance and reliability; the wider ongoing fundamental weaknesses in the resilience of the supply chain; air traffic control (ATC) restrictions; underperformance at airports, particularly constrained airports; the impact of resource gaps, industrial unrest or strikes; measures taken by governments including protectionism towards domestic economies, tariff regimes or policy proposals that could impact the Group's airlines' ability to set capacity and/or pricing.

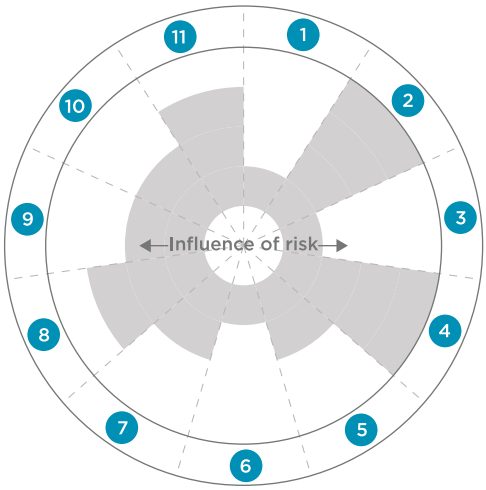
External threats which remain heightened include: the impact of slowdown in growth, threat of introduction of tariff regimes, increases in inflation or interest rates on demand and customer confidence; higher costs in the supply chain; and the impact of escalating and ongoing geopolitical tensions and conflict in various regions. All of these could impact our customers and flight operations as well as creating further airspace restrictions.

In assessing its principal risks, the Group has considered operational and technical resilience across its airlines, maintenance capacity and specialist resource requirements; the status of the financial markets; customer mix changes and route network adaptation; political risk and government changes, including potential policy change with new governments, pace of transformation; AI adoption and future skillset; managing the cost base; the Group's industrial relations landscape and challenges in securing collective agreements; and people engagement and securing talent and expertise to deliver digitalisation, end-to-end domain transformation and cultural change.

Management have completed a review of the Group's principal risks in the year and recommended to the Board that the principal risks be reframed and simplified to improve insight into the root causes of risk and identify combining events that could challenge the Group.

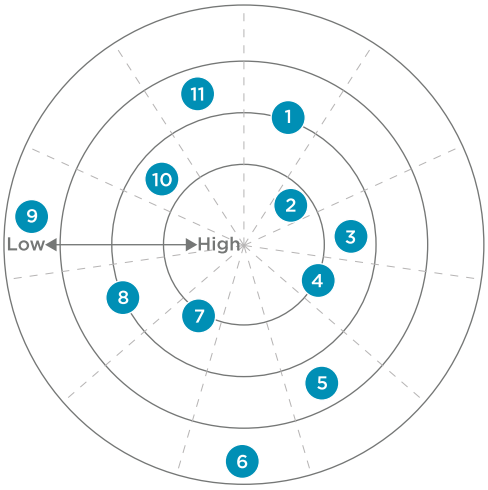
Principal risks influence

The relative level of influence each principal risk has on the other principal risks



Principal risk radar

The assessed likelihood of risk materialisation for each principal risk



Key for principal risk factors table

Principal risk number

1

Strategic imperatives

- A strong core
- Capital-light earnings growth
- A robust financial and sustainability framework

Category

- (S) Strategic
- (O) Business and operational
- (F) Financial including tax
- (C) Compliance and regulatory

Stakeholder impact

- Customers
- Employees
- Suppliers
- Shareholders, lenders and other financial stakeholders
- Governments and regulators

Risk trend

- ↑ Increase
- = Stable
- ↓ Decrease

Principal risk register

Guidance is provided below on the key risks that may threaten the Group's business model, future performance, solvency and liquidity.

Risks are grouped into four categories: strategic risk, business and operational risk, financial risk including tax, and compliance and regulatory risks.

Where there are particular circumstances that mean that the risk is more likely to materialise, those circumstances are described.

Additional key business responses implemented by management are also set out.

The list is not intended to be exhaustive but does reflect those risks that the Board and IAG Management Committee believe to be the most likely to have a potential material impact on the Group during the plan period.

Principal risk factor table

Principal risk	Strategic imperatives	Category	Stakeholder impact	Risk trend 2024	Risk trend 2023	Viability scenario
1 **Brand, customer and competition** Chief Commercial Strategy Officer/ Chief Corporate Development Officer		S		=	↑	1 2 3 4
2 **Critical third parties in the supply chain** Chief Information, Procurement, Services and Innovation Officer		O		↑	↑	1 2
3 **Data and cybersecurity** Chief Information, Procurement, Services and Innovation Officer		O		↑	=	3
4 **Economic, political and regulatory environment** Chief Commercial Strategy Officer/ Chief Corporate Development Officer		S		↑	↑	1 2 4
5 **Financial risk including tax** Chief Financial and Sustainability Officer		F		↓	=	1
6 **Group governance structure** General Counsel		C		=	=	
7 **Operational and IT resilience** Operating company CEOs/Chief Information, Procurement, Services and Innovation Officer		O		=	↑	1 2 3
8 **People, culture and employee relations** Chief Executive Officer/Operating company CEOs		O		=	=	2
9 **Safety and security and other regulatory compliance** Operating company CEOs/General Counsel		C		=	=	
10 **Sustainable aviation** Chief Financial and Sustainability Officer		S		=	↑	1 2 4
11 **Transformation, innovation and AI** Chief Information, Procurement, Services and Innovation Officer		O		=	=	4

1 Brand, customer and competition

Chief Commercial Strategy Officer

Chief Corporate Development Officer

Strategic imperatives	Category	Stakeholder impact	Risk trend 2024	Risk trend 2023	Viability scenarios
	S		=	↑	1 2 3 4

Strategic relevance

- The Group's brands are positioned in their respective markets to meet their customer propositions and deliver commercial value. Any change in engagement or travel preferences could impact the financial performance of the Group.
- IAG will continue to focus on its customer propositions to ensure competitiveness in its chosen priority customer demand spaces and to ensure that it adapts to meet changing customer expectations.
- The markets in which the Group operates are highly competitive. The Group faces direct competition on its routes, as well as from indirect flights, charter services and other modes of transport. Some competitors have other competitive advantages such as government support or benefits from insolvency protection.
- The Group is clear on the key levers to improve brand perception and satisfaction for each of its operating company brands.

Status

Customer sentiment to travel and their expectations when they travel are intrinsic to brand health. The Group's ability to attract and secure bookings and generate revenue depends on customers' perception of and affinity with the Group airlines' brands and their associated reputation for customer service and value. Operational resilience and customer satisfaction underpin customer trust. The Group airlines' brands are, and will continue to be, vulnerable to adverse events impacting service and operations, many of which remain outside the airlines' control. Reliability and consistency of service and product delivery, including on-time performance (OTP), and customer support through disruption, are key elements of brand value and of each customer's experience.

The Group continues to improve its disruption management capabilities and customer communication through each journey in light of the extent of the ongoing external disruption due to ATC restrictions, lack of resilience at constrained airports and industry-wide third-party resilience issues, particularly over aircraft availability and engine reliability. IAG remains focused on strengthening its customer centricity and all of the Group's airlines continue to support their customers through any disruption including schedule adaptions where required. The resilience and engagement of our people as customer service ambassadors to deliver excellent customer service combined with investment in new fleet, cabin and service propositions, helps ensure that our customers choose to fly with the Group's airlines.

The Group continues to ensure that its operating companies adapt and focus their business models, products and customer propositions to meet changing customer expectations and needs (including those with additional needs). The potential for distortionary effects of government policy and/or aviation-specific taxation or other regional or country-specific measures on the competitive landscape continue to be monitored. These include increases in Air Passenger Duty (APD) or fragmented application of mandates or policies on carbon offsets.

Risk description

- Erosion of the brand and customer trust through poor customer service or lack of reliability in operations may adversely impact the Group's leadership position with customers and ultimately affect future revenue and profitability.
- If the Group is unable to meet the expectations of its customers and does not engage effectively to maintain their emotional attachment, then the Group may face brand erosion and loss of market share.
- Some of the markets in which the Group operates remain regulated by governments, in some instances controlling capacity and/or restricting market entry. Changes in such restrictions may have a negative impact on margins.
- Regulatory or policy changes may create competitive distortion, impacting the Group's airlines and their competitiveness or business model.

Mitigations

- All the Group's airlines are considered within the brand portfolio review.
- Brand initiatives for each operating company have been identified and are aligned to the Group's business plan.
- Product investment to enhance the customer experience supports the brand propositions and is provided for in the plan.
- All airlines track and report to IAG on their OTP and Net Promoter Score (NPS) to measure customer satisfaction.
- Reviews of resilience, resourcing levels and schedule operability.
- Enhanced disruption management tools within airlines to allow customers to manage their travel preferences.
- Increased focus on the end-to-end customer journey from flight search through to arrival and baggage reclaim.
- The Group's global loyalty strategy builds customer loyalty within IAG airlines.
- The Group Strategy function supports the IAG Management Committee by identifying where resources can be devoted to exploit opportunities and accelerate change.
- The airlines' revenue management departments and systems optimise market share and yield through pricing and inventory management activity.
- The Group maintains rigorous cost control and targeted investment to remain competitive.
- The Group's airlines are focused on customer-centricity and operational resilience.
- The portfolio of brands provides flexibility as capacity can be deployed at short notice as needed.
- The IAG Management Committee regularly reviews market share and the commercial performance of joint business agreements.

See the Financial review section

Risk management and principal risk factors *continued*

2 Critical third parties in the supply chain

Chief Information, Procurement, Services and Innovation Officer

Strategic imperatives	Category	Stakeholder impact	Risk trend 2024	Risk trend 2023	Viability scenarios
			↑	↑	1 2

Strategic relevance

- Any sub-optimal service delivery or asset supplied by a critical supplier can impact the Group airlines' operational and financial performance as well as disrupting our customers and impacting our brand and reputation.
- Infrastructure decisions or changes in policy by governments, regulators or other entities could impact operations but are outside the Group's control.
- The Group relies on the provision of airport infrastructure and is dependent on the timely delivery of appropriate facilities. Constraints at London and other key airports can impact on the ability to recover from periods of disruption.
- An uncontrolled increase in the planned cost of expansion of a hub airport, particularly London Heathrow, could result in increased landing charges, making the airport uncompetitive versus other European hubs.
- Airport charges represent a significant operating cost to the airlines and have an impact on operations.
- The Group's airlines are reliant on ATC infrastructure for flight operations and increasing ATC restrictions impacts performance and disrupts our customers.
- Aircraft and engine performance issues can impact the supply and reliability of aircraft, engines and components for maintenance.
- Inflationary cost pressures or imposition of tariffs within the supply chain may increase the cost of travel.

Status

The aviation sector continues to be affected by global supply chain disruption, which has impacted new aircraft deliveries; engine and component availability and reliability; resource availability and/or threat of industrial action in critical third parties and airport services; the resilience of airports, particularly London airports and their ability to adapt to a high demand environment with increasing airport congestion; and ATC capability and restrictions, particularly given skillset shortages and weather events.

Weaknesses in aircraft and engine production have caused industry-wide delays in deliveries of new fleet and lack of spare engines. Prolonged recovery timelines continue to impact the Group's airlines' ability to deliver flight schedules as planned. Lack of component parts also combines with delays in new aircraft and spare engines, and technical performance issues requiring additional maintenance that continue to impact operations, delays aircraft maintenance and turnaround times for aircraft.

Additionally, any imposition of extensive new tariff regimes could result in further stress on the global supply chain, particularly for aircraft and engine production, or create inflationary cost environments.

The Group proactively assesses its schedules for operability and continues to work with all critical suppliers to understand any potential disruption within their supply chains caused by either a shortage of available resource, strike action or production delays which could impact the availability of new fleet, engines or critical goods or reliability of critical services, particularly third-party application and network services. This has led to increased costs to secure such services. Focus has been placed on key suppliers to understand any business or operational continuity impacts, and where possible identify other suitable suppliers. The Group continues to be impacted by reliability and performance issues with Rolls-Royce Trent 1000 and Pratt and Whitney GTF engines, which are mitigated by using replacement aircraft and invoking remedy support from the engine manufacturers.

Many elements of the supply chain remain outside of the Group's ability to directly manage, including aircraft deliveries and availability of components, airport performance and ATC resilience.

The Group continues to consult stakeholders and raise awareness of the negative impacts of ATC airspace restrictions and performance issues on the aviation sector and economies across Europe, particularly with the continued closure of airspace driven by geopolitical events. The Group continues to challenge unreasonable levels of increases in airport charges, especially at London Heathrow.

Risk description

- IAG is dependent on the timely entry of new aircraft and the engine performance of aircraft to improve operational efficiency and resilience and meet the commitments of the Group sustainability programme.
- IAG is dependent on the timely, on-budget delivery of infrastructure changes, particularly at key airports.
- IAG is dependent on resilience within the operations of ATC services to ensure that its flight operations are delivered as scheduled.
- IAG is dependent on the performance and costs of critical third-party suppliers that provide services to our customers and the Group, such as airport operators, border control and caterers. Increases in costs or where suppliers face financial stress may impact the Group's operations.
- IAG is dependent on the availability and production of alternative fuels to meet its carbon reduction commitments. This may require investments in infrastructure in the markets in which the Group operates.

Mitigations

- The Group mitigates engine and fleet performance risks, including delays to delivery and unacceptable levels of carbon emissions, to the extent possible by working closely with the engine and fleet manufacturers, as well as retaining flexibility with existing aircraft return requirements and aircraft lessors.
- The Group engages in regulatory reviews of supplier pricing, such as the UK Civil Aviation Authority's periodic review of charges at London Heathrow and London Gatwick airports.
- The Group is active at an EU policy level and in consultations with airports covered by the EU Airport Charges Directive.
- The Group proactively works with suppliers to ensure operations are maintained and the impact to their businesses understood, with mitigations implemented where necessary and inflation minimised.
- The Group Procurement function has oversight of all critical contracts across the Group's businesses.
- Alternative suppliers are identified where feasible.
- Transformation initiatives have been identified to offset inflation.

3 Data and cybersecurity

Chief Information, Procurement, Services and Innovation Officer

Strategic imperatives	Category	Stakeholder impact	Risk trend 2024	Risk trend 2023	Viability scenarios
			↑	=	3

Strategic relevance

- The cyber threat environment remains challenging for all organisations, including the airline industry. Cyber threat actors, criminals, foreign governments and hacktivists have the capacity and motivation to attack the airline industry for financial gain, or other political or social reasons.
- The fast-moving nature of this risk means that the Group will always retain a level of vulnerability.

Status

The risks from cyber threats continue as threat actors seek to exploit any weaknesses in defences, particularly through social engineering and human behaviours. The threat of malware attacks on critical infrastructure and services remains high due to ongoing geopolitical tensions, with the Group exposed to threat actors targeting IAG, its operating companies and its suppliers. The Group continues to improve its cybersecurity posture either through major IT transformational change or additional monitoring tools, and is focused on better understanding the risk presented by its suppliers.

The regulatory regimes associated with data and infrastructure security are also becoming more complex with different regulators applying different framework approaches and guidance for reporting. The Group airlines are subject to the requirements of privacy legislation such as GDPR and the Network and Information Systems Directive (NISD).

The emergence and usage of AI to enhance existing tactics, techniques and procedures (TTPs), produce phishing emails and deploy malware has also accelerated attempts to access organisations' systems and data and increases the threat and scale of social engineering or cyberattacks. Some use of AI by the Group will be subject to the EU AI Act, which defines AI systems and sets out a risk-based classification for AI applications.

Investment in cybersecurity systems and controls continues as planned, although addressing the risk is also dependent on business capacity and the delivery of solutions to address technical obsolescence across the operating companies. All planned investment is linked to a Group-wide maturity assessment based on the National Institute of Standards and Technology (NIST) cybersecurity framework, a leading industry standard benchmark. Data centre migration activity to the cloud across the Group's airlines will further help to improve the security controls environment. As the Group improves its security posture and maturity, it better understands the rapid nature of potential attack vectors and how to detect and respond to them.

Risk description

- The Group could face financial loss, disruption or damage to brand reputation arising from an attack on the Group's systems by criminals, foreign governments or hacktivists.
- If the Group does not adequately protect customer and employee data, it could breach regulations and face penalties and loss of customer trust.
- Transformation or changes in environments for the Group's operating companies and third-party suppliers could result in new weaknesses in the cyber and data security control environment.
- The emergence and usage of AI to bypass cybersecurity controls, produce sophisticated phishing campaigns or allow accelerated deployment of malware could increase the scale, severity and impact of cyberattacks and cyber-related fraud.
- The Group fails to meet AI regulations, particularly as it emerges, from different geographical regions.
- Lack of accuracy or insufficient human oversight of AI could increase the risk of data misuse.
- Increased digitalisation and integration with suppliers could increase the risk of contagion from third-party breaches or a cyberattack.

Mitigations

- The Group has a Board-approved cyber strategy that drives investment and operational planning.
- A cyber risk management framework ensures the risk is reviewed across all operating companies.
- The IAG Cyber Governance board assesses the Group-wide portfolio of projects quarterly and each operating company reviews its own portfolio at least quarterly.
- The IAG Chief Information, Procurement, Services and Innovation Officer provides assurance and expertise around strategy, policy, training and security operations for the Group.
- External attack surface monitoring and threat intelligence is used to analyse cyber risks to the Group.
- External benchmarking exercises conducted on cyber posture.
- Regular cyber awareness training is run by the operating companies, including annual mandatory training on cyber risk and data protection for all staff.
- Oversight of critical systems and suppliers to ensure that the Group understands the data it holds, that it is secure, and regulations are adhered to.
- Data Protection Officers are in place in all operating companies, coordinated through a Group-wide Privacy Steering Group.
- All suppliers must adhere to IAG security requirements. A Group-wide third-party risk management process integrates cybersecurity due diligence into contracting processes to monitor supplier security performance.
- Desktop and simulated exercises conducted to test business response plans.

Risk management and principal risk factors *continued*

4 Economic, political and regulatory environment

Chief Commercial Strategy Officer

Chief Corporate Development Officer

Strategic imperatives	Category	Stakeholder impact	Risk trend 2024	Risk trend 2023	Viability scenarios
	S		↑	↑	1 2 4

Strategic relevance

IAG remains sensitive to political and economic conditions in the markets globally, particularly in our hub markets. All of the following can be influenced by political and economic change:

- Business and leisure demand for travel;
- Inflation and interest rate impacts on the cost base;
- Access to markets for new or existing routes;
- Increasing levels and costs of regulation;
- Constriction in the supply of products;
- Availability of services and/or resource;
- Availability gaps for key technical skillsets;
- Imbalance in the competitive landscape;
- Ability to fly scheduled operations; and
- Pricing and pricing over ancillaries.

Status

Geopolitical risk and uncertainty remains high and wider macroeconomic events may continue to drive market volatility, impacting demand. The Group continues to monitor the implications for trade and any imposition of extensive tariff regimes may disrupt the markets or economic confidence and drive cost inflation. Increased regulation and political intervention drive increased levels of cost and impact the ability of airlines to set capacity and pricing, which may impact the Group's revenue streams and business model. The rise of populist governments and government policy globally sees increased protectionism which could result in market or competitive distortion and a trend for increased scrutiny from regulators and tax authorities which could see changes that increase costs to airlines. The tone of dialogue between the US, Russia, China and the EU and UK which can influence markets and result in imposition of misaligned policies or tariffs and any potential impact to the Group is kept under review.

Ongoing conflicts, wars and heightened tensions across the Middle East and elsewhere continue to cause airspace restrictions and congestion for flows to Asia.

Recent supply chain disruptions have occurred in many markets and the level of disruption and potential impacts are considered across the Group. The Group also considers changes in government in key markets and the implications for trade, respective economic health and how governments view the aviation industry, with elections and changes of government in the UK, Ireland and the US in 2024.

Developments in relevant international relationships, where they affect air services agreements to which the EU or UK are party, are monitored throughout the year and the Group's positions advocated with the relevant national governments. Recent government proposals to set floor or ceiling caps on pricing, including the scope of ancillaries that airlines may be allowed to charge their customers for, may impact the ability to freely set pricing, sell ancillaries to meet customer needs and/or set capacity.

IAG has worked through trade associations and IATA, as well as national governments to put its case on issues of the importance of aviation to international trade and customer connectivity and the value that it brings.

Any further macroeconomic trends or potential requirements arising from Brexit are monitored by the IAG Government Affairs function.

Risk description

- Economic deterioration or structural change in either a domestic market, key customer segment or the global economy may have a material impact on the Group's financial position, while foreign exchange, fuel price and interest rate movements create volatility.
- Failure to adequately plan for and be able to respond to uncertainty driven by geopolitical or market events or health-related concerns impacts the operations, costs and customers of the Group.
- Changes in government may result in a change in sentiment to aviation and access to markets.
- Government policy asymmetry impacting a domestic market could increase the burden of regulation and cost to our passengers.

Mitigations

- The IAG Board and the IAG Management Committee review the financial outlook and business performance of the Group through the monthly trading results, financial planning process and quarterly reforecasting process.
- Reviews to assess and drive the Group's financial performance through the management of capacity, together with appropriate cost control measures including the balance between fixed and variable costs, management of capital expenditure, and actions to improve liquidity.
- External economic outlook, fuel prices and exchange rates are carefully considered when developing strategy and plans and are regularly reviewed by the IAG Board and IAG Management Committee as part of business performance monitoring.
- The Group engages with its regulators, governments and other political representatives and trade associations to help represent the views and contribution of the Group and aviation to society and economies.
- The Group's airlines have increased their focus on enhanced disruption management tools to increase operational resilience to restrictions, e.g. capacity constraints at airports or health-related measures.
- The Group's Government Affairs function monitors government initiatives, represents the Group's interest, forecasts likely changes to relevant laws and regulations and responds to consultations on regulatory change or policy that could impact the aviation industry or create competitive distortion.

See the Regulatory environment section

5 Financial risk including tax

Chief Financial and Sustainability Officer

Strategic imperatives	Category	Stakeholder impact	Risk trend 2024	Risk trend 2023	Viability scenarios
	F		↓	=	1

Strategic relevance

- The Group's ability to finance ongoing operations, committed aircraft orders, future fleet growth plans or acquisitions is vulnerable to various factors including financial market conditions, financial institutions' appetite for secured aircraft financing and the financial markets' perceptions of the future resilience and cash flows of the Group.
- The volatility in the price of oil and petroleum products can have a material impact on the Group's financial results.
- The volatility in currencies other than the airlines' local currencies can have a material impact on the Group's operating results, particularly the US dollar.
- Higher interest rates can have a material impact on the Group's operating results.
- Payment of tax is a legal obligation. Changes in the tax regulatory environment, including changes in tax rates and interpretation of tax regulations by tax authorities, may result in new tax claims or additional tax costs for the Group and in additional complexity in complying with such changes.

Status

Access to the secured and unsecured debt markets may be disrupted by geopolitical and economic uncertainty, impacting funding options and interest rates available to the Group for new aircraft financing or where it chooses to refinance debt. Any interest rate increases implemented by central banks increase the cost for the Group of existing floating rate debt, as well as for new financing. As at 31 December 2024 approximately 14% of the Group's debt, including hedges, was floating rate debt. The Group successfully raised financing for all aircraft deliveries it sought to finance during 2024, using traditional long-term aircraft financing arrangements. The Group's credit rating with Standard & Poor's is investment grade (BBB-), whilst its rating with Moody's is investment grade Baa3. Fitch rates British Airways as BBB- investment grade.

Fuel cost volatility driven by geo-political events is partly mitigated by the Group's fuel hedging policy. Reduced access to fuel hedging instruments or the inability to pass increased fuel costs on to consumers could impact the Group's profits. The Group continues to assess the strength of the US dollar against the euro and pound sterling and the potential impacts on the Group's operating results. All airlines hedge currency risk in line with the Group hedging policy.

Tax is managed in accordance with the tax strategy, which can be found in the Corporate Policies section of the IAG website. The Group has a number of scheduled tax audits, by local tax authorities, in progress across its businesses. In the UK, there are ongoing discussions with HMRC on certain treatments of VAT, which include litigation against HMRC's consideration of the appropriate VAT accounting to be applied by IAG Loyalty. Further information on tax matters, including taxes paid and collected by IAG, is set out in note 10 to the consolidated financial statements.

Risk description

- Failure to finance ongoing operations, committed aircraft orders, future fleet growth plans, business acquisitions and third-party financial guarantees.
- Higher interest rates in the market, or more restrictive terms, for new finance arrangements or refinancing may impact the Group's floating finance debt, floating operating leases and cost base.
- Failure to manage the volatility in the price of oil and petroleum products.
- Failure to manage currency risk on revenue, purchases, cash and borrowings in foreign currencies other than the airlines' local currencies of euro and sterling.
- Failure to manage financial counterparties' credit exposure arising from cash investments and derivatives trading.
- The Group is exposed to systemic tax risks arising from either changes to tax legislation and accounting standards or challenges by tax authorities on the interpretation or application of tax legislation.
- Businesses and consumers may be subject to higher levels of taxation as governments seek to increase environmental taxes, redesign the global tax framework and rebuild public finance.

Mitigations

- The IAG Board and Management Committee review the Group's financial position and financing strategy regularly.
- The Group has maintained its clear focus on managing liquidity and ensuring that critical investment in the Group is maintained.
- Maintain strong relationships with banks, lenders and lessors.
- Scenario planning for different financial environments.
- Continuous review of capital structure to minimise interest rate exposure and lower cost of capital.
- The IAG Audit and Compliance Committee and IAG Management Committee regularly review the Group's fuel and currency positions and other financial contracts.
- All airlines hedge in line with the Group's hedging policy under the oversight of Group Treasury.
- All airlines review routes to countries with exchange controls to monitor delays in the repatriation of cash and/or the risk of material local currency devaluation.
- The Group has a financial counterparty credit limit allocation by airline and by type of exposure and monitors the financial and counterparty risk on an ongoing basis.
- The Group adheres to the tax strategy approved by the IAG Board and is committed to complying with all tax laws, to acting with integrity in all tax matters and to working openly with tax authorities.
- Tax risk is managed by the operating companies in conjunction with the IAG Tax function and the Group takes expert advice on tax matters as required.
- Tax risk is overseen by the IAG Board through the IAG Audit and Compliance Committee.
- The Group seeks to understand its stakeholders' expectations on tax matters, e.g. cooperative working with tax authorities and its interaction with non-governmental organisations.
- The IAG Board annually reviews and approves the tax strategy.

Risk management and principal risk factors *continued*

6 Group governance structure

General Counsel

Strategic imperatives	Category	Stakeholder impact	Risk trend 2024	Risk trend 2023	Viability scenarios
	C		=	=	

Strategic relevance	Status
• Airlines are subject to a significant degree of regulatory control. In order for air carriers to hold EU operating licences, an EU airline must be majority-owned and effectively controlled by EU nationals. British Airways is a UK carrier and not subject to the same requirement.	The aviation industry continues to operate under a range of nationality and other restrictions, some of which are relevant to market access under applicable bilateral and multilateral air service agreements, while others are relevant to eligibility for applicable operating licences. The Group will continue to encourage stakeholders to normalise ownership of airlines in line with other business sectors.

Risk description	Mitigations
• IAG could face a challenge to its ownership and control structure.	• The Group has governance structures in place that include nationality structures to protect Aer Lingus', British Airways' and Iberia's operating licences and/or route rights. These have been approved by the relevant national regulators. • IAG will continue to monitor regulatory developments affecting the ownership and control of airlines in the UK and EU.

See the Corporate governance section

7 Operational and IT resilience

Operating company CEOs

Chief Information, Procurement, Services and Innovation Officer

Strategic imperatives	Category	Stakeholder impact	Risk trend 2024	Risk trend 2023	Viability scenarios
			=	↑	1 2 3

Strategic relevance

- The Group's airlines may be disrupted by a number of different events which combine to stress operational resilience.
- A single prolonged event, a series of events in close succession, or a combination of events over a period, can impact on operational capability, financial status and brand strength.
- The Group needs to adhere to local governments' restrictions and regulations, especially related to safety and public health, and is sensitive to any consequential impacts.
- IAG is dependent on IT systems for most key business processes. The integration within IAG's supply chain means that the Group is also dependent on the performance of suppliers' IT infrastructure, including networks.
- The Group needs to have resilience to withstand severe and unexpected stresses. Potential high-impact, low-likelihood events have been considered that could disrupt the Group and/or the aviation sector. Many of these events remain outside of the group's control.

Status

Shortages in the supply chain; airspace and ATC restrictions; availability of experienced licensed resource, including engineers and pilots; industrial unrest or strike action, combined with goods availability shortages in the supply chain, especially engines, and airspace and ATC restrictions can all impact the operational environment and the customer experience of the Group's airlines. This increases the costs of running operations to provide additional resilience, as well as impacting the costs and operations of the businesses on which the Group relies. The Group is focused on minimising any unplanned schedule changes or flight cancellations with additional buffers and resilience built into the airlines' networks.

The Group continues with its ambitious IT infrastructure transformation agenda to modernise and digitalise its IT estates. The Chief Information, Procurement, Services and Innovation Officer works with the Group's operating companies to ensure appropriate prioritisation and investment, to maximise value from IT investment, and to provide oversight and challenge over ambition and pace of delivery.

The Group is progressing with its digitalisation agenda, migration to the cloud from on-premises data centres, remediation and transformation of its networks and addressing obsolescence. It has moved more resources into product teams more closely aligned to business needs. The Group is reliant upon the resilience of its systems and networks for key customer and business processes and is exposed to risks that relate to poor performance, vulnerability or failure of these systems. This includes major programmes and upgrades to modernise, including new commercial capabilities and customer-centric enhancements using agile-based models, as well as replacing core IT infrastructure and improving network connectivity and reducing redundancy. Mitigating actions that prioritise operational stability and resilience have been built into all cutover plans for the go-live of IT systems-related changes with focus on minimising unplanned outages.

Risk description

- The Group's airlines are reliant on critical parties to deliver goods and services to maintain operations and any failure of the level of service or reliability and delivery of goods may impact resilience and our customers.
- The ATC infrastructure and resource model does not adapt and optimise aircraft movements, impacting operations.
- Lack of resilience or provision of airport services at key airports or constrained airport hubs impacts operational resilience.
- Ongoing engine problems create operational complexity and additional costs.
- An event causing significant network disruption or the inability to promptly recover from short-term disruptions may result in lost revenue, customer disruption and additional costs.
- Public health concerns impacting populations at scale could see an adverse effect on the Group where governments choose to impose restrictions, as would any other material event impacting customers, employees, the supply chain and flight operations .
- The dependency on IT systems and networks for key business and customer processes is increasing and the failure of a critical system may cause significant disruption.
- Obsolescence within legacy infrastructure could result in service outages and disruption.

Mitigations

- Management has business continuity plans to mitigate this risk to the extent feasible, with focus on operational and financial resilience and customer and colleague safety and recovery.
- The Group's airlines have standby aircraft and crew in place.
- Resilience to minimise the impact of ATC airspace restrictions, poor performance or constraints at airports and/or strike action on the Group's customers and operations is in place.
- The Group's airlines are focused on developing customer disruption management tools to help our customers in times of disruption.
- The operating companies' tech teams work to deliver digital and IT change initiatives to enhance security and stability.
- Operating companies' IT governance boards are in place to review delivery timelines.
- Reversion plans are developed for migrations of critical IT infrastructure.
- System controls, disaster recovery and business continuity arrangements exist to mitigate the risk of a critical system failure.

Risk management and principal risk factors *continued*

8 People, culture and employee relations

Chief Executive Officer

Operating company CEOs

Strategic imperatives	Category	Stakeholder impact	Risk trend 2024	Risk trend 2023	Viability scenarios
			=	=	2

Strategic relevance

- The Group has a large unionised workforce with around 85% of colleagues represented by one of a number of different trade unions under collective bargaining agreements (CBAs). IAG relies on the successful agreement of collective bargaining arrangements across its operating companies to operate its airlines.
- The right skillsets and culture are needed to transform our businesses at pace.
- Colleagues are critical to delivering the customer experience.
- The Group's airlines require specialist skillsets to continue to operate.

Status

Our people and their engagement, cultural appetite and mindset for change are critical to the Group's current performance and future success. Our leadership recognises the efforts of our staff and their commitment through the continued operational challenges facing our airlines. Shortages in technical licensed staff across the aviation sector and in the Group airlines may impact maintenance delivery timelines unless resource levels can be secured. Additionally, pilot entry into the Group's airlines is critical to keep the operations resilient and meet future growth plans.

Across the Group, collective bargaining is in place with various unions. Where agreements are open, and there is a threat of industrial unrest, our operating companies engage in discussions with unions, as well as governments and labour courts where relevant, to address concerns arising within the negotiations, manage customer disruption and enable the airlines to secure sustainable collective agreements and growth. In the year, the Group's airlines negotiated a number of collective agreement. Aer Lingus and Vueling France-based pilots have taken strike action. Aer Lingus has now concluded its pilot collective agreement and there is a pre-agreement in place at Vueling for the Spanish pilot group. All of the Group's businesses continue to monitor potential changes to employment legislation to ensure compliance.

In late 2023, AENA announced the result of its competitive tender for ground handling licences at airports across Spain, which resulted in the creation of a new handling company, South Europe Ground Services (SOEGS). SOEGS will negotiate a new CBA with sector conditions and maintain existing conditions for Iberia employees that have moved into the new company.

The Group is focused on staff wellbeing and people morale and motivation, and initiatives to build trust and engagement continue. The Group has identified the skills and capabilities that are required to manage its transformation. All operating companies recognise the critical role that their employees will play in the transformation and future success of the Group and they are focusing on improving organisational health and employee engagement. The Group maintains its focus on behaviours and compliance with key regulations.

Risk description

- Any breakdowns in the bargaining process with the unionised workforces may result in subsequent industrial or strike action which may disrupt operations and adversely affect business performance and customer perceptions of the airlines.
- Our people are not engaged, or they do not display the required leadership or cultural behaviours.
- The Group businesses fail to attract, motivate, retain or develop our people to deliver service and brand experience.
- Critical skillsets are not in place to execute on the required transformation plan or to exploit innovation and AI opportunities and drive the business forward.
- Technical licensed staff, including pilots and engineers, need to be secured to maintain operations.
- The Group is exposed to the risk of an individual employee's or groups of employees' inappropriate and/or unethical behaviour resulting in reputational damage, fines or losses to the Group.

Mitigations

- Ongoing information sharing, consultation and collective bargaining with unions across the Group take place on a regular basis, led by operating companies' human resources specialists, who have a strong skillset in industrial relations.
- The Group's businesses ensure that remuneration is aligned to local markets in terms of productivity and pay.
- Operating companies' people strategies are in place in our businesses.
- Succession planning within and across operating companies.
- Focus on recruiting and developing skills to run and transform our businesses.
- The Group's businesses are investing in apprentice programmes and retention initiatives to develop and secure critical skillsets.
- Operating companies' engagement and organisational health surveys have been conducted with action plans developed to create a positive and inclusive culture.
- Access to support individuals' wellbeing.
- The Group has clear frameworks in place including comprehensive Group-wide policies designed to ensure compliance, monitored by the IAG Audit and Compliance Committee.
- IAG's Code of Conduct is supported by annual awareness programmes and mandatory training, with additional focus for higher-risk areas.
- 'Speak Up' and whistleblowing channels are available across the Group's businesses.

9 Safety and security and other regulatory compliance

Operating company CEOs

General Counsel

Strategic imperatives	Category	Stakeholder impact	Risk trend 2024	Risk trend 2023	Viability scenarios
	C		=	=	

Strategic relevance

- The safety and security of our customers and employees are fundamental values for the Group.
- High-profile external events impacting the aviation sector and aircraft may change customer sentiment towards air travel.
- Regulation of the airline industry covers many of the Group's activities including route flying rights, airport landing rights, security and environmental controls. The Group's ability to comply with and influence changes to regulations is key to maintaining operational and financial performance.
- Carrying out business in a compliant manner and with integrity is fundamental to the values of the Group, as well as the expectations of the Group's customers and stakeholders.

Status

The IAG Safety, Environment and Corporate Responsibility (SECR) Committee of the Board and the board of each operating company continue to monitor the safety performance of IAG's airlines. Safety and security responsibility lies with each Group airline in accordance with its applicable standards. Further detail is provided in the SECR Committee report.

The Group has refreshed its compliance framework in the year, including a review of all Group framework and compliance policies as well as a review and relaunch of its Code of Conduct. Training materials have also been updated and rolled out across the Group's businesses.

The Group maintains its focus on compliance with key regulations and mandatory training programmes have continued through the year.

Risk description

- A failure to prevent or respond effectively to a major safety or security incident or intelligence may adversely impact the Group's brands, operations and financial performance.
- A failure to meet legal or regulatory standards may result in breach with the potential to hurt or impact our customers, employees, or third parties, or impact our operations, and lead to reputational damage, fines or losses to the Group.

Mitigations

- The corresponding safety committees of each of the airlines of the Group satisfy themselves that they have the appropriate resources and procedures, which include compliance with Air Operator Certificate requirements.
- The Group's airlines have comprehensive training and maintenance programmes in place, supported by a just culture environment, where everyone is accountable for their actions and their performance is reflective of the knowledge, behaviours and skills they have.
- There is ongoing security engagement with airports, regulators and public authorities across the airlines' networks.
- Incident centres respond in a structured way in the event of a safety or security incident or intelligence.
- The Group has clear frameworks in place, including comprehensive Group-wide policies designed to ensure compliance, monitored by the IAG Audit and Compliance Committee.
- Compliance, human resources and legal professionals specialising in competition law, anti-bribery and other legislation and regulations that apply to the Group businesses support and advise the Group's businesses.
- IAG's Code of Conduct is supported by annual awareness programmes and mandatory training, with additional focus for higher-risk areas.
- 'Speak Up' and whistleblowing channels are available across the Group's businesses.

See the Report of the Safety, Environment and Corporate Responsibility Committee

Risk management and principal risk factors *continued*

10 Sustainable aviation

Chief Financial and Sustainability Officer

Strategic imperatives	Category	Stakeholder impact	Risk trend 2024	Risk trend 2023	Viability scenarios
	S		=	↑	1 2 4

Strategic relevance

- IAG is playing its role and working with industry to accelerate aviation decarbonisation. This means that environmental considerations are integrated into the business strategy at every level and the Group uses its influence to drive progress across the industry.
- Our stakeholders and potential investors seek confirmation over our sustainability agenda and may link their purchasing, investment or lending decisions to our commitments and progress against them.
- Our customers look to ensure that our airlines allow them to minimise their carbon footprint.

Status

IAG is committed to a target of net zero carbon emissions across its operations and supply chain by 2050, along with 2030 targets. The Procurement function has a key role to play in ensuring delivery of the Scope 3 commitment for the Group with supplier sustainability ratings and sustainability clauses in supplier contracts key considerations for future contract negotiations and renewals. IAG has also committed to 10% SAF usage on average across its fleet by 2030, which is subject to the production and availability of SAF.

Plans implemented by the EU, UK and US governments to decarbonise aviation have resulted in fragmentation of policy measures and support offered by governments for green initiatives across the different regions in which the Group airlines operate. SAF infrastructure and availability still lags demand, impacting the ability to achieve the aviation industry's carbon reduction commitments. Mandates and other tax-based measures may disproportionately impact the Group's airlines versus their competitors. All of the Group's airlines have agreed deals for the production of SAF to meet the Group's target for its use on the path to decarbonisation. Overall aviation industry requirements will require infrastructure investments across markets to support the production of SAF to meet demand expectations. Industry-wide new fleet entry delays may also impact fuel efficiency.

IAG continues to model potential impacts and costs, with mitigation plans embedded into strategic and financial planning. The Group and its businesses completed a double materiality assessment in the year as part of the Corporate Sustainability Reporting Directive reporting requirements.

IAG continues with its assessment of climate-related risks under the Task Force on Climate-related Financial Disclosures (TCFD) guidelines, by testing and revising its assumptions against updated forecasts for future business growth, the regulatory context and future carbon pricing. The Group has embedded forecasting of its climate impacts into its strategic, business and financial planning processes and has assessed that it is resilient to material climate-related impacts.

Risk description

- Increasing global concern about climate change and the impact of carbon affects Group airlines' performance as customers seek alternative methods of transport or reduce their levels of travel.
- New taxes, the potential removal of aviation jet fuel exemptions and increasing price of carbon allowances impact on price and demand.
- The airline industry is subject to increased regulatory requirements and policy asymmetry driving costs, distortion and operational complexity, as well as the potential for sub-optimal outcomes for the planet.
- Demand exceeds supply to meet sustainable fuel mandates or infrastructure and production is not available in the markets the Group airlines serve.
- SAF policy fragmentation results in different in-scope allowances across markets, distorting the competitive environment and levels of carbon costs.
- The Group may face an increasing challenge by external parties over decarbonisation when utilising offsets to meet compliance obligations.
- Increasing severity of weather events results in operational and customer disruption.

Mitigations

- IAG climate change strategy to meet target of net zero carbon emissions by 2050.
- Annual incentive plans link manager bonuses to annual carbon intensity targets.
- Embedded climate impacts into the financial statements, balance sheet, financial forecasting and other relevant disclosures.
- IAG's commitment to SAF usage, with operating companies continuing to secure mid- and long-term supply agreements.
- IAG actively monitors the delivery of SAF procured.
- Fleet replacement plan is introducing aircraft into the fleet that are more carbon-efficient.
- Reporting on sustainability performance in the IAG supply chain to better mitigate supply chain-related sustainability risks.
- Participating in CORSIA, the ICAO global aviation carbon offsetting scheme and the EU ETS and UK ETS emission trading schemes.
- Horizon scanning for potential partners and technology.
- Engagement across UK, EU and global trade associations to shape effective climate policy and drive support for low-carbon solutions.

See the Consolidated Non-Financial Information Statement and Sustainability Information

11 Transformation, innovation and AI

Chief Information, Procurement, Services and Innovation Officer

Strategic imperatives	Category	Stakeholder impact	Risk trend 2024	Risk trend 2023	Viability scenarios
			=	=	4

Strategic relevance

- The transformation, innovation and AI agenda is critical to the Group's ability to deliver strong returns and to compete in the new competitive marketplace, where distortionary effects of aviation support schemes may have allowed competitors to accelerate their change agendas and invest to improve capabilities and customer propositions.
- Competitors and new entrants to the travel market may use digital tools, innovate or use AI and technology more effectively and disrupt the Group's business model.

Status

The Group continues to focus on its cost base to offset price increases in the supply chain, particularly costs from fleet and engine manufacturers and the additional costs of resilience, to ensure that the Group is well prepared for any further external headwinds that may impact the aviation industry. Opportunities for AI adoption to drive efficiencies and better insights have been identified across the Group's businesses with business cases and implementation subject to guardrails to help protect against unexpected outcomes. The people impact of change and the talent and skillsets needed for the future size and shape of the Group's businesses are considered as part of the Group's transformation and innovation programmes.

The Group has an established Transformation Programme Management Office which has oversight of an agreed portfolio of initiatives across the Group focused on improving customer service, revenue and cost-efficiency, and the transformation mindset is becoming part of our culture. Many of the programmes are multi-year and all are subject to the ongoing review and investment approvals of the IAG Board. This has strengthened the Group's operating companies' focus on addressing their legacy estates to deliver digital customer experiences.

Risk description

- Failure to transform the business to effectively deliver cost-efficiency initiatives, maintain or grow share in the new competitive environment, fully implement all programmes across the Group and realise the benefits of the change initiatives to deliver Group digital platforms and customer propositions.
- The pace of change may expose the Group to execution risk as multiple initiatives are delivered across processes and systems that serve our operations and customers.
- The impact on our people of the wide-ranging change agenda, if poorly managed or uncoordinated, could lead to logistical and engagement challenges, with the potential to negatively impact NPS, revenue and efficiency benefits.
- Further standardisation, simplification and efficiencies of the Group platforms are not delivered.
- Competitors, or new entrants, may invest and innovate in deploying digital technologies, AI, sustainability initiatives and/or platforms ahead of the Group.
- Technology disruptors may use tools to position themselves between our brands and our customers.
- The levels of data capture, data storage and security and availability of data, are not sufficient and ready to exploit AI use cases.
- Lack of accuracy or insufficient human oversight of AI tools and outputs could result in errors or suboptimal business decisions.
- The Group does not understand the scope or depth of the use of AI across its businesses and third parties as its prevalence accelerates.

Mitigations

- The Chief Information, Procurement, Services and Innovation Officer has clear oversight of all programmes across the Group's businesses.
- Mirrored structures in the operating companies.
- Consistent core metrics and dashboard reporting used to assess performance against plan.
- The IAG Management Committee has regular operating-company-specific meetings to assess their transformation agenda and the risks to delivery.
- The Group transformation agenda is subject to Board approval and progress is regularly monitored by the Board.
- Group AI governance committee to assess AI initiatives to allow the Group businesses to exploit AI capabilities.
- There is operating company-led communications to our employees on change initiatives and changes that may affect them.
- Consideration is given to the Group's sustainability commitments and agenda for all programmes.
- Any potential changes that could impact the brands are reviewed to mitigate against reputational and brand damage.
- The Group's Hangar 51 programme continues to create early engagement and leverages new opportunities with start-ups and technology disruptors.

Viability assessment

Longer-term trends and risk considerations

The directors have assessed industry, Group-specific and non-sector-specific longer-term trends over a timeframe beyond the plan period, such as climate change regulation, infrastructure proposals at hubs, availability and timing of technologies in fleet, exploitation of the cloud, AI and related tools, and disruption in the supply chain. These trends may require the business to consider strategic responses, business model adaptions and new skillsets ahead of any potential impact to the Group plan.

Other considerations include:

- economic trends and shifts in the relative strengths of global economies, including the rise of emerging markets and hubs, market shifts and interconnectivity including partnerships and alliances, the competitive landscape, and changes in customer mix or sentiment to travel;
- supply chains and proximity and reliability of supply; inflationary, resource and availability pressures;
- costs of compliance with environmental and climate change regulations and/or lack of availability of infrastructure to meet commitments or mandates;
- increasing regulatory burdens, policy asymmetry or government intervention impacting aviation and the Group's business model;
- areas of risk or opportunity for the Group, such as workforce availability, migration, war for talent, AI adoption, outcomes of mis- and dis-information, and workforce demographic changes;
- structural changes in how customers travel;
- airframe and engine performance and reliability;
- the potential macroeconomic consequences of new tariffs, interest rates and inflation, especially where there are labour shortages in key markets or a shortage of technical specialists;
- shifts in regional economic power and security implications of new governments and policy;
- climate change shocks and their impact on the aviation industry;
- the Group's resilience to future events impacting aviation, global or financial markets, interest and exchange rate changes, particularly the US dollar; and
- stakeholder expectations over IAG's commitment to acting with integrity to protect our planet, particularly on climate change and carbon impacts.

Risk assessment across the timeline of the plan

The directors have assessed key threats and trends faced by the industry, emerging risks and opportunities, and other industry and Group-specific risks that could impact the Group's business plan:

- these are considered in light of their impact on our business model and relevance, operations, customers and financial status and include changes in regulations, customer trends and behaviours, macroeconomic predictions on growth, regional market opportunities, technology trends, environmental implications and infrastructure developments that could impact our operations, as well as more existential threats to aviation;
- when developing the Group's three-year business plan, longer-term considerations have been assessed by the IAG Management Committee and the Board in conjunction with the priorities of and risks faced by the business; and
- the Board also conducted its annual strategy session, in addition to regular performance and strategy delivery progress reviews during the year. Following this process, short-, medium- and longer-term priorities, challenges and opportunities have been identified and actions agreed.

Viability scenario process

When considering the viability of the Group for the purposes of this report, the directors have evaluated the risk landscape facing the Group and have recommended plausible but severe downside scenarios that could impact the Group's three-year plan, in order to determine the Group's resilience to such impacts.

The results of these scenarios on the plan have been presented both pre and post an assessment of the likely effectiveness of the mitigations that management reasonably believes would be available over this period (which are not already reflected in the plan).

The directors have assessed key threats and trends, and emerging risks and opportunities, to determine plausible but severe downside scenarios that could impact the Group's three-year business plan.



Scenarios modelled		
The scenarios have been defined by management and designed to consider principal risks (or combinations of risks) that could materialise over the viability period and weaken the Group's liquidity position, and therefore its financial sustainability. Each scenario is regarded as severe but also plausible, and has considered the impact on liquidity, solvency and the ability to raise financing in an uncertain and volatile environment.	Management has also assessed mitigations that are available to the business beyond operating cost reductions, including further financing, capital expenditure plans and potential disposals. Options are presented, as appropriate, for the Board to assess. In reviewing and approving the scenarios, the Board considered, amongst other matters, the availability and sufficiency of potential mitigations, the expected speed of implementation in response to the uncertainty and the future flexibility required for the Group to adapt further as needed.	Sensitivities in the scenarios' assumptions have been highlighted by management and challenged by the Board. In addition, the Board reviewed the results of revenue and margin reverse stress tests, which demonstrated the level of sustained passenger revenue decline and, separately, margin decline before mitigations, that would result in the Group using all available liquidity (including cash and currently available undrawn credit facilities) and compared these to the outputs from the scenarios.

No.	Title	Link to principal risks
1	**Downside case**	
	This scenario configures a blend of commercial and operational adverse impacts which would result in capacity reductions, in addition to an increase in fuel prices over and above the Group's business plan assumptions. Economic considerations include a combination of events reducing capacity up to a maximum of 25%, increasing fuel prices up to 20%, reducing passenger unit revenue and increased operational costs. The Downside case assumes that the airlines have access to further mitigations, including access to their portions of the available revolving credit facility. The period to June 2026 of this Downside case has also been applied as the Downside case in the going concern analysis (see note 2 to the consolidated financial statements).	1, 2, 4, 5, 7, 10
2	**Operational resilience challenges**	
	Lost revenue within some IAG airlines from pre-emptive flight cancellations in response to resourcing challenges with resultant reputational impact. Ongoing challenges in the global supply chain, particularly aircraft and engine availability, reliability and performance, lead to an increase in grounded aircraft awaiting maintenance with further capacity reductions also impacting revenues. Revenues from the Group's maintenance business also impacted by the lack of available spare parts. Further revenue impact considered from reduced capacity as a result of air traffic control airspace restrictions and outage. Revenue impact from schedule disruption due to extreme weather events also considered within the scenario.	1, 2, 4, 7, 8, 10
3	**Cybersecurity and IT infrastructure**	
	A stress to model the impact of a ransomware attack on an IAG airline. The scenario assumes a disruption period of five days resulting from the attack before full connectivity is restored, impacting customers and operations of the affected airline. It also assumes lost revenue due to disruption of operations at the affected airline with knock-on impacts to other IAG airlines due to the need to isolate and switch off connectivity of Group shared credentials platforms. There are also further lost revenues due to reputational impact and increased EU 261 and other customer goodwill costs. Associated costs of recovery from the incident include the disruption through the investigation period including increased IT costs as well as brand impacts, and the potential for regulatory scrutiny and fines. In addition, the scenario considers an unplanned outage caused by the data centre migration activity, resulting in short-notice flight cancellations, resulting in further lost revenue and increased EU 261 and other customer goodwill costs.	1, 3, 7
4	**Sustainability and business transformation**	
	An increasing revenue stress on flight operations across the Group to reflect changes in customer behaviours or costs of carbon decrease demand. Increased carbon costs and sustainable fuel costs to meet mandates and where supply cannot be secured. Revenues in key markets below plan expectations also modelled to reflect a potential long-term change in mix and travel behaviours. Potential for lost revenue impact arising from delays in delivering and realising the benefits of business transformation initiatives and increased costs of securing required resourcing levels. Longer-term consideration of the impacts of climate change and carbon and regulatory initiatives to address this within the aviation sector, such as the implementation of new regulatory policy, carbon costs and the cost and availability of SAF are also subject to assessment and modelling by the Group in addition to the viability scenario assessments.	1, 4, 10, 11

Viability scenario includes sustainability-related stress

Viability statement

The directors have assessed the viability of the Group over three years to December 2027. They have considered the global macroeconomic environment and geopolitical uncertainty, the health of the aviation industry and its supply chain, the assumptions of the plan, the strategy of the Group and the Board's risk appetite. Although the prospects of the Group are considered over a longer period, the directors have determined that a three-year period is an appropriate timeframe for assessment as it is aligned with the Group's strategic planning period (as reflected in the plan), and as the external uncertainties facing the aviation sector continue to be significant and many are beyond the Group's ability to influence directly.

The Board recognises the pace of change required within the Group to further adapt, build appropriate resilience and respond to this environment, in addition to the rapidly changing competitive landscape and wider global macroeconomic conditions.

The Group has reviewed the modelling of the impact of mitigating actions to offset further deterioration in demand and capacity, including reductions in operating expenditure and capital expenditure. The Group expects to be able to continue to secure financing for future aircraft deliveries and in addition has further potential mitigating actions it would pursue in the event of adverse liquidity experience.

Further details on debt financing can be found in the going concern disclosures in note 2 to the consolidated financial statements.

Based on this assessment, the directors have a reasonable expectation that the Group will be able to continue in operation, meet its liabilities as they fall due and raise financing as required over the period to December 2027. However, this is subject to a number of significant factors that are outside the control of the Group. In reaching this assessment the directors have made assumptions when considering both the plan and the Downside case (the most severe and plausible of the viability scenarios considered):

- the Group will continue to have access to funding options and that the capital markets retain a level of stability and appetite for funding within the aviation sector;
- the Group can implement any further structural changes required in agreement with any union consultation processes and regulatory approvals;
- any imposition of extensive new tariff regimes does not result in acute stress on the global supply chain, particularly for aircraft or engines, and/or result in a global macroeconomic correction driving recessions;
- any pandemic or other public health-related restrictions do not result in further prolonged and substantial capacity reductions and groundings as governments do not have the appetite for the economic impact and stress that such actions would place on their respective economies and populations;
- any negative disruptive effects of AI do not significantly affect the sector or global markets, including further stresses on infrastructure availability, financial markets or the supply chain; and
- geopolitical events do not result in war zones significantly impacting financial markets, airspace operations and connectivity flows across our flight schedules.

Corporate Governance

Corporate Governance

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Chairman's introduction



Javier Ferrán
Chairman

"We remain committed to our purpose of connecting people, businesses and countries, while maximising our shareholders' returns and balancing the interests of our stakeholders."

I am pleased to present IAG's 2024 Corporate Governance Report. The purpose of this report is to explain IAG's corporate governance framework and how it was applied during 2024, and the role and work of the Board during the year.

As explained in the introduction to this annual report, 2024 was a year of strong financial performance for the Group. Our good results have enabled us to deliver returns to our shareholders while balancing the interests of all our stakeholders.

The interests of shareholders continued to be at the forefront of the Board's considerations during the year. The Board maintained an active dialogue with shareholders and investors. Positive feedback was received during the year on the Group's progress against the strategy set out at the 2023 Capital Markets Day (CMD).

Our sustainability endeavours have also remained part of our core strategy, supported by the Safety, Environment and Corporate Responsibility Committee's work. The Board has sought to balance the corporate interests with those of our employees, suppliers, customers and other stakeholders, while taking into consideration the impact of its activities on the community and the environment. Sustainability issues have been at the forefront of the Board's activities this year, both from a strategic and investment perspective and in terms of the Company's readiness to report under the new requirements of the CSRD.

Our focus in the year ahead will continue to be on supporting management in the execution of our strategy and Group-wide transformation programme to deliver sustainable growth and returns, and on strengthening our culture and shared values, always guided by our conviction that we make a positive contribution to the economies and communities we serve.

Board composition

Giles Agutter stepped down from the Board at the 2024 Annual Shareholders' Meeting held in June. I thank him for his commitment and contribution during his years of service as a director of the Company.

To fill this vacancy, Bruno Matheu was appointed as a proprietary non-executive director at the proposal of Qatar Airways, our largest shareholder. Bruno brings considerable expertise in the global aviation industry, particularly in the areas of planning, commercial and bilateral and multilateral cooperation, as well as extensive experience in global board positions in the travel industry, technology, education and sport.

Bruno Matheu was also appointed to the Safety, Environment and Corporate Responsibility Committee, where we believe he can make a valuable contribution.

Management changes

In 2024, the Board oversaw a number of key appointments, which show the strength of our succession planning and leadership pipeline. In February, Marco Sansavini was appointed as the Chair and CEO of Iberia, replacing Fernando Candela, who retired in September. Fernando had a long career with the Group and I would like to take this opportunity to acknowledge his contribution to IAG.

As a consequence of Marco's move, we appointed Carolina Martinoli as the Vueling Chair and CEO, an executive with a long and broad career in the Group, moving from her most recent role as IAG Chief People, Corporate Affairs and Sustainability Officer.

Culture and diversity

In 2024, we continued to focus on people and culture in our oversight, supporting management's attention to investing in careers and development, as well as in achieving our diversity and inclusion ambitions, all with a view to building a healthy organisational culture that supports our ambition and transformation and aligns to our core values of ambition, teamwork, innovation, pragmatism, efficiency and responsibility.

Again this year we completed a very extensive workforce engagement programme, the results of which were presented to the Board at its December meeting. This feedback provides valuable input to the decision-making process on people and culture strategies and organisational transformation.

Additionally, the Board was regularly informed about the initiatives of each operating company with respect to its people. A session at the annual Board strategy meeting was devoted to the people and culture strategy.

The Board supports diversity in a broader sense, taking into account various factors to optimise the composition of the Board. It ensures compliance with all regulatory requirements, including the need for more than half of the Board to be independent EU nationals.

Female directors continue to represent 45% of the Board and 63% of the independent non-executive directors (including the Chairman). In addition, one member of the Board is from an ethnic minority background.

Our focus remains on improving the bench strength and the diversity of both senior leaders and Board members through active succession planning and talent management. We are satisfied that the Board continues to meet the proportion of women on boards and ethnic diversity as set out in the European and Spanish standards as well as in the UK listing rules.

Board evaluation

An internal evaluation of the Board was conducted this year, since the last external review was completed in 2022. This evaluation was led by me, with the support of the Board secretariat, and the results and the action plan to address the matters raised were discussed at the November Board meeting.

The Board is satisfied with the progress made during the year against the actions agreed for 2024. Key highlights have been the strong working relationship between management and the Board, the significant progress made on business transformation and the increased focus on people and culture. Further details of this process are provided later in this report.

Update to the Board regulations

On 27 February 2025, the Board approved a review of its Regulations and those of its advisory committees. The purpose of this review was to update these charters and bring them into line with the latest developments in corporate governance, namely the approval in Spain of the CNMV Technical Guide on Audit Committees and the approval in the UK of the 2024 revision of the Corporate Governance Code. In addition, the Board agreed that the oversight of the safety risk management framework of each of the Group's airlines, together with the overall oversight of the Group's enterprise risk management framework, will be the responsibility of the Audit and Compliance Committee, so that this Committee has an overall view of the Group's risk management. As a result, the Board agreed that the Safety, Environment and Corporate Responsibility Committee will continue as the Environmental and Corporate Responsibility Committee. The new Board and Committee Charters are available on the Company's website.

Looking ahead

The Board is dedicated to maintaining high standards of corporate governance, ensuring we create long-term sustainable value for our shareholders while balancing the interests of all our stakeholders. Our strong and effective governance processes are fundamental to our ability to uphold our values and execute our strategy.

IAG's employees are the core of our business. I would like to once again express our sincere gratitude for their efforts and dedication during the year. Additionally, I extend my thanks to my fellow Board members for their ongoing support and commitment throughout this period.

Javier Ferrán
Chairman

Our Board of Directors



1. Javier Ferrán
Chairman



2. Luis Gallego
Chief Executive Officer



3. Heather Ann McSharry
Senior Independent Director



4. Peggy Bruzelius
Non-Executive Director



5. Eva Castillo
Non-Executive Director



6. Margaret Ewing
Non-Executive Director



7. Maurice Lam
Non-Executive Director



8. Bruno Matheu
Proprietary Director



9. Robin Phillips
Proprietary Director



10. Emilio Saracho
Non-Executive Director



11. Nicola Shaw
Non-Executive Director

1. Javier Ferrán (N)

Key areas of experience:
Consumer, finance, sales/marketing, governance.

Current external appointments:
Chairman, Casa Optima SPA. Managing Partner, Terlos LLP.

Previous relevant experience:
Chairman, Diageo Plc. 2017-2025. Non-executive director, Coca Cola European Partners Plc 2016-2020. Chairman of Supervisory Board, Picard Surgelés 2010-2020. Member, International Advisory Board ESADE 2005–2019. Non-executive director, Associated British Foods plc 2005–2018. Non-executive director, Desigual SA. 2014-2017. Non-executive director, SABMiller plc 2015–2016. Vice Chairman, William Grants & Sons Limited 2005–2014. Non-executive director, Louis Dreyfus Holdings BV 2013–2014. Non-executive director, Abbott Group 2005–2008. Non-executive director, Chupa Chups SA 2000-2003. Partner, Lion Capital LLC 2005–2018. President EMEA, President and CEO, Bacardi Group 1992-2004.

2. Luis Gallego

Key areas of experience:
Airline industry, general management.

Current external appointments:
Member of the Board of Governors and Member of the Chair Committee, IATA.

Previous relevant experience:
Chairman and CEO, Iberia 2013-2020. CEO, Iberia Express 2012-2013. Chief Operating Officer, Vueling 2009-2012. Founder of Clickair 2006-2009.

3. Heather Ann McSharry (N) (R)

Key areas of experience:
General management, pharmaceuticals/health care, financial services, consumer products, food and construction industry sectors, governance.

Current external appointments:
Non-executive director, Chair of Nominations and Governance Committee, Jazz Pharmaceuticals Plc.

Previous relevant experience:
Non-executive director, CRH plc 2012-2021. Non-executive director, Greencore plc 2013-2021. Non-executive director, Uniphar Plc 2019-2020. Non-executive director, Bank of Ireland Plc 2007-2011. Chairman, Bank of Ireland Pension Fund Trustee Board 2011-2017. Managing Director, Reckitt Benckiser Ireland 2004-2009. Managing Director, Boots Healthcare Ireland 1998-2004.

4. Peggy Bruzelius (A) (N)

Key areas of experience:
Financial services, corporate finance.

Current external appointments:
Non-executive director, Orrön Energy AB. Chair, Lancelot Holding AB. Member, the Royal Academy of Engineering Sciences.

Previous relevant experience:
Non-executive director, Skandia Mutual Life Insurance 2012-2022. Non-executive director, Lundin Energy AB 2012-2022. Chair, Swedish National Agency for Higher Education 2008-2011. Member Board of Trustees, Stockholm School of Economics 2000-2011. Various Corporate Boards, Trygg Hansa Liv AB, Celsius AB, AB Ratos, Scania AB, The Body Shop Plc, Axel Johnson AB, Axfood AB, Husqvarna AB 1992-2019. Senior Independent Director, AB Electrolux 1996-2012. Non-executive director, Syngenta AG 2001-2014. Non-executive director, Diageo plc 2009-2018. Non-executive director, Akzo Nobel nv 2007-2019. Executive Vice President, Head of Asset Management Skandinaviska Enskilda Banken 1997-1998. CEO, ABB Financial Services AB 1991-1997.

5. Eva Castillo (A) (R)

Key areas of experience:
Financial sector, telecoms sector.

Current external appointments:
Non-executive director, Caixabank. Trustee of the Council for Economy of the Holy See (Vatican), Trustee of the Board of the Comillas ICAI Foundation. Member of Entreculturas Foundation. Member of Advantere School of Management.

Previous relevant experience:
Non-executive director, Zardoya Otis 2019-2022. Non-executive director, Bankia 2012-2021. Chair Telefónica Deutschland AG. 2012-2018. Non-executive director, Telefónica, S.A. 2008-2018. Non-executive director VISA Europe Plc 2014-2017. President and CEO, Telefónica Europe 2012-2014. Non-executive director, Old Mutual Plc 2011-2013. President and CEO Merrill Lynch Capital Markets, Spain 1999-2006. President and CEO, Merrill Lynch, Wealth Management EMEA 2006-2009.

6. Margaret Ewing (A) (N)

Key areas of experience:
Professional services, financial accounting, corporate finance, strategic and capital planning, corporate governance, risk management.

Current external appointments:
Senior Independent Director and Chair of the Audit and Risk Committee, ConvaTec Group Plc. Non-executive director and Chair of the Audit and Risk Committee, ITV Plc.

Previous relevant experience:
Trustee and Chairman of the Finance and Audit Committee, Great Ormond Street Hospital Children's Charity 2015-2020. Non-executive director, Standard Chartered Plc 2012–2014. Independent external member of the Audit and Risk Committee, John Lewis Partnership Plc 2012–2014. Non-executive director, Whitbread Plc 2005-2007. Vice Chairman, Managing Partner, Public Policy, Quality and Risk and London Practice Senior Partner, Deloitte LLP 2007–2012. Director of Finance, BAA Ltd 2006 and Chief Financial Officer, BAA PLC 2002–2006. Group Finance Director, Trinity Mirror PLC 2000–2002. Partner, Corporate Finance, Deloitte & Touche LLP 1987-1999.

●	Committee Chair
(A)	Audit and Compliance Committee
(N)	Nominations Committee
(R)	Remuneration Committee
(S)	Safety, Environment and Corporate Responsibility Committee

Board of Directors *continued*

7. Maurice Lam (A) (S)

Key areas of experience:
Professional services, financial accounting, audit and compliance in the banking industry.

Current external appointments:
Independent Director, Chairman of the Audit Committee and Member of the Board Risk Committee, Bank of China (Europe) S.A. Independent director and Chairman of the Audit & Compliance Committee of Banque Internationale à Luxembourg S.A.

Previous relevant experience:
Independent Director, Chairman of the Audit Committee and Member of the Board Risk Committee of Quintet Private Bank (Europe) S.A. 2015-2020. Member of the Board of Directors of LuxConnect S.A., a Luxembourg State owned Company, acting as a business enabler in the ICT market 2013-2016. Independent Director, Generali Fund Management S.A. 2013. Deloitte Luxembourg, Managing Partner and CEO, 2000-2010, Head of Audit 1993-2000, Audit Partner, Financial Services 1988-1993 ; Deloitte & Touche UK 1979-1985.

8. Bruno Matheu (S)

Key areas of experience:
Airline industry and transportation, marketing.

Current external appointments:
Founder and President, BLM Consulting. Senior Advisor Boston Consulting Group. Director, Transat A.T. inc..

Previous relevant experience:
CEO, Airline Equity Partners – Etihad Aviation Group, 2014-2017. Member of the boards of Virgin Australia and Air Seychelles, 2014-2017. Chief Officer Long-Haul Business Unit, Air France, 2013-2014. EVP Marketing, Revenue Management & Network, Air France – KLM, 2004-2012. Member of the Group Executive Committees Air France – KLM, 2004-2012. Chairman, Commercial Committee Air France – KLM, 2004-2012. Co-Chairman, Joint Ventures with Delta Airlines, China Eastern and China Southern, 2004-2012. Non-executive director, Air France, Alitalia, CityJet, Amadeus, Ecole Centrale, 2004-2012.

9. Robin Phillips (S)

Key areas of experience:
Finance, airline industry and transportation.

Current external appointments:
Chairman, Development Funding Board, Pancreatic Cancer UK. Senior Advisor, Circadence Corporation (US). Board member, IR – Scientific (Canada).

Previous relevant experience:
Global Head/Co-Head of Corporate and Investment Banking, Head of Global Banking and Markets (Hong Kong), Group Head Climate Committee, Head of Global Industries Group, Head of Transport, Services and Infrastructure, HSBC 2003-2019. Global Co-Head of Transport & Infrastructure Group, Citigroup 1999-2003. Executive Director, Transportation and Aviation Investment Banking, UBS Warburg 1992-1999. Assistant Director, Capital Markets, Kleinwort Benson 1985-1991.

10. Emilio Saracho (R) (S)

Key areas of experience:
Banking, corporate finance, investment management.

Current external appointments:
Senior Advisor, Altamar Capital Partners.

Previous relevant experience:
Non-executive director, Inditex 2010-2023. Chairman, Banco Popular Español 2017. Vice Chairman and Member Investment Banking Management Committee, JP Morgan 2015–2016. Deputy CEO EMEA 2012–2015, Co-CEO Investment Banking for EMEA 2009-2014, JP Morgan. CEO, JP Morgan Private Banking for EMEA 2006–2008. Director, Cintra 2008. Director, ONO 2008. Chairman, JP Morgan Spain & Portugal 1998–2006. Global Investment Banking Head, Santander Investment (UK) 1995–1998. Head Corporate Finance Iberia, Goldman Sachs International 1990–1995.

11. Nicola Shaw (R) (S)

Key areas of experience:
Transport sector, public policy and regulatory affairs, consumer, safety and environment, operational management.

Current external appointments:
Chief Executive, Yorkshire Water.

Previous relevant experience:
Executive Director, National Grid plc 2016-2021. Non-Executive Director Ellevio AB 2015–2017. CEO, HS1 Ltd 2011–2016. Non-Executive Director, Aer Lingus Plc 2010–2015. Director and previously other senior positions FirstGroup plc 2005–2010. Director of Operations and other management positions Strategic Rail Authority 2002–2005. Deputy Director and Deputy Chief Economist, Office of the Rail Regulator (ORR) 1999–2002.

●	Committee Chair
(A)	Audit and Compliance Committee
(N)	Nominations Committee
(R)	Remuneration Committee
(S)	Safety, Environment and Corporate Responsibility Committee

Corporate Governance

Statement of compliance with applicable corporate governance codes

IAG is incorporated and listed in Spain and is subject to Spanish legislation and corporate governance requirements, including the requirement to report on its compliance with the Spanish Good Governance Code of Listed Companies, last updated and published by the Spanish Comisión Nacional del Mercado de Valores (CNMV) in June 2020, and available on its website (www.cnmv.es).

IAG is also listed on the London Stock Exchange and is subject to the UK Listing Rules, including the requirement to explain whether it complies with the UK Corporate Governance Code published by the UK Financial Reporting Council (FRC). A copy of the version of the UK Corporate Governance Code applicable to this reporting period (updated and published in July 2018) is available on the FRC's website (www.frc.org.uk). In addition, the current applicable version of the Code, which was published in January 2024 and applies to financial years beginning on or after 1 January 2025, is available on the FRC's website.

IAG has prepared a consolidated Corporate Governance report responding to both Spanish and UK reporting requirements, which is available separately on the Company's website (www.iairgroup.com) and on the CNMV website (www.cnmv.es). Pursuant to the CNMV regulations, this report has been filed with the CNMV accompanied by a statistical annex covering some legally required data. At the same time, this Corporate Governance report forms part of the IAG Management report for the year 2024.

In addition, and as required by the UK Listing Rules, this report includes an explanation regarding the Company's application of the principles of the UK Corporate Governance Code and how it has complied with the Code's supporting provisions during the year. Details of where key information can be found are provided below.

During 2024, IAG fully complied with all applicable recommendations of the Spanish Corporate Governance Code; even though the Company acknowledges that, due to legal and regulatory requirements applicable to the aviation sector, the Company's Bylaws contain certain share ownership restrictions that are contrary to the provisions of the first recommendation of the Spanish Code.

The Company confirms that it applied the principles and complied with all the provisions of the UK Corporate Governance Code in the reporting period.

Applying the principles of the UK Corporate Governance Code

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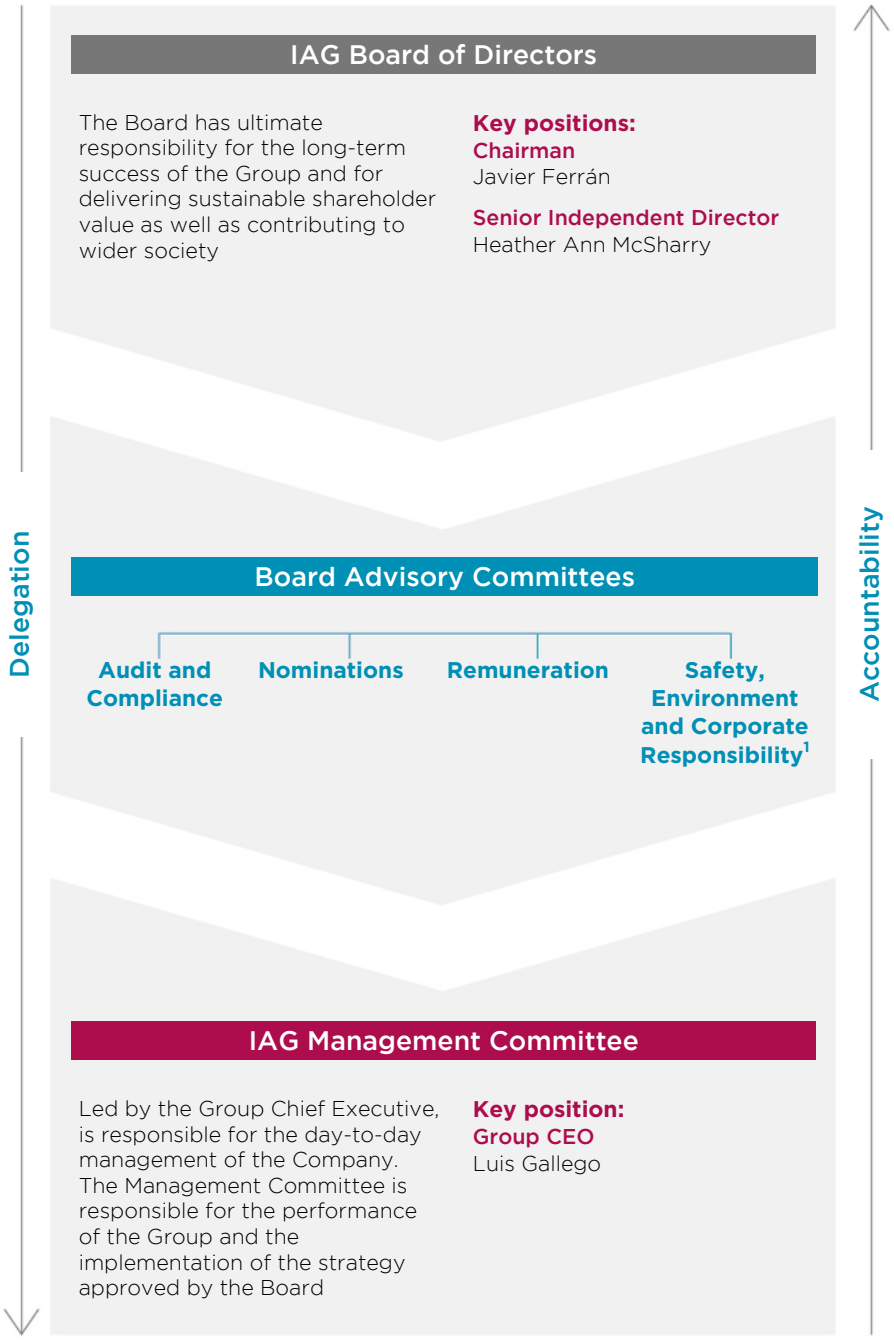
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IAG governance framework and division of responsibilities



The corporate governance framework was last approved by the Board on 27 February 2025.

Key matters reserved to the Board are:

- Submission of proposals to the shareholders' meetings
- Preparation of the annual statutory disclosures
- Approval of the Group's strategy, business and financial plans
- Approval of the Group's general policies
- Appointment and removal of senior executives
- Determination of the policy on shareholders' remuneration
- Approval of significant investment or divestment decisions
- Approval of the risk management and control policy, setting risk appetite
- Ensuring the effectiveness of the corporate governance system

Further details are set out in the Decision-making, reserved matters and delegation section.

The Chairman:

- Chairs general shareholder meetings
- Leads the Board's work
- Sets the Board's agenda and facilitates its discussions and deliberations
- Acts as main link with the Group CEO and management
- Seeks regular engagement with major shareholders
- Promotes and ensures the highest standards of corporate governance

The Senior Independent Director:

- Acts as a sounding board for the Chairman and leads the evaluation of their performance
- Serves as an intermediary for other directors when necessary
- Available to shareholders if concerns are not resolved through normal channels

The Group CEO:

- Is responsible and accountable to the Board for the management and operation of the Company
- Leads the Company's management team
- Develops an effective management strategy
- Oversees the preparation of operational and commercial plans
- Puts in place effective controls
- Coordinates Group activities

1 From 27 February 2025, the Environment and Corporate Responsibility Committee.

Group structure

As the Group's parent company, IAG is responsible for managing and allocating capital, driving overall Group performance and setting the agenda for sustainability and innovation.

Each operating company is fully accountable for its own performance, is commercially and operationally independent, has its own customer value proposition and its own relationship, people and stakeholder management.

There is active engagement and collaboration between the Group's operating companies, facilitated by the parent company, so that ideas and expertise can be shared and progress tracked where necessary. In this context, the parent company sets the ambition, drives the management and pipeline of top talent, promotes the sustainability agenda, facilitates the capture of synergies, drives innovation and provides centres of excellence to facilitate the sharing of best practice.

Further details on the Group structure can be found in the Business model section within the Strategic report.

Board of Directors: division of responsibilities

The IAG Board is responsible for establishing the Company's purpose, values and strategy, promoting its culture, overseeing the business and its performance, as well as for the Group's long-term sustainable success. As stated in the Board Regulations, which are available on the Company's corporate website (www.iairgroup.com), the Board endeavours to reconcile the corporate interest with the legitimate interests of employees, suppliers, customers and other affected stakeholders, while also taking into consideration the impact of its activities on the community as a whole and on the environment. Examples of this long-term focus and consideration of stakeholders' interests are discussed further in this report and in the Stakeholder engagement section.

Consistent with its governance role, the Board of Directors retains a schedule of matters reserved for its decision, as detailed in article 3.4 of the Board Regulations. This schedule of reserved matters was reviewed at the Board meeting held on 27 February 2025 (available on the corporate website).

The Board has four advisory committees that provide dedicated focus on a number of areas. Each Board committee comprises non-executive directors only and has an experienced independent non-executive chair. Copies of the minutes of all committees' meetings as well as the documents distributed ahead of each committee meeting are made available to all Board members.

The different Board positions and their respective responsibilities are detailed in the Board Regulations as amended on 27 February 2025 (available on the corporate website). The Board also has separate regulations for each of the Board committees, which were reviewed as part of the governance review completed in February 2025. These regulations are also available on the corporate website. The roles, membership and activities of these committees during 2024 are described in the individual reports within this Corporate Governance report.

There is a clear separation of the roles of the Chairman and the Group CEO, their main responsibilities are established in articles 5 and 6 of the Board Regulations. The Chairman is responsible for the operation of the Board and for its overall effectiveness in directing the Company. The Group CEO and his management team are responsible for the day-to-day management and performance of the Group and for the implementation of the strategy approved by the Board.

All the powers of the Board have been permanently delegated to the Group Chief Executive save for those that cannot be delegated pursuant to applicable legislation, the Company Bylaws or the Board Regulations.

Board composition

The IAG Board comprises eight independent non-executive directors, one of whom is the Chairman; two proprietary non-executive directors (as described below); and one executive director, IAG's Group Chief Executive. The biographies of all members of the Board are set out in the Board of Directors section.

Giles Agutter did not stand for re-election at the 2024 Annual Shareholders' Meeting, having first been appointed as a proprietary director in 2020. To fill this vacancy, Bruno Matheu was appointed as a proprietary non-executive director, at the proposal of the significant shareholder Qatar Airways, at the Annual Shareholders' Meeting held on 26 June 2024.

As set out in the Company's Bylaws, the Board shall comprise a minimum of nine and a maximum of 14 members. As at 31 December 2024, the Board composition was:

Name of Board member	Position/category	First appointed
Javier Ferrán	Chairman	20 June 2019
Luis Gallego	Group Chief Executive	8 September 2020
Heather Ann McSharry	Senior Independent Director	31 December 2020
Peggy Bruzelius	Director (independent)	31 December 2020
Eva Castillo	Director (independent)	31 December 2020
Margaret Ewing	Director (independent)	20 June 2019
Maurice Lam	Director (independent)	17 June 2021
Bruno Matheu	Director (proprietary)	26 June 2024
Robin Phillips	Director (proprietary)	8 September 2020
Emilio Saracho	Director (independent)	16 June 2016
Nicola Shaw	Director (independent)	1 January 2018

The Board Secretary is Álvaro López-Jorrín, partner in the Spanish law firm J&A Garrigues, S.L.P., and the Deputy Secretary is Lucila Rodríguez. The Group Chief Financial and Sustainability Officer, Nicholas Cadbury, and the Group General Counsel, Sarah Clements, also attend Board meetings.

Directors' independence

The Board, as reported by the Nominations Committee, reviewed directors' independence at its meeting held on 29 January 2025 and is satisfied that those directors classified as independent are free from any business or other relationship that could materially interfere with exercising an independent view, both as a question of character and judgement. Further details on conflicts of interest and the independence of directors can be found later in this report and in the Nominations Committee report.

The Chairman was considered independent on appointment and neither he nor any of the non-executive directors has exceeded the maximum nine-year recommended term of service set out in the UK Corporate Governance Code.

In line with the succession planning for the Board, Emilio Saracho does not intend to stand for re-election at the next Annual General Meeting, after nine years as a member of the Board. More information on Board changes and succession planning can be found in the Nominations Committee report.

Appointment, re-election, resignation and removal of directors

IAG directors are appointed for a period of one year, as set out in the Company's Bylaws. At the end of their mandate, directors may be re-elected one or more times for periods of equal duration to that established in the Bylaws. In this way, the Company complies with the UK Code recommendation that directors should be subject to annual re-election.

Re-election proposals are subject to a formal process, based on a Nominations Committee proposal in the case of independent directors or its recommendation for all other categories of directors. This proposal or recommendation is prepared having due regard to the performance, commitment, capacity, ability and availability of the director to continue to contribute to the Board with the knowledge, skills and experience required.

Directors cease to hold office when the term of office for which they were appointed expires.

The selection and appointment process is described in the Nominations Committee report.

Notwithstanding this, a director must resign under article 17.2 of the Board Regulations, if among other matters, the director ceases to have the good standing, suitability, reliability, competence, availability or commitment to office necessary to be a director of the Company or when his or her remaining on the Board might affect the Company's credibility or reputation or otherwise jeopardise its interests.

According to article 24.2 of the Board Regulations, directors have several disclosure obligations, including the duty to inform the Company of any situation in which they are involved which may seriously affect the reputation of the Company, in particular if they are involved in any investigation related to a criminal proceeding. In such circumstances, the Board would consider the case as soon as practicable and adopt the decisions it deems fit, following a report by the Nominations Committee and taking into account the corporate interest.

The Board may only propose the removal of a non-executive director before the end of a term if, after receiving a report from the Nominations Committee, it considers there is just cause. For these purposes, just cause is deemed to exist when the director takes up new positions or enters into new obligations that prevent the director from dedicating the necessary time to the performance of their duties as a director, otherwise breaches their duties as a director or unexpectedly becomes subject to any of the circumstances set out in article 17.2 of the Board Regulations.

Removal may also be proposed as a result of a takeover bid, merger or other similar corporate transaction that results in a material change of control.

The rules on the actions and communication required from a director who stands down before the end of their term in office are set out in the Board Regulations.

Diversity

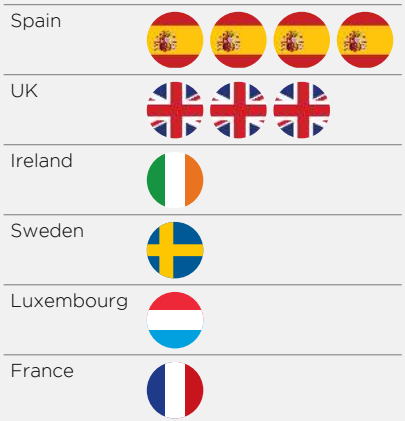
The Board has a balance of members with more than 40% being women; including a woman as the Senior Independent Director and three women chairing Board advisory committees.

At least one member of the Board is from an ethnic minority background.

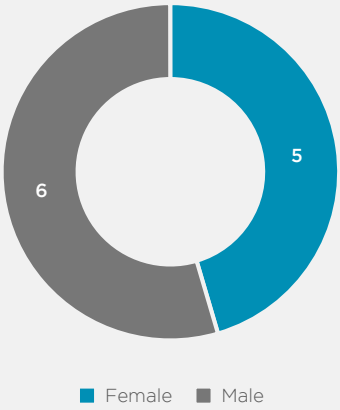
The Board supports diversity in a broader context, considering several factors to optimise Board composition. In addition to taking into account skills, gender and experience, the Board ensures compliance with regulatory requirements including the need to have more than half the Board being independent EU nationals.

Further details on the Group's Equity, Diversity and Inclusion policy can be found in the Nominations Committee report.

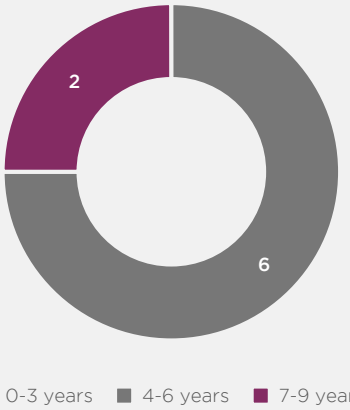
Board composition by nationality



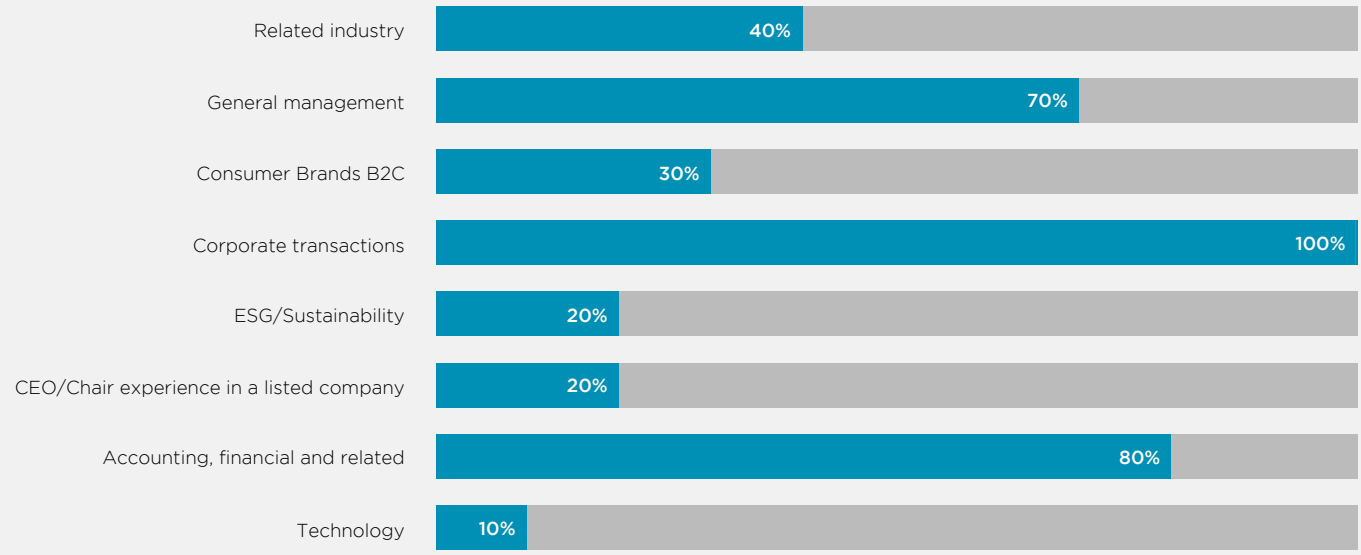
Board composition by gender



Board composition by tenure[1]



Board experience[2]



1 Tenure, which is as at the 2025 Annual Shareholders' Meeting, comprises solely independent non-executive directors, including the Chairman (eight directors). The three remaining directors' tenure is over four years for two of them and less than one year for the other.

2 Non-executive directors only.

Board leadership and company purpose

Under the leadership of the Board, our purpose, culture, and values, together with our strategy, define how we work and how we run our business to drive the Group's long-term sustainable success. This is supported by our robust corporate governance framework and illustrated by our business model (set out in the Business model section), which explains how we create sustainable value for our shareholders while contributing to all our key stakeholders and society at large.

The Board, supported by its committees, is responsible for setting and overseeing the implementation of the Group's strategy, ensuring the implementation of an appropriate risk management framework and monitoring sustainable financial and business performance. IAG's culture and governance framework ensure that the Board has the information it needs to assess the risks and opportunities facing the Group. This is evidenced by the information provided in the following sections of this report on the work of the Board and its various committees during the year.

The Board and its committees have been very active in this area during 2024, helping to promote and strengthen the Company's policies and practices, starting with the revision of the Group's Code of Conduct, which was approved at the Board meeting on 1 August following a detailed review and discussion at the Audit and Compliance Committee.

Further details of IAG's purpose and values can be found throughout this annual report, including in the People section. Information on our corporate governance framework, the work of the Board and the policies and procedures in place is set out in detail in this Corporate Governance report and in the reports of the various Board committees.

Corporate culture

The Board recognises the importance of culture and setting the tone of the organisation from the top and embedding it throughout the Group. Our culture is a key component in continuing to make progress with our strategic and transformation plans and therefore the Board has continued to focus on and support the development of a healthy Group culture that supports our ambition and transformation and is aligned with our core values and purpose.

In addition to the Group's shared values, each operating company has its own unique culture, which enables them to deliver its own brand commitment and an exclusive customer experience. People policies are implemented and are progressing to provide attractive and inclusive colleague experiences that support a broader business strategy and enhance operational performance.

In 2024, the Board continued to assess and monitor culture, actively supporting management's efforts to evolve IAG's culture and maintaining the focus on creating an inclusive, supportive and healthy working environment. In addition to other specific measures to evaluate employee engagement and satisfaction, the Board reviewed the results of the twice-yearly OHI surveys completed by employees in May and November 2024, respectively.

In addition, certain designated directors conducted engagement visits, meeting colleagues across all operating companies in London, Madrid, Dublin and Barcelona. The Board considered the results of such visits at its December meeting, serving as valuable input for its decision-making process.

At the Board strategy meeting in October 2024, a specific session was devoted to the People and Culture strategy, including updates on culture, diversity and inclusion. The Nominations, Remuneration, and Safety Environment and Corporate Responsibility committees were briefed on a variety of topics related to workforce and personnel, such as talent management and succession planning, inclusion and diversity initiatives and employee compensation.

Finally the Audit and Compliance Committee regularly reviews the Group's 'Speak Up' arrangements, their effectiveness and the reports arising from their operation (further information is provided in the Audit and Compliance Committee report).

Investment in the workforce

The IAG model empowers each operating company to deliver for its customers and people, with each being responsible for managing recruitment, pay and conditions for their colleagues, as well as careers and development. Group companies invest in their employees through training and development programmes, as well as through healthcare and wellbeing initiatives.

Across the Group we look to ensure that all rewards and benefits are simple, clear, competitive and fair. Around 85% of the workforce is covered by collective bargaining agreements. We work closely with employee representatives to consult on reward matters. For those employees outside collective agreements, we benchmark roles and rewards against local markets to ensure they remain attractive and competitive.

Further information on workforce remuneration can be found in the Directors Remuneration report and Sustainability statement.

Decision-making and stakeholder interests

Section 172 Statement (and compliance with article 3.6 of IAG's Board of Directors' Regulations)

Section 172 of the UK Companies Act 2006 requires directors of a company to promote the long-term success of the company for the benefit of its members and to consider the interests of other stakeholders in their decision-making. This is in line with Recommendation 12 of the Spanish Corporate Governance Code, which is reflected in article 3.6 of our Board of Directors' Regulations.

Given the nature of our business, we recognise the importance of stakeholder engagement to inform our strategy and the way in which we operate. This section describes how the directors, in their deliberations and decision-making, consider the interests of stakeholders to create value and promote the long-term success of the Company. As these interests can conflict, the directors need to balance stakeholder interests with the corporate interest, including consideration of the impact of activities on the environment and the communities in which we operate.

Throughout the reporting period, the directors acted in good faith, with unity of purpose and independent judgement, upholding high standards of business conduct and treating shareholders fairly.

Feedback from stakeholders received by different areas of the business helps to inform decisions overseen by the Board. Where relevant, the views of stakeholders are incorporated in the proposals presented to the Board for consideration or decision. In addition, the diverse set of skills, knowledge and experience of Board members enables them to apply the appropriate level of rigorous challenge and evaluation to decisions.

Further details on how the provisions of Section 172 were considered can also be found throughout the Strategic and Corporate Governance reports. The Board of Directors' Regulations as well as the Group policy on delegation and decision-making ensure that relevant matters are escalated to the Board for consideration and that information is provided to directors with sufficient time for its analysis and consideration. Directors also participate in the design of the Board plan of activities for the year, setting the priorities for the Board and including any topics requested by directors. Further information is provided in the Information and training section of this report.

Board decisions, corporate interests and stakeholders

The table below outlines how the provisions of section 172 (1) of the UK Companies Act and article 3.6 of the IAG Board of Directors Regulations are considered by the Board.

Section 172 (1) provision	Description of Board activity supporting decisions	Further information in the Annual Report and on the Company's website
a **Decisions for the long term**	• Monitor the delivery of transformation plans that have helped to position IAG competitively against other airlines. • Review of capital allocation guidelines and shareholder returns. • Market, sustainability and industry trends considered throughout the year for the design of the strategic priorities. • Enterprise risk map and risk appetite review. • Operational and strategic measures have been implemented to encourage IAG´s long-term sustainable success. • Approval of capital expenditures, financial transactions, contractual commitments, investments and divestments and other transactions. • Review and analysis of long-term incentive plans for the management team. • Strategic partnerships carried out, contributing to capital-light earnings growth.	• Business model • Strategic priorities • Sustainability • Board activities during the year
b **Employee interests**	• Updates on Group-wide OHI surveys which have played a key role in shaping people plans and tracking progress on culture transformation. • Designated directors for workforce engagement visited various operating company units and reported to the Board on the feedback received. • Review and update of management succession planning and talent development, including update on management changes. • Review of diversity policies and diversity and inclusion matters in general. • Workforce remuneration update (Remuneration Committee). • Monitoring the implementation of the 'Speak Up' Policy and procedures, and related investigations.	• Stakeholder engagement • Corporate Governance report (workforce engagement) • Sustainability statement • Nominations Committee report • Remuneration Committee report • Audit and Compliance Committee report
c **Business relationships with suppliers, customers and others**	• Updates from operating company CEOs on customer initiatives. • Reports driving customer loyalty and growth for the operating companies. • Update of the Modern Slavery & Human Trafficking Statement. • Review from the SECR Committee regarding stakeholder engagement. • Audit and Compliance Committee review of complaints and whistleblowing reports. • SECR Committee review of compliance with social practices and policies, and progress against key metrics. • SECR Committee review of Third Party Code of Conduct and Human Rights Policy.	• Business model • Stakeholder engagement • Sustainability statement • SECR Committee report • Audit and Compliance Committee report
d **Community and environment impact**	• Ongoing work of the SECR Committee to review compliance with environmental practices and policies. • SECR Committee review of sustainability (ESG) ratings review. • SECR Committee review of compliance with social practices and policies, such as community giving and fundraising. • Regular CEO updates regarding sustainability matters. • Review of SAF projects. • Sustainability session at the Annual Strategy Meeting.	• Business model • Strategic report • Sustainability statement • SECR Committee report
e **Reputation for high standards of business conduct**	• Review and approval of an updated Code of Conduct and Third Party Code of Conduct. • Ethics and Compliance updates to the Audit and Compliance Committee, including whistleblower review. • Regular Internal Audit reports to the Audit and Compliance Committee.	• Stakeholder engagement • Sustainability Report • Audit and Compliance Committee report • SECR Committee report
f **Fairness between shareholders**	• Review by the Audit and Compliance Committee of related party transactions. • Review of investor feedback from the 2024 Shareholders' Meeting. • Regular Investor Relations reports. • Regular feedback from Investors Relations about alternatives and expectations and possible courses of action on shareholders remuneration. • Shareholders Meeting hybrid format to promote and facilitate greater participation from institutional shareholders. • Remuneration and Corporate Governance engagement with investors and proxy advisory firms. • Presentation by corporate brokers regarding shareholders views.	• Business model • Stakeholder engagement • Corporate Governance report (directors' duties, conflicts of interest and related party transactions) • Audit and Compliance Committee report

Examples of relevant decisions taken during the year

In each instance, the Board was provided with a detailed analysis of the proposal, including potential alternatives, feasibility and risk assessment, as well as synergies across the Group, as relevant.

Dividend distribution and share buyback programme	SAF purchase
On 1 August 2024, the Board approved the distribution of an interim gross cash dividend of €0.03 per share to be paid to shareholders based on the 2024 results. In addition, on 8 November 2024 the Board approved a share buyback programme of €350 million.	As part of its sustainability roadmap, on 28 February 2024, IAG announced the agreement with Twelve for the supply to its five European airlines (British Airways, Iberia, Aer Lingus, Vueling and LEVEL) of approximately 785,000 tonnes of SAF. This agreement was approved on 18 January 2024 by the Board. On 25 November 2024, IAG announced a new e-SAF deal with Infinium for a period of ten years, which had been previously approved by the Board on 1 August 2024, remaining on track to deliver its 2030 target. In addition, as part of its sustainability roadmap, IAG is also investing in new aircraft and implementing fuel efficiency initiatives.
Section 172(1) provisions	**Section 172(1) provisions**
(a), (c), (d), (e), (f)	(a), (c), (d), (e)
Considerations	**Considerations**
• Returning capital to shareholders as soon as the operating environment and financial performance allowed IAG to do so in a sustainable manner. • Reflecting confidence in the strategy and business model, and the long-term prospects of the business. • Reflecting strong financial health. • Ensuring a fair return to shareholders, upholding IAG's reputation for maintaining high standards of business conduct and financial prudence. • Reflecting the Board's commitment to enhancing shareholder value and confidence, ensuring that the Company remains an attractive investment. • Ensuring all shareholders benefit proportionately from the Group's financial performance. • Shareholder remuneration policy decisions, may not suit all financial stakeholder profiles, requiring a balancing of views with the corporate interest.	• Reflecting commitment to long-term sustainability goals, which is one of the pillars on which the Group bases its strategy and transformation. • Ensuring a steady supply of SAF, which is crucial for meeting IAG's 2030 sustainability targets. • Increasing production of e-SAF, which is a critical milestone for the airline industry and for e-fuels as an alternative to both fossil-based fuels and prior generations of SAF. • Fostering strong business relationships with key suppliers. • Reflecting a responsible approach to environmental stewardship, benefitting the broader community by contributing to global efforts to combat climate change. • Enhancing IAG's reputation for exemplary business practices.

Decision-making, reserved matters and delegation

The IAG Board has delegated the day-to-day management of the Group to the Group Chief Executive and the Group's Management Committee but it has reserved authority for itself on several matters, including three key areas as set out below:

- Approval of the Group strategy and the supervision of its implementation, which entails the approval of the business plan, management objectives and annual financial plan, as well as monitoring of the internal information and control systems, and of the risk management framework and processes;
- Approval and compliance oversight of the Group general policies including: investment and financing policies; enterprise risk management policy; and any corporate responsibility or sustainability policies; and
- According to certain quantitative thresholds, the approval of contractual commitments, asset acquisitions or disposals, capital expenditures, borrowings, and equity investments.

The Group's decision-making process is regulated by an internal policy covering the IAG Board, the IAG Management Committee as well as the boards of the main subsidiaries. In addition, another policy regulates the Group's investment process. This authority framework and the support provided by the Board advisory committees underpin the effective operation of the governance system.

As indicated above, there are occasions where the Board may have to make decisions balancing the competing priorities of stakeholders. The principles set out in article 3.6 of our Board Regulations, which align with those reflected in section 172 of the UK Companies Act, are embedded throughout the Group's decision-making processes.

Stakeholders' interests

Day-to-day stewardship of stakeholder relationships is delegated to management, with the Board having a supervisory role based on the information provided and discussions held with management teams. In addition to this, the Board has direct engagement with the Company's shareholders and with the workforce as recommended by the UK Corporate Governance Code.

Information on the Board's engagement with the workforce is provided in the Workforce engagement section of this Corporate Governance report.

More information on our stakeholders and our engagement with them can be found in the Stakeholder engagement section of this annual report.

Shareholders and investors

Shareholder interests are key in the Board's considerations. The Board maintains a direct and active dialogue with shareholders and investors, mainly through the Group CEO and the Chief Financial and Sustainability Officer who meet with shareholders and investors on a regular basis, as well as through the Chairman, the SID or the committee Chairs as appropriate. In 2024, the Chairman met significant shareholders to discuss governance matters, as well as the performance of the Group and its strategy. In addition, the Chair of the Remuneration Committee held meetings with investors to discuss remuneration matters, and in particular the approach to the review of the Remuneration Policy. All directors had the opportunity to meet individual shareholders at the Shareholder' Meeting held in June 2024.

The Board is regularly apprised of shareholders' feedback and the main issues discussed with shareholders and investors. One of our major shareholders attended the June Board dinner to give their views on the Group, its strategy and its progress as well as on wider market trends.

Positive feedback was received during the year on the Group's progress against the strategy that was set out at the 2023 CMD. In particular shareholders have welcomed the return to payment of an interim dividend as announced at the half-year results in August, as well as the share buyback announced at the third-quarter results in November. In November analysts and investors attended a British Airways Insight Day at which the Group CEO reiterated IAG's commitment to sustainable shareholder value creation and cash returns. In particular he focused on our strategy to deliver world-class margins and returns, a significant part of which would be delivered by an improvement to British Airways' profit and operating margin. Two other key elements include the increasing value of the Spanish businesses, as well as the attractiveness of IAG Loyalty.

At the same time, analysts and investors noted that the higher level of investment would have a detrimental short-term impact on margins and free cash flow.

Additional information can be found in the Stakeholder engagement section of this annual report.

Workforce engagement

During 2024, the designated workforce engagement directors visited operating companies and platform businesses across IAG to meet a variety of employees and leaders in their work context, with the goal of understanding first-hand the challenges and opportunities of the different businesses, employee issues and levels of engagement. These visits continue to be valuable in understanding what matters to colleagues across the business, from ground and flight operations to our customer support and corporate teams, and in involving a mix of new recruits and colleagues with long tenure reflecting the changing composition of the Group's workforce.

Eva Castillo remains the director responsible for coordinating the workforce engagement. She was supported during 2024 by Heather Ann McSharry, Margaret Ewing, Maurice Lam, Emilio Saracho and Nicola Shaw.

In 2024, the designated directors conducted nine engagement visits, meeting colleagues across all operating companies and across our four main hubs (London, Madrid, Dublin and Barcelona).

Board members noted the progress made on transformation across all areas and the increased investment in the people agenda, particularly in terms of careers, development and training. The Board noted high levels of pride and commitment at all sites, with positive engagement and morale in the majority of teams.

While each visit highlighted some specific local challenges, several key themes emerged. These included transformation, new recruits, engagement and organisational health, and competitive pay. Each visit included a debrief with senior teams on emerging issues to ensure appropriate actions are taken forward.

For further detail on the outcomes of broader employee engagement activities, refer to the Stakeholder engagement section of this annual report.

The Board considered the results of the 2024 workforce engagement programme and reviewed the effectiveness of this engagement at its December meeting. This feedback serves as valuable input for decision-making processes related to people and culture strategies and organisational transformation.

In addition to its direct engagement with employees, the Board has been regularly informed about initiatives at each operating company with respect to its workforce. A session at the annual Board strategy meeting was devoted to the people and culture strategy, including updates on talent, culture, diversity and inclusion, reward, leadership and data/reporting.

The Remuneration Committee was updated on workforce remuneration and how the operating companies were supporting colleagues with cost-of-living challenges, ensuring reward remained fair and competitive, and how the experience of IAG's workforce compared to that of senior leaders. The Nominations Committee was updated on succession planning for senior leadership, including an overview of recruitment, mobility and attrition of senior leaders across the Group.

Board and committee meetings

The Board met nine times during the year, including its annual two-day strategy meeting held in October 2024. Details of attendance at Board and committee meetings are shown below.

The Board Secretariat together with the Group General Counsel maintain an annual agenda schedule for Board meetings that sets out strategic, standard and operational matters to be considered. The Chairman sets a carefully structured agenda for each meeting in consultation with the Group Chief Executive, with support from the Group General Counsel and the Board Secretariat. During 2024, the Board's main focus was to create sustainable value over the long term, by supporting management and exercising oversight over the Group's businesses and stakeholders' interests. The key activities of the Board in 2024 are detailed in the Board activities table further on in this report.

At each Board meeting, the Board receives a report from each of the Chairs of the committee meetings held prior to that Board meeting. The reports focus on the key discussions and decisions considered by the respective committees, providing an opportunity for directors to comment or ask questions on the matters dealt with by each committee and to ensure that all Board members remain apprised of committee activities. In addition, the Group CEO and the Chief Financial and Sustainability Officer report to the Board on key matters in the Group.

All scheduled Board meetings include a private session for non-executive directors to meet with the Chairman to discuss any matters arising. At least once a year there is a private meeting with the Chairman that includes independent non-executive directors only. The Senior Independent Director also meets with the non-executive directors, without the Chairman, as part of the Chairman's annual evaluation process.

As stated in the Board Regulations, directors must make their best efforts to attend Board meetings. If this is not possible, they may grant a proxy to another non-executive director specifically for that meeting. No director may hold more than three proxies, except for the Chairman, although he cannot represent more than half of the Board members. As far as possible, proxies should be granted including voting instructions.

Board and committee attendance during 2024

Board member	Board	Audit and Compliance Committee	Nominations Committee	Remuneration Committee	Safety, Environment and Corporate Responsibility Committee
Javier Ferrán	9/9		6/6		
Luis Gallego	9/9				
Giles Agutter[1]	2/4		2/4		1/2
Peggy Bruzelius	8/9	7/7	6/6		
Eva Castillo	9/9	7/7		7/7	
Margaret Ewing	9/9	7/7	6/6		
Maurice Lam	9/9	7/7			4/4
Bruno Matheu[2]	4/5				2/2
Heather Ann McSharry	9/9		6/6	7/7	
Robin Phillips	9/9				4/4
Emilio Saracho	9/9			7/7	4/4
Nicola Shaw	9/9			7/7	4/4

1 Stepped down from the Board and Committees on 26 June 2024.

2 Joined the Board and the Safety, Environment and Corporate Responsibility Committee on 26 June 2024.

Board activities

The key Board activities during 2024 are outlined below.

Strategy and planning

Joint Board/Management Committee two-day strategy session in October, including:

- Regional strategies and strategic partnerships
- Innovation strategy
- Sustainability
- People and culture
- IT capability transformation
- Business plan and financial update

Performance and monitoring

- Regular reporting from operating companies, including transformation updates
- Quarterly and full-year financial reporting
- Monthly financial report (reviewed at the relevant meeting or distributed to all Board members)
- Review of various joint business arrangements

Significant transactions, investments and expenditures

- Updates on the proposed Air Europa transaction
- Financing arrangements
- Capital expenditures items
- Treasury shares buyback programmes
- SAF provision agreements
- IT projects

Risk management and internal controls

- Review of risk map and risk appetite performance and statements
- Assessment of viability and going concern
- Effectiveness review of the internal control and risk management systems
- External auditor's yearly report
- IT updates, including cyber and AI

Shareholders, stakeholders and governance

- Shareholders returns
- Transactions with related parties
- Sustainability update
- Shareholders' and investors' updates
- Board and management succession
- Remuneration matters
- Shareholders meetings call notices and proposed resolutions
- Board and committees' evaluation and improvement priorities
- Update on the Directors' and Officers' insurance programme
- Updates on corporate governance
- People and culture update, including new code of conduct and approval of several new policies
- Regular reporting from matters discussed by the Audit and Compliance Committee, the Nominations Committee, the Remuneration Committee and the Safety, Environment and Corporate Responsibility Committee

Board information and training

In general, all Board and committee meeting documents are available to all directors ahead of meetings, including the minutes of each meeting, through an online platform that facilitates efficient and secure access to all materials. All directors have access to the advice of the Board Secretary and the Group General Counsel. Directors may take independent legal, accounting, technical, financial, commercial or other expert advice at the Company's expense when it is judged necessary in order to discharge their responsibilities effectively. No such independent advice was sought in the 2024 financial year.

Directors are offered the possibility to update and refresh their knowledge of the business and any technical related matter on an ongoing basis to enable them to continue fulfilling their responsibilities effectively. Directors are consulted about their training and development needs and given the opportunity to discuss these as part of the Board annual performance evaluation.

In 2024, the training needs of the Board were met through a combination of internal presentations and updates as part of Board and Committee meetings, and specific sessions or 'deep dives' into topics as required. Sessions held included: a session on fleet financing provided internally, a session on AI, on the new Corporate Sustainability Reporting Directive, and on corporate governance developments, including the 2024 UK Governance Code. An investor was also invited to one of the Board dinners to provide an external perspective. Training planned for 2025 includes sustainability, technology topics and industry specifics.

Induction of directors

According to the induction guidelines, approved by the Nominations Committee, on joining the Board every newly appointed director has a thorough and appropriate induction. Each programme is based on the individual director's needs and includes meetings with other directors, senior management and key external advisers as appropriate. The induction is designed to provide a wide overview of the industry and the sector, including particulars of each of the markets in which the Group operates, as well as an understanding of the Group's business model and its different businesses. The programme is also a useful tool to introduce the new director to the IAG Management Committee as well as to the different operating companies' teams.

An induction programme was launched for Bruno Matheu following his appointment in June 2024. The basic content of the programme included:

- Origin of the Group's business basics and strategy
- Spanish corporate legal framework. and UK and Spanish corporate governance requirements
- Group governance structure
- IAG compliance programme and litigation status
- Aviation regulation
- M&A briefing and strategy
- IAG capital structure, principal shareholders and analyst coverage
- Sustainability programme
- IAG finance particulars and financial targets (including fleet acquisition, hedging policy and risk map)
- IAG brands portfolio
- IAG platform
- Business model, competitive landscape, strategy and current position of each of the operating companies.

In relation to each committee, newly appointed members are also provided with introductory sessions specific to each committee and designed in accordance with each director's interests and needs.

Further details are provided in the Nominations Committee report.

Board and committee evaluation

The effectiveness of the Board and its committees is reviewed annually, with an independent, externally facilitated review being conducted every three years. An internal evaluation was completed in 2024, as the last external review was conducted in 2022.

This exercise was complemented by individual meetings held by the Chairman with each member of the Board to discuss their commitment, dedication and performance. Finally, a meeting of all non-executive directors and the Senior Independent Director was held to discuss the Chairman's performance, the conclusions of which were then shared with him.

The Board evaluation was led by the Chairman, supported by the Board Secretariat, using a self-assessment questionnaire, complemented by an individual interview conducted by the Chairman with each non-executive director. The results were presented in a report to all Board members, and an action plan to address matters raised was agreed.

In relation to the agreed actions for 2024, the Board considers that good progress has been made during the year. In particular, the Board evaluation highlighted the strong working relationship between the Board and management, the progress made in transforming the business and the increased focus on culture and people.

In 2024, the Nominations Committee continued its work to ensure that the Board continues to have the relevant skills and expertise identified as part of the work to plan for orderly succession on the Board. As agreed, regular updates on shareholder and investor engagement, including a session with the corporate brokers and a focus on customer experience and the performance and operations of the business, formed part of the Board's agenda in 2024. The Board particularly appreciated the quality and value of the information provided by the IAG CEO in his regular update at each meeting, as well as the private session with him that was added to the meeting agenda to provide the opportunity for a direct private conversation with the IAG CEO after each meeting. In addition, several training initiatives were completed during 2024 as requested.

Actions agreed for 2025 include:

- Continued focus on Board succession planning and identifying the appropriate profiles to be added to the Board;
- The Board's agenda will continue to include the areas identified by the directors in line with the work carried out during 2024; and
- Continued focus on ensuring balanced papers that clearly identify the substantive points and key issues for the Board's attention.

Other statutory information

Directors' disclosure duties, conflicts of interest and related party transactions

Directors must inform the Company of any participation or interest they may hold or acquire in any company that is a competitor of the Group, or any activities that could place them in conflict with the corporate interest.

According to article 21 of the Board Regulations, directors have an obligation to adopt all measures necessary to avoid conflict-of-interest situations. These include any situation where the interest of the director, either directly or through third parties, may conflict with the corporate interest or with their duties to the Company. In the event of a conflict, the affected director must inform the Company and abstain from participating in the discussion of any transaction referred to by the conflict. For purposes of calculating the quorum and voting majorities, the director in question would be excluded from the number of members present.

The 2024 Annual Shareholders' Meeting held on 26 June 2024 approved the re-election of Robin Phillips and the appointment of Bruno Matheu, Giles Agutter having stepped down at the meeting, as non-executive proprietary directors as proposed by IAG's significant shareholder Qatar Airways Group (Q.C.S.C.) ('Qatar Airways'). Qatar Airways, a Middle East air carrier headquartered in Doha, has been the single largest shareholder of IAG since 2016, owning, as of the date of this report, 24.995% of the share capital of the Company. Throughout this period there has been a long-standing business and commercial relationship between Qatar Airways and the Group airlines. This close relationship of commercial cooperation, which has always been undertaken on an arm's-length basis and on market terms, significantly reduces the potential existence of permanent conflicts of interest between Qatar Airways and the Group's airlines.

As far as the relationship of the proprietary directors with the significant shareholder who proposed their appointments is concerned, it should be noted that Robin Phillips and Bruno Matheu have no relevant connection with Qatar Airways.

Any potential conflict of interest that might affect such proprietary directors is managed by applying the duty of abstention in accordance with the procedure for managing conflicts of interest described below. In addition, the Spanish and the UK regimes on related party' transactions are also applicable as detailed below.

In accordance with article 3.4 of the Board Regulations, the Board of Directors has the exclusive authority to approve transactions with directors or shareholders that have a significant holding or that are represented on the Board, or with any persons related to them, on the terms established in the law and the Board Regulations and this will require a prior report from the Audit and Compliance Committee.

The execution of these types of transaction needs to be reported to the Audit and Compliance Committee to ensure that they are carried out at arm's length and with due observance of the principle of equal treatment of shareholders. IAG's internal regulations on related party transactions establish that the Audit and Compliance Committee needs to issue a report to the Board assessing whether the transaction is fair and reasonable from the standpoint of the Company and, where applicable, of shareholders other than the related party, and report on this assessment, including the assumptions and methods used. Where appropriate, the directors involved in the transaction shall not participate in the preparation of such a report.

Depending on the amount or value of the proposed related party transaction, varying corporate governance and disclosure requirements may apply under both the Spanish and UK legal frameworks.

In accordance with IAG procedures on related party transactions, prior to the Audit and Compliance Committee's consideration, shareholder related party transactions are also reviewed by the IAG Management Committee and are reported to the IAG Head of Group Audit.

Share issues, buybacks, treasury shares and dealings in IAG listed securities

The Annual Shareholders' Meeting held on 26 June 2024 provided authority for the Board, with the express power of substitution, for a term ending at the 2025 Annual Shareholders' Meeting (or if earlier, 15 months from 26 June 2024), to:

- Increase the share capital pursuant to Article 297.1.b) of the Spanish Companies Law, by up to 50% of the aggregate nominal amount of the Company's issued share capital as at 26 June 2024 (such amount to be reduced by the maximum amount that the share capital may be increased by on the conversion or exchange of any securities issued as authorised below), through the issue and placement of new shares (with or without a premium) for cash consideration;
- Issue securities (including warrants) convertible into and/or exchangeable for shares of the Company, up to a maximum limit of 1,500,000,000 euros or the equivalent thereof in another currency, provided that the aggregate share capital that may be increased on the conversion or exchange of all such securities may not be higher than 50% of the aggregate nominal amount of the Company's issued share capital as at 26 June 2024 (such amount to be reduced by the amount that the share capital has been increased under the relevant authorisation);
- Exclude pre-emptive rights in connection with the capital increases and the issuance of convertible or exchangeable securities that the Board may approve, under the previous authorities, for the purposes of allotting shares or convertible or exchangeable securities, in connection with a rights issue or in any other circumstances, subject to an aggregate maximum nominal amount of the shares so allotted or that may be allotted on conversion or exchange of such securities of:
  - 10% of the aggregate nominal amount of the Company's issued share capital (excluding any shares held in treasury) to be issued on an unrestricted basis; and
  - an additional 10% of the aggregate nominal amount of the Company's share capital (excluding any shares held in treasury) to be used for either an acquisition or a specified capital investment;
- carry out the acquisition of its own shares directly or indirectly through its subsidiaries, subject to the following conditions:
  - the maximum aggregate number of ordinary shares authorised to be purchased shall be the lower of the maximum amount permitted by the law and represents 10% of the aggregate nominal amount of the Company's issued share capital on 26 June 2024;
  - the minimum price per share which may be paid is zero;
  - the maximum price per share which may be paid is the highest of:
    - an amount equal to 5% above the average of the middle market quotations for the shares taken from the relevant stock exchange for the five business days immediately preceding the day of purchase; and
    - the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the transaction is carried out at the relevant time;

  in each case, exclusive of expenses. The shares acquired pursuant to this authorisation may be delivered directly to the employees or directors of the Company or its subsidiaries or as a result of the exercise of option rights held thereby. For further details see note 31 to the consolidated financial statements.

The IAG Securities Code of Conduct regulates the Company's dealings in its treasury shares. This can be accessed via the Company's website.

Capital structure and shareholder rights

As at 31 December 2024, the share capital of the Company amounted to 497,147,601 euros (2023: 497,147,601 euros), divided into 4,971,476,010 shares (2023: 4,971,476,010 shares) of the same class and series and with a nominal value of €0.10 each (2023: €0.10 each), fully subscribed and paid for.

As at 31 December 2024, the Company owned 117,836,928 shares as treasury shares.

Each share in the Company confers on its legitimate holder the status of shareholder and the rights recognised by applicable law and the Company's Bylaws, which can be accessed on the Company's website.

The Company has a Sponsored Level 1 American Depositary Receipt (ADR) facility that trades on the over-the-counter market in the US. Each ADR is equivalent to two ordinary shares and each ADR holder is entitled to the financial rights attaching to such shares, although the ADR depositary, Deutsche Bank, is the registered holder. As at 31 December 2024 the equivalent of 31,884,274 shares were held in ADR form (2023: 40,547,684 shares).

Company's share capital

During the year there were no changes to the share capital.

The significant shareholders of the Company as at 31 December 2024, calculated according to the Company's share capital as at the date of this report and excluding positions in financial instruments, were:

Name of shareholder	Number of direct shares	Number of indirect shares	Name of direct holder	Total shares	Percentage of capital
Qatar Airways (Q.C.S.C.)	1,242,630,613	–		1,242,630,613	24.995 %
Capital Research and Management Company		248,648,015	Collective investment institutions managed by Capital Research and Management Company	248,648,015	5.001 %

On 14 February 2025 Europacific Growth Fund notified the Spanish CNMV the acquisition of a 3.036% interest in the Company.

Shareholders' meeting

The quorum required for the constitution of the shareholders' meeting, the system of adopting corporate resolutions, the procedure for amending the Bylaws and the applicable rules for protecting shareholders' rights when changing the Bylaws are governed by the provisions established in the Spanish Companies Law.

The Annual Shareholders' Meeting was held on 26 June 2024 in Madrid and was held in person with the option for shareholders to attend and participate in the meeting remotely.

The Shareholders' Meeting Regulations, which establish the operating rules of the shareholders' meeting, are available in the Corporate Governance section of the Company's website.

Disclosure obligations

The Company's Bylaws establish a series of special obligations concerning disclosure of share ownership, as well as certain limits on shareholdings, taking into account the ownership and control restrictions provided for in applicable legislation and bilateral air transport treaties signed by Spain and the UK.

In accordance with article 7.2 b) of the Bylaws, shareholders must notify the Company of any acquisition or disposal of shares or of any interest in the shares of the Company that directly or indirectly entails the acquisition or disposal of a stake of over 0.25% of the Company's share capital, or of the voting rights corresponding thereto, expressly indicating the nationality of the transferor and/or the transferee, obliged to notify, as well as the creation of any charges on shares (or interests in shares) or other encumbrances whatsoever, for the purposes of the exercise of the rights conferred by them.

In addition, pursuant to article 10 of the Bylaws, the Company may require any shareholder or any other person with a confirmed or apparent interest in shares of the Company to disclose to the Company in writing such information as the Company shall require relating to the beneficial ownership of or any interest in the shares in question, as lies within the knowledge of such shareholder or other person, including any information that the Company deems necessary or desirable in order to determine the nationality of the holders of the said shares or any other person with an interest in the Company's shares or whether it is necessary to take steps in order to protect the operating rights of the Company or its subsidiaries.

In the event of a breach of these obligations by a shareholder or any other person with a confirmed or apparent interest in the Company's shares, the Board may suspend the voting or other political rights of the relevant person. If the shares associated with the breach represent at least 0.25% of the Company's share capital in nominal value, the Board may also direct that the transfer of any such shares is not registered.

Limitations on ownership of shares

In the event that the Board deems it necessary or appropriate to adopt measures to protect an operating right of the Company or of its subsidiaries, in light of the nationality of its shareholders or any persons with an interest in the Company's shares, it may adopt any of the measures in article 11 of the Bylaws, including the determination of a maximum number of shares that may be held by non-qualifying shareholders, provided that such maximum may not be lower than 40% of the Company's share capital. If such a determination is made and notified to the stock market, no further acquisitions of shares by non-qualifying persons can be made.

In such circumstances, if non-qualifying persons acquire shares in breach of such restriction, the Board may also (i) agree on the suspension of voting and other political rights of the holder of the relevant shares, and (ii) request that the holders dispose of the corresponding shares so that no non-qualifying person may directly or indirectly own such shares or have an interest in the same. If no such transfer is performed on the terms provided for in the Bylaws, the Company may acquire the corresponding shares (for their subsequent redemption) pursuant to applicable legislation. This acquisition must be performed at the lower of the following prices: (a) the book value of the corresponding shares according to the latest published audited balance sheet of the Company; and (b) the middle market quotation for an ordinary share of the Company as derived from the London Stock Exchange's Daily Official List for the business day on which they were acquired by the relevant non-qualifying person.

Impact of change of control

The following significant agreements contain provisions entitling the counterparties to exercise termination in the event of a change of control of the Company:

- Certain significant IAG financing arrangements allow for prepayment, redemption or early termination in certain circumstances if there is a change of control of the Company.

In addition, the Company's share plans contain provisions as a result of which options and awards may vest and become exercisable on a change of control of the Company, in accordance with the rules of the plans.

Directors' and Officers' liability insurance

The Company has purchased insurance against Directors' and Officers' liability for the benefit of the directors and officers of the Company and its subsidiaries. The Board receives an annual update on the Group's Directors' and Officers' liability insurance.

Fair, balanced and understandable statement

The Board considers that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Report of the Nominations Committee



Javier Ferrán
Nominations Committee Chair

Committee members	Date appointed
Javier Ferrán (Chair)	8 September 2020
Peggy Bruzelius	16 June 2022
Margaret Ewing	28 January 2021
Heather Ann McSharry	31 December 2020

Dear shareholder

On behalf of the Nominations Committee, I am delighted to present the Nominations Committee Report for the year ended 31 December 2024.

The report provides an overview of the key areas of responsibility of the Nominations Committee and its key activities during the year.

As indicated in my introductory letter to this report as Chair of the Board, Giles Agutter stepped down from the Board and therefore from this Committee at the 2024 Annual Shareholders' Meeting in June. As with the Board, I would like to thank him for his contribution as a member of this Committee.

The role of this Committee is crucial in guaranteeing that we have a Board equipped with the appropriate mix of skills and capabilities, as well as an executive team that can effectively implement and deliver our strategy.

In June 2024, we welcomed a new proprietary director, Bruno Matheu. He was appointed at the proposal of Qatar Airways, our largest shareholder. This appointment was managed by the Committee during the first half of the year. As reported to the Annual Shareholders' Meeting at the time of the proposal, his addition to the Board strengthens the expertise in the aviation industry, bringing with him extensive experience in several airline groups in both executive and non-executive roles.

At the Committee's proposal, Bruno Matheu was also appointed to the Safety, Environment and Corporate Responsibility Committee.

We believe that orderly succession planning is a fundamental responsibility of this Committee. To this end, the Committee is currently engaged in a number of search processes in order to effectively plan for succession in the coming years. At the meeting held in October 2024, we reviewed the Board timetable and its skill matrix and identified the relevant skills and attributes for future appointments in line with our strategic objectives and the needs of the Board and the business.

We also continue to review succession planning for the leadership teams at the Group's operating companies. This year, the Committee considered and recommended to the Board the appointment of Marco Sansavini as Chair and CEO of Iberia, and the appointment of Carolina Martinoli as Chair and CEO of Vueling. Both of them had already played a crucial role in IAG's transformations, and the Committee and the Board are confident that they will achieve outstanding results in their new positions.

We also continued to build our diversity strategy and framework, which are guided by the Board of Directors Selection and Diversity Policy and by the Equity, Diversity and Inclusion Policy, dated 2022. In this regard, we are satisfied that the Board continues to meet the ethnic diversity and female representation targets set out in the UK, European and Spanish Listing Rules.

However, we still have progress to make to achieve the goal of having 40% of senior leadership roles occupied by women by 2025. At the end of 2024, we had 36% of women in those roles. We are dedicated to this objective and to fostering an environment that promotes inclusion and equal opportunities.

This year, the annual performance evaluation of the Board and its Committees was for a second year internally facilitated, following the external evaluation conducted in 2022. The outcome of the evaluation was very positive, reaffirming our satisfaction with the effectiveness of the Board and its Committees in delivering the highest standards of leadership and oversight for the Group's strategy.

Javier Ferrán
Nominations Committee Chair

The Nominations Committee

The composition, competencies and operating rules of the Nominations Committee are regulated by article 31 of the Board Regulations and by the Nominations Committee Regulations as last amended on 27 February 2025. A copy of the Board and the Nominations Committee Regulations can be found on the Company's website.

The Nominations Committee has overall responsibility for leading the process for appointments to the Board and for ensuring these appointments bring the necessary skills, experience, and competencies to the Board, aligning its composition to the business's strategy and needs. The Committee also reports to the Board on the proposed appointment of senior executives of the Company and IAG appointments to Group company boards. It oversees Board and senior management succession planning and, more generally, the development of a diverse pipeline for succession.

The Nominations Committee must comprise no less than three non-executive directors appointed by the Board, who have the dedication, capacity and experience necessary to carry out its functions. A majority of the members must be independent directors who are EU nationals.

The only change to the composition of the Nominations Committee in 2024 was the departure of Giles Agutter, proprietary director, who did not stand for re-election at the 2024 Shareholders' Meeting.

The Committee's responsibilities

The responsibilities of the Nominations Committee under the Regulations in force in 2024 can be summarised as follows:

- Evaluating the mix of competencies, knowledge, and experience necessary in the Board's membership and reviewing the criteria for the Board's composition and the selection of candidates.
- Submitting recommendations for the appointment of directors to the Board for approval, and reporting on the proposed designations of the members of the Board committees and their Chairs.
- Succession planning for Board members including making proposals to the Board that ensure that such succession occurs in a planned and orderly manner.
- Reporting to the Board on the appointment and removal of senior executives (which includes all of the IAG Management Committee).
- Ensuring that non-executive directors receive appropriate induction programmes.
- Setting diversity targets (gender, ethnicity and other criteria) both within the senior management. population and the succession pipeline
- Ensuring that plans are in place for orderly succession of senior management positions while safeguarding the achievement of agreed diversity targets.
- Establishing a target for female and minority ethnicity representation on the Board that is in line with the Company's Directors Selection and Diversity Policy.
- Coordinating the annual evaluation of the performance of the Board and its Committees.

The Committee's activities in 2024

The Committee met six times during 2024, with three scheduled and three special meetings called to discuss management changes or appointments to the Group company boards. Directors' attendance at these meetings can be found in the Corporate Governance section. The Group CEO was invited to attend the Committee's meetings as and when necessary.

The Committee focused on the following activities during the year:

- Review of the composition of the Board.
- Review of committees' membership.
- Board succession planning.
- Review of directors' independence
- Review of compliance with the Directors Selection and Diversity Policy.
- Review of diversity and inclusion.
- Management succession plans.
- Format of the annual Board evaluation process, as well as that of the Nominations Committee evaluation.
- Changes to Group company boards.
- Review of investor feedback from the Annual Shareholders' Meeting.

Board succession

The Committee regularly reviews the formal succession plan for the Board, including analysis of non-executive directors' length of tenure, skills and experience, and planning for succession relating to any areas that could require strengthening from a skills and succession perspective.

In October 2024, the Committee specifically considered Board succession planning, including the Board refreshment timetable, the Board skills matrix and the consideration and identification of skills and attributes relevant to future appointments. In 2024, the Committee considered the appointment of Eva Castillo as Chair of the Audit and Compliance Committee, succeeding Margaret Ewing in this role, as well as the appointment of Bruno Matheu to the Safety, Environment and Corporate Responsibility Committee.

The Committee has also initiated a number of search processes in order to adequately plan for succession in the coming years in line with the Board's succession schedule.

Report of the Nominations Committee *continued*

Directors' independence, performance and re-election

The Nominations Committee, having considered the matter carefully, is of the opinion that all the current non-executive directors, with the exception of the two proprietary directors, are independent, both in line with the definition set out by the Spanish Companies Act and with that of the UK Corporate Governance Code, and are free from any relationship or circumstances that could affect, or appear to affect, their independent judgement.

In May 2024 the Nominations Committee considered the proposal for the re-election of directors ahead of the Annual Shareholders' Meeting, except with regard to Giles Agutter, who did not stand for re-election. Bruno Matheu was considered by the Committee to fill this vacancy, at the proposal of Qatar Airways Group.

In accordance with the Board Regulations, all proposals for the appointment or re-election of directors presented were accompanied by an explanatory report issued by the Board of Directors with the support of the Nominations Committee assessing the competence, experience, and merits of each candidate. As part of its assessment, the Committee also reviews the time commitment and availability of each non-executive director.

Following this review, the Committee was of the opinion that each non-executive director submitting themselves for re-election continued to demonstrate commitment to the role as a member of the Board and its committees and that each was making a valuable contribution to the leadership of the Company.

Each director is required to advise the Committee and seek its authorisation before accepting any external directorship or other significant appointment that might affect the time they are able to devote to the role as a director of the Company.

Management appointments and succession planning

During 2024, the Committee considered and recommended to the Board the following appointments to the IAG Management Committee, effective from the beginning of April 2024:

- Marco Sansavini as Chair and CEO of Iberia, moving from his role as CEO of Vueling.
- Carolina Martinoli as Chair and CEO of Vueling, moving from her role as IAG Chief People, Corporate Affairs and Sustainability Officer.

Diversity

The procedure for the appointment of directors follows the principles established in the Directors Selection and Diversity Policy which has as its objective, the recognition of the importance of Board diversity in a broader sense. As recommended by the Spanish Good Governance Code, the Nominations Committee reviews compliance with this policy on an annual basis. The review for the 2024 reporting period was completed in January 2025.

When considering director appointments, the Committee follows a formal, rigorous and transparent procedure, designed to capture the value of diversity in its broadest sense, including a mix of skills, experience, professional and industry backgrounds, age and ethnicity, while ensuring that any appointment is made on merit. Diversity considerations also include ensuring that more than half of the Board are independent EU nationals to meet regulatory obligations.

Gender diversity principles are followed throughout the director appointment process, while preserving the general diversity and merit-based appointment principles established in the policy. The Board's policy is to consider candidates from a wide variety of backgrounds, without discrimination based on gender, race, colour, age, social class, beliefs, religion, sexual orientation, disability or other factors. When conducting a search, the Company will only engage search firms that have signed up to the latest UK Voluntary Code of Conduct for Executive Search Firms (or its international equivalent). Additionally, the Nominations Committee ensures that the Board appointment 'long' and 'short' lists provided in the search process are inclusive according to the widest definition of diversity.

Female directors currently represent 45% of the Board, ahead of the target of at least 40%, and 63% of the independent non-executive directors (including the Chairman). In addition to this, three of the four Board advisory committees are chaired by women: the Audit and Compliance, the Remuneration and the Safety, Environment and Corporate Responsibility committees. Lastly, the Senior Independent Director is a woman. From an ethnic minority perspective, the IAG Board has met its target to have one director from an ethnic minority group.

As at 31 December 2024 the Board met the UK Listing Rules and FTSE Women Leaders Review targets. Our gender identity and ethnicity data reported in accordance with Listing Rule 9.8.6R(10) is set out below. Disclosure is based on self-identification through information-gathering process where individuals were provided with the requirements and categories for confirmation of classification. The information is reported at 31 December 2024 and remains unchanged at the date of this report.

Gender identity

	Number of Board members	Percentage of the Board	Number of senior positions on the Board[1] (CEO, CFO, SID and Chair)	Number in executive management [2]	Percentage of executive management
Men	6	55 %	2	7	70 %
Women	5	45 %	1	3	30 %
Not specified/prefer not to say	–	–	–	–	–

Ethnic background

	Number of Board members	Percentage of the Board	Number of senior positions on the Board1 (CEO, CFO, SID and Chair)	Number in executive management[2]	Percentage of executive management
White British or other White (including minority-white groups)	10	91 %	3	10	100 %
Mixed/Multiple ethnic groups	–	–	–	–	–
Asian/Asian British	1	9 %	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

1 The IAG Chief Financial and Sustainability Officer, Nicholas Cadbury, does not hold a position on the Board although he attends all Board meetings.

2 Excluding IAG's CEO who is reported as a Board member.

Diversity and inclusion remained a priority during 2024. IAG's aim is for both senior leaders and our businesses to reflect the diverse communities we work in and to create an environment where individuals feel their unique differences are valued. Beyond gender and ethnicity, the Management Committee is composed of individuals with multiple nationalities (including Spanish, British, American, dual Brazilian/Argentinian, Irish and Italian). In addition, most of the executives have multi-jurisdictional backgrounds and/or careers which serve to enhance the value that they bring to the Group, its customers and employees. Further information on Board diversity is included in the Corporate Governance section.

The Board and the Nominations Committee are committed to improving diversity, including gender diversity, across the Group, encouraging and supporting management actions in this regard. IAG has a target of 40% of senior leadership roles to be held by women by 2025. At the end of 2024, IAG had 36% of women in those roles, broadly in line with year end 2023. We remain committed to achieving our 40% ambition. Further, in 2023, we set a Group-wide ambition for 10% of the Group's UK senior leadership to be minority ethnic by end 2027, which we shared as part of our response to the UK Parker Review. In 2024, 11% of our UK senior leaders group self-disclosed as ethnically diverse (compared to 6% in 2023). In line with the Group's diversity and inclusion framework and strategy, the Group's operating companies and platform businesses have implemented a range of initiatives to support equity, diversity and inclusion.

Further details and explanations of the steps that IAG is taking to promote diversity and inclusion across the Group are set out in the Sustainability section.

Committee annual evaluation

The annual performance evaluation of the Board and its Committees was for a second year internally facilitated, following the external evaluation conducted in 2022, and as set out in the Corporate Governance report.

The evaluation concluded that the Committee operated effectively during the year. In 2025, the Committee will continue to prioritise its focus on Board succession to ensure that there is a planned refreshment of the Board covering the identified areas of expertise and to oversee the work on management succession planning, in particular considering talent retention and development plans.

Report of the Safety, Environment and Corporate Responsibility Committee



Nicola Shaw
Safety, Environment and Corporate Responsibility Committee Chair

Committee members	Date appointed
Nicola Shaw (Chair)	25 February 2021
Maurice Lam	17 June 2021
Bruno Matheu	26 June 2024
Robin Phillips	25 February 2021
Emilio Saracho	25 February 2021

Dear shareholder

I am delighted to introduce the Safety, Environment and Corporate Responsibility Committee report for the year ended 31 December 2024. This report highlights some of the work and activities carried out by this Committee during the year.

In 2024, we welcomed Bruno Matheu to the Committee, replacing Giles Agutter who retired from the Board at the 2024 Annual Shareholders' Meeting. I would like to thank Giles for his contribution as a member of this Committee.

During 2024, the Committee continued to assist the Board in a dual role. Firstly, it provided high-level oversight of the Group's safety activities and resources, while promoting the sharing of knowledge and best practice across the Group. Secondly, it provided guidance and direction on IAG's sustainability programmes and corporate responsibility ambitions, ensuring alignment with the Group's sustainability strategic priorities and supporting the Board in its oversight of this important area.

The Board approved the review of its regulations and those of its advisory committees on 27 February 2025 and agreed that this Committee will henceforth focus on environmental and corporate responsibility matters (renamed the Environmental and Corporate Responsibility Committee). The Board also agreed that the oversight of the safety risk management framework of the Group's various airlines, together with the overall oversight of the Group's enterprise risk management framework, will be the responsibility of the Audit and Compliance Committee. The new responsibilities of both Committees are detailed in the respective Committee Regulations which are available on the Company's website.

In the area of safety, the Group's airline safety managers revised their reporting framework to the Committee in 2024 in order to homogenise and simplify the issues reported and to improve comparability and sharing of best practice across the Group.

In addition to the standard review of the Group's airline safety reports, the Committee considered other special matters in 2024, including relevant international safety incidents, airline safety policies on drug and alcohol testing, and the operational risk of 5G telecommunications networks at US airports.

In terms of sustainability, good progress was made in 2024. On carbon emissions reduction, IAG performed strongly in 2024, improving its annual carbon intensity by 3% to 78.1gCO_2/pkm, ahead of its 2025 target of 80gCO_2/pkm. The Group's airlines used more than 162,000 tonnes of SAF, representing a 203% increase on the 2023 volume. This usage represented a reduction in IAG's net emissions of more than 469,000 tonnes of CO_2, alongside ongoing operational and in-flight efficiency efforts which contributed a further reduction of 114,000 tonnes of CO_2. Please refer to the Sustainability statement for more information.

The Committee was kept informed of the various regulatory initiatives relevant to this field. In particular, the Committee focused on alignment with the new EU Corporate Sustainability Reporting Directive (CSRD), which becomes effective for reporting from 2025 after transposition into national law, which is relevance of this new directive, a specific training session was provided to the full Board in July by a strategic consultancy specialising in sustainability and impact.

In order to prepare for compliance with the CSRD, management's proposal regarding the double materiality impact assessment and the timetable for the preparation of the first CSRD compliant sustainability report was reviewed by this Committee at a special joint meeting with the Audit and Compliance Committee in October.

Also at the May meeting, the Committee was briefed on policy developments relating to SAF. In particular, the Committee considered the SAF mandate published by the UK Government on 25 April 2024, which came into force on 1 January 2025, and the UK Government's consultation on a proposed revenue certainty mechanism to support investment in SAF production in the UK. Both are regulatory measures that we welcome and support in order to scale the supply and use of SAF at a fair cost for airlines.

I would like to highlight in this letter the meeting we had on gender pay and pilot diversity, which included representatives from the people and operations functions of the Group's main airlines. We had the opportunity to discuss the challenges facing the industry in terms of female representation and the actions our airlines are taking to increase the diversity of their pilot populations.

On social matters, the Committee dealt with two other important issues in 2024. Firstly, at our December meeting, we reviewed the Group's compliance with social practices and policies and our progress against key metrics, including an insightful discussion on the Group's social impact. Secondly, the Committee reviewed and submitted to the Board for approval a new Group Third Party Code of Conduct (replacing the former Supplier Code of Conduct), which extends IAG's shared values to our value chain, and a new Human Rights Policy, which underlines our commitment to respect and promote human rights throughout our operations and value chain. The Human Rights Policy is aligned with international standards and covers key principles such as diversity, equal opportunities, labour standards, freedom of association, forced and child labour, modern slavery and human trafficking.

I would like to thank my colleagues on the Committee for their work and commitment this year and look forward to continuing to chair this Committee in its new focus as the Environmental and Corporate Responsibility Committee.

Nicola Shaw
Safety, Environment and Corporate Responsibility Committee Chair

The Safety, Environment and Corporate Responsibility (SECR) Committee

The Committee's composition, responsibilities and operating rules are set out in article 33 of the Board Regulations as well as by the Regulations of this Committee, which were last reviewed on 27 February 2025 and are available on the Company's website. At the Board meeting held on 27 February 2025, the responsibilities and operating rules of the Board committees were reviewed, and it was agreed that the SECR Committee would continue as the Environmental and Corporate Responsibility (ECR) Committee, concentrating its work in these two areas.

During 2024, the Committee operated under the Regulations approved by the Board in 2021, which are the ones referred to in this report.

The Committee shall be made up of no less than three directors appointed by the Board, with the necessary dedication, capacity and experience. All the members of the Committee are non-executive directors with the majority being independent directors.

In addition to the Board Secretary and Deputy Secretary, regular attendees at Committee meetings included the Chairman, the Group Chief Executive and the Chief People, Corporate Affairs and Sustainability Officer. Senior managers with responsibility for safety matters and others in charge of different sustainability areas were invited to attend specific agenda items as required and when relevant.

The Committee's role and responsibilities

The Committee's role is to assist and advise the Board on matters relating to safety, environment and corporate responsibility. Through the Committee, IAG has an overall view of the safety performance of each airline and of any major issues that may affect the industry, but responsibility for safety matters rests with the Group's airlines as holders of the Airline Operating Licence (AOC).

In the areas of environment and corporate responsibility, the SECR Committee provides a governance forum for the non-executive directors to exercise specific oversight, challenge and support senior management in the development of the Group's sustainability strategy, policies and targets, supporting IAG's vision to be a world-leading airline group in sustainability.

Under the Regulations in force in 2024, the Committee's remit included:

- To exercise a high-level overview of safety activities and resources.
- To receive significant safety information about IAG's subsidiaries, franchise, codeshare or wet-lease providers used by any member of the Group.
- To review the Group's strategy and policies on social and environmental sustainability.
- To evaluate that the Company's environment and social practices are in accordance with the established strategy and policies.
- To review the Group's global environment and climate risk mitigation strategy, the implementation of sustainability programmes and any climate-related financial disclosure.
- To review the content of the non-financial information statement or any such sustainability report the Company may produce from time to time.
- To monitor and evaluate the Company's interaction with its stakeholder groups, including the workforce.
- Periodically review the principal environmental, social and reputational risks to monitor that they are adequately identified, managed and disclosed.
- To review the general diversity and inclusion policies.
- Receive information regarding the inclusion of the Group in sustainability indexes.

The Committee's activities during the year

During 2024, the Committee held four meetings. Directors' attendance at these meetings is detailed in the Corporate Governance report.

The Committee's activities during the year included:

- 2023 non-financial information statement and other sustainability reporting;
- Significant safety and security issues report;
- Group airlines safety and security reviews;
- Review of policies regarding drugs and alcohol testing;
- Update on the Alaska Airlines/ Boeing incident;
- Sustainability trends update and benchmark, including overview of SAF projects:
- Regulatory update focusing on SAF policy;
- Stakeholder engagement review;
- 2023 update to the Modern slavery and human trafficking statement;
- Review of gender pay and pilot diversity;
- Update on turbulence incidents;
- Update on 5G operation risk in USA airports;
- Comparison of deferred items across the Group's airlines; and
- Safety governance review, including the role of the board of directors' committees.

Safety

Key topics discussed for each airline under their regular safety review include information on safety risk management, safety culture, operational risks, occupational injury risks, as well as reported data on aircraft damage. This year, the safety managers of each of the Group's airlines revised their reporting framework to this Committee, in order to homogenise and simplify the issues reported by the different airlines and to enhance comparability and sharing of best practices within the Group. In addition to this, the Committee considered some specific topics, including an update on the Alaska Airlines/Boeing incident, a review on drugs and alcohol testing and an update on 5G operation risk in USA airports.

Market trends and EU and national ESG consultations

In 2024, the Committee was regularly informed of any forthcoming ESG policy initiatives, updates and consultations at international, EU or national level, including the Group's position and intended actions in relation to each.

Benchmarking

At its meeting in May, the Committee considered an update on a benchmarking study of all ESG factors carried out by an international sustainability and technology consultancy. The report provided an overview of IAG's position relative to the industry across a range of sustainability factors and provided a good roadmap for future management and Committee focus.

Gender pay and pilot diversity session

The Committee reviewed the context, the Group's ambitions and planned actions regarding the recruitment of female pilots in the Group's various airlines, hearing directly from representatives of the Group's main airlines. The meeting addressed the Group's position on gender pay and the diversity of the Group's pilot population. Particular emphasis was placed on initiatives to increase the number of female pilots, including sponsored cadet programmes and the review of recruitment processes. Aer Lingus is one of the world's top three airlines for pilot gender diversity, with IAG above the global industry average. However, it was highlighted that while the proportion of female pilots has increased by 45% over the last six years, significant challenges remain for the industry to improve diversity, with IAG airlines playing a leading role.

Stakeholder engagement review

The Committee reviewed the annual report on stakeholder engagement on sustainability issues, which included industry associations, government and regulators, customers, investors, employees and suppliers, and considered the main objectives of this dialogue and its impact. Further details can be found in the Stakeholder engagement section.

Modern slavery review

The Committee reviewed the update to the Group's Modern slavery and human trafficking statement for its submission to the Board of Directors.

CSRD

IAG is expected to comply with the EU Corporate Sustainability Reporting Directive (CSRD) (Directive 2022/2464/EU). The CSRD is currently being transposed into national law by EU Member States. IAG's 2024 'Sustainability statement' complies with Spanish Law 11/2018 and has been prepared under the transitional requirements set out in the joint communication of the CNMV and the Spanish Instituto de Contabilidad y Auditoría de Cuentas (ICAC), published on 27 November 2024. The CSRD was adopted with the aim of improving sustainability reporting and its comparability across the European Union. In July, the Board of Directors received special training on the importance and implications of this new directive, provided by a consultancy firm specialising in sustainability.

The CSRD requires the adoption of a double materiality approach, which assesses both the impact of companies on the environment and people, and the financial impact of that impact on the company's business. To this end, the Committee held a special joint meeting with the Audit and Compliance Committee in October 2024 to review the results of the double materiality impact assessment carried out by management in preparing the first sustainability report under the CSRD, which was subsequently presented to the Board. These conclusions were revisited during the review of the draft Sustainability statement in order to assess the various topics included and the disclosure provided

Sustainability risks

As in previous years, the Committee reviewed the Group sustainability risk assessments for the business plan period 2025 to 2027 and to 2030, which helped the Committee understand the physical, policy, market and technology risks that the Group has considered could impact its sustainability ambitions. Further information regarding risks is set out in the Risk section.

Review of compliance and progress against key metrics

The Committee completed its annual review of compliance with environmental and social practices and policies and progress against key indicators. In 2024, the Committee held a special meeting to review the Group's social impact strategy, with a particular focus on Iberia's approach and activities.

Sustainability (ESG) ratings review

As in previous years, the Committee was also informed of the Group's positioning in relation to the main sustainability rating indexes.

Third Party Code of Conduct and Human Rights policy

The Committee reviewed and endorsed the Board's approval of a new Group Third Party Code of Conduct, which updates and replaces the former Group Supplier Code of Conduct, and a new Human Rights Policy, which are two important elements of the Group's social responsibility framework.

Committee annual evaluation and priorities for 2025

The annual performance evaluation of the Committee was again internally facilitated, following the external review completed in 2022. The feedback received was very positive and supportive of the Committee's work.

However, following an analysis of the Group's overall governance of safety matters, and in particular the oversight already exercised by the management and board structures of each of the Group's airlines, the Board considered that it would be more appropriate for the Audit and Compliance Committee to provide overall oversight of the enterprise risk management and safety risk management frameworks, and to further enhance the sharing of experience and best practice across the Group's airlines through a committee that includes the Group's airline safety directors.

In relation to its environmental and corporate responsibility remit, the Committee agreed to review its plan of activities for 2025 and agreed on proposed areas of interest for further training and support.

Report of the Audit and Compliance Committee



Eva Castillo
Audit and Compliance Committee Chair

Committee members	Date appointed
Eva Castillo (Chair since 1 August 2024)	31 December 2020
Margaret Ewing	20 June 2019
Peggy Bruzelius	31 December 2020
Maurice Lam	17 June 2021

Dear shareholder

I am pleased to present my first report as Chair of the Audit and Compliance Committee. I would like to thank Margaret Ewing for her service as Chair during these last four years and for her continued support as part of this Committee.

The Audit and Compliance Committee continues to play a key role in IAG's governance, overseeing risk management, internal controls, financial and non-financial reporting, compliance and internal and external audit. This report highlights the key matters considered in 2024 and how the Committee fulfilled its responsibilities to ensure the integrity and reporting compliance of the 2024 Annual Report and Accounts.

The Committee held six scheduled meetings and one special meeting to consider the new Group Ethics and Compliance Charter and plans, and to review the update to the IAG 'Speak Up' policy. Key discussion points and focus areas are detailed in this report.

Throughout the year, Margaret and, since 1 August, I have engaged with all Committee members, management and the internal and external auditors.

The Committee's Regulations were updated on 27 February 2025 to bring them into line with the updated Technical Guidance on Audit Committees approved by the Spanish CNMV. In addition, the Board agreed that the Audit and Compliance Committee will retain overall oversight of the Group's risk management frameworks, including the safety risk management of each of the Group's airlines, and the Group's enterprise risk management.

The Committee works to ensure reliable financial reporting, non-financial reporting and compliance with laws and regulations, through oversight of the Group's internal control framework, including its mature Internal Control over Financial Reporting (ICFR) and risk management frameworks.

During the year, the Committee closely monitored management's proposed implementation of the revised UK Corporate Governance Code, the UK Economic Crime and Corporate Transparency Act 2023 and the Corporate Sustainability Reporting Directive (CSRD) (directive 2022/2464/EU). The Committee also maintained its focus on IT and cybercrime, with regular updates on the implementation of the Group's new IT operating model and progress in key IT projects and IT transformation programmes.

An internally facilitated evaluation of the Committee's effectiveness was completed in 2024, following an external evaluation in 2022. The findings, shared with the Board, confirmed that the Committee operated effectively during the year. As a priority for 2025, the Committee will continue to focus on the monitoring and execution of management's compliance programme, supported by Internal Audit.

I hope that you find this report informative and that it provides assurance in relation to the activities of the Committee during 2024 and planned for 2025.

Eva Castillo
Audit and Compliance Committee Chair

The Audit and Compliance Committee

The composition, competencies and operating remit of the Audit and Compliance Committee are regulated by article 29 of the Board Regulations as well as the Regulations of the Audit and Compliance Committee. Following the publication of the updated UK Corporate Governance Code and related guidance in 2024, as well as the publication of the updated Technical Guidance on Audit Committees by the CNMV, the Board reviewed and updated the Committee's regulations in February 2025. A copy of these Regulations can be found on IAG's website.

The Committee's composition, competencies and attendance

Detailed biographies of all Committee members are included in this Annual Report. The Board is satisfied that the Committee has retained competence relevant to its overall responsibilities, including possessing a wide range of financial, audit, risk management and relevant sector and business experience among its members, providing the right mix of skills and experience to provide constructive challenge and support to management. The Board has determined that Margaret Ewing and Maurice Lam have recent and relevant financial experience. The Board, through the Nominations Committee, will continue to review the Committee's membership to ensure the skills and experience of its members align with the business as it develops.

In addition to the Secretary, the Deputy Secretary and the Head of Group Internal Audit (who functionally reports to the Committee Chair), the Chairman, the Group CEO, the Chief Financial and Sustainability Officer, the Group General Counsel, the Group Financial Controller and representatives of the external auditors regularly attended the Committee meetings. In relation to the recommendation of the CNMV Technical Guide to limit the presence of non-members at committee meetings, the following measures are followed:

- Draft agendas are reviewed to ensure the participation of appropriate stakeholders for each agenda item.
- A private session of the Committee is held at the end of each meeting.
- Regular private sessions are held with the internal and external auditors, the Chief Financial and Sustainability Officer and the Group General Counsel.
- Where appropriate, management or the auditors are asked to leave the meeting if a topic is to be discussed that may conflict with or involve them.

The Committee's responsibilities and activities

The Committee's principal responsibilities are to oversee and provide assurance to the Board on the integrity and quality of all external reporting, effectiveness of audit arrangements and robustness and effective operation of internal controls, compliance and risk management processes and fraud prevention and detection. The Committee meeting agendas are tailored to ensure emerging topics are included and to allow for ad hoc discussion and reviews. A summary of the Committee's activities during 2024 and until the date of this report is overleaf.

Audit and Compliance Committee activities

Area of Committee focus	Activities
Financial reporting	• Reviewing, challenging and considering the external auditor's views on significant accounting estimates, judgements and accounting policies applied in the financial statements of the Group and related reporting and disclosures; • Reviewing the financial statements and announcements of the Group to ensure integrity; and • Consideration of the process for confirming and recommending to the Board that the 2024 Annual Report and Accounts is fair, balanced and understandable.
External auditor	• Oversight of the external auditor, focusing on audit quality, effectiveness, independence and objectivity to ensure the rigour and challenge of the audit process is maintained. Specific activities undertaken by the Committee to oversee the relationship with KPMG and the audit process are included in this report.
Internal auditor	• Oversight of the internal auditor, focusing on the appropriateness of internal audit skills and resourcing, approving the audit plan, reviewing audit results, monitoring implementation of audit recommendations and ensuring the independence of the Internal Audit Team. Specific activities undertaken by the Committee with regard to internal audit are included in this report.
Internal Control over Financial Reporting (ICFR)	• Consideration of and challenge to management's analysis of risks in financial reporting, identification of key financial controls and documentation of accounting processes; • Monitoring the internal controls procedures adopted by the Company, to oversee compliance with them; and • Reviewing the results of the internal audits of ICFR consideration of the external auditor's findings and conclusions on this matter and tracking the progress of implementation of internal and external ICFR audit recommendations.
Enterprise risk management (ERM)	• Reviewing the principal and emerging risks facing the Group, including gaining assurance as to the effectiveness of the internal control system, mitigations and risk management process; • Reviewing the principal risks and the combination of risks that possess the potential to significantly impact the Group's strategic objectives, in order to simplify and further refine the Group's risk disclosures; • Reviewing the process whereby the Board reviewed and determined risk appetite; • Reviewing the performance of the Group against its existing risk appetite and confirming management's assessment that the Group has applied appropriate mitigations or other effective controls to ensure that the Group has operated within (or agreed) risk appetite throughout the period; • Reviewing annual compliance with the ERM risk policy; • Reviewing the Group's fraud risk assessment and design of the internal control framework to prevent and detect fraud, including consideration of the key controls and assurance activities provided across the Group in relation to financial and non-financial fraud risk; • Overseeing treasury risk management, including reviewing the Group's fuel and foreign exchange hedging policies, positions and financial counterparty exposure, compliance with the Group's treasury and financial risk management policies and consideration of the implications of the approved fuel hedging profile, given the recovery in demand and significant volatility in fuel prices, and ensuring its continued appropriateness in managing these risks; and • Overseeing tax risk management, in an environment of increased challenge, investigation and audit by tax authorities across the globe, and considering the tax strategy before recommending it to the Board for approval and publishing it on the IAG website.
Legal and compliance	• Reviewing the Group's anti-bribery, sanctions, competition, privacy and Spanish Criminal Code compliance programmes including the latest related risk heat maps, regulatory developments, issues identified during the year or still live from previous years and key programme activities during 2024 and priorities for 2025; • Reviewing, on behalf of the Board, the Group's independent third-party-facilitated whistleblowing procedures and the annual report from the Group's Head of Ethics and Compliance on: communication and awareness (plus trust in) the Group's whistleblowing facilities; incidents reported via the external whistleblowing and relevant internal channels, by category and nature; any emerging themes or trends; timeliness and responsibility for follow-up; and investigations and actions taken to address substantiated reports; and • Consideration of Disclosure Committee and litigation reports from the General Counsel including the status of remaining and potential civil litigation actions (see note 28 to the financial statements).

Area of Committee focus	Activities
IT, cybercrime and GDPR	• Reviewing and monitoring key cybersecurity and data privacy management improvement projects including changes to the Group's cyber governance model and IT operating model, lessons learned from recent third-party supplier data breaches, third-party risk management review (TPRM) and subsequent enhancement of approach to TPRM, visibility of trend analysis and benchmarking external data to better understand the Group's progress in implementing its improvement plans; • In May, the Committee received a briefing on AI risk management and governance from an external expert to prepare for its oversight of the Group's AI approach.
Non-financial information	• Reviewing management's preparations to comply with the Corporate Sustainability Reporting Directive (CSRD) (directive 2022/2464/EU) as well as the integrity of information provided in the Group's Consolidated Sustainability statement in compliance with Law 11/2018, including information on environmental, social, employee and human rights-related matters. In addition, the Committee received the external auditor's limited assurance report and conclusions on the Sustainability statement; • Reviewing the integrity of the reporting and data in respect of the Group's longer-term sustainability and climate-related risks and opportunities, including the Group's alignment with the provisions of the TCFD process, and the appropriate reflection of the implications of climate change in the Group's strategy, financial statements and financial and cash flow forecasts; and • Understanding the phased programme towards readiness for reasonable assurance for non-financial information in respect of key and required sustainability and people/workforce measures and monitoring the significant progress achieved, leveraging the Group's established methodology for implementing internal controls frameworks and defining the controls, accountability and governance essential to achieve effective reasonable assurance.
Insurance	• Reviewing the Group's insurance position, including general insurance arrangements and directors' and officers' liability insurance; • Reviewing the adequacy and appropriateness of the cover with regards to the Group's relevant principal and emerging risks (recognising that not all risks are of an insurable nature); • Consideration of the insurance policies across the Group to ensure they are adequate and appropriate for the risks faced by the Group and new areas of risk and insurance.
Governance and other matters	• Reviewing and recommending to the Board the adoption of amendments to relevant policies; and • Considering and planning for the implications of any changes in European, Spanish or UK corporate governance requirements within the remit of the Committee, including the passing of the UK Economic Crime and Corporate Transparency Act 2023 and the release of associated guidance.

Report of the Audit and Compliance Committee *continued*

Significant financial reporting matters considered by the Audit and Compliance Committee

The Committee takes account of significant issues and risks, including strategic, business, operating, financial, compliance and regulatory, that may materially impact the integrity and accuracy of the quarterly financial results announcements or the 2024 Annual Report and Accounts.

In support of the directors' statement and responsibilities, the Committee has also sought to ensure that the Group's reporting is aligned with the latest guidance and requirements from regulators, that it is fair, balanced and understandable and that all matters disclosed and reported upon meet the rapidly evolving needs of the Group's stakeholders.

The significant accounting judgements, estimates, accounting policies and issues considered by the Committee in relation to the Annual Report and Accounts for the year to 31 December 2024 (including those considered as significant audit issues by the external auditor and described in the Independent Auditor's Report) are set out in the table below. After robust further consideration, challenge and debate, there are no topics where the conclusion resulted in significant disagreement between management, the external auditor and the Committee, and there were no unresolved issues that needed to be referred to the Board.

Matter	Action taken by the Committee and outcome/future actions
VAT assessment on the issuance of Avios	The Committee received multiple updates throughout 2023 and 2024 on the progress of HMRC's substantive review into whether VAT should have been and should be payable on the issuance of Avios, including the consideration of the impacts of the decision letter issued by HMRC on 29 October 2024. Based on the facts presented, the Committee agrees with management's assertion, confirmed by external counsel and tax advisers, that it is more likely than not that an adverse ruling will not eventuate. As a result, the Committee also agrees with management's approach in the 2024 consolidated financial statements in that the matter is disclosed as a contingent liability and no provision is recorded for this exposure. The Committee is satisfied that the disclosure made in the 2024 Annual Report and Accounts enables users to sufficiently understand the status of this matter. The Committee also considered the conclusions of the external auditor, who had identified the VAT matter in IAG Loyalty as a key audit matter.
Loyalty revenue recognition	The Committee focused on IAG Loyalty's breakage and other assumptions driving loyalty revenue recognition. The Committee is satisfied that the estimates relating to loyalty revenue recognition are appropriately supported by reasonable management assumptions and those of an independent expert third party. The Committee also considered the conclusions of the external auditor, who had identified loyalty revenue recognition as a key audit matter.
Voucher revenue recognition	The Committee continued to focus on management's assumptions in relation to revenue recognition relating to vouchers issued in relation to conditions during and immediately after the COVID-19 pandemic, including issuances, redemptions, refunds and the amounts recognised as breakage. The Committee is satisfied that the breakage assumptions applied in relation to the revenue recognition of vouchers are appropriately supported by reasonable management assumptions, which themselves are supported by historical redemption and expiry data.

Other significant matters considered

Highlights of other key matters that the Committee considered are explained below.

Matter	Action taken by the Committee and outcome/future actions
Viability and going concern assessments	Throughout the year and while finalising the 2024 Annual Report and Accounts, the Committee reviewed and evaluated management's going concern review and viability assessment, including the supporting analysis. The Committee found assurance in management's 2024 assessment and update of its three-year forecasts as part of the financial plan through to 31 December 2027. This assurance was gained by reviewing and challenging critical estimation assumptions and judgements applied to cash flow forecasts over the short, medium and long term, including the implications of climate change within the reference period. Many assumptions and judgements are based on external factors such as political and economic influences, ongoing conflicts and geopolitical tensions, which drive market uncertainty and the prolonged impacts of supply chain disruption. The Viability Statement section of this Annual Report provides details of the base case and downside case used in assessing the appropriateness of the Board's Viability Statement and the going concern basis of accounting. The Committee critically reviewed the assumptions applied in management's base case and downside case projections, ensuring the downside case included appropriately severe but plausible assumptions. The Committee also examined the external auditor's findings and conclusions on this matter. Alternative negative scenarios were considered by the Committee, but the downside case presented the most severe yet plausible scenario. The Committee recommended the going concern statement and related disclosures to the Board for inclusion in the 2024 half-year interim results announcement and the 2024 Annual Report and Accounts, as well as the Viability Statement for inclusion in the 2024 Annual Report and Accounts.

Matter	Action taken by the Committee and outcome/future actions
Fraud procedures	The Committee examined management's report on the Group's fraud prevention framework, which included the annual fraud risk assessment, the key controls and the lines of defence established to prevent and detect fraud. The Committee observed strong alignment between the risk assessment and the assurance map, including lines of defence, and was satisfied that the approved internal audit plan addressed the key financial reporting anti-fraud controls as well as audits targeted at specific fraud risks across the Group during this period. Management updated the Committee following the November 2024 release of the implementation guidance for the UK Economic Crime and Corporate Transparency Act 2023. The Committee will oversee management's response to the guidance, particularly regarding reasonable procedures to prevent fraud and any necessary enhancements to the Group's fraud prevention framework. On behalf of the Board, the Committee will continue to monitor fraud and internal controls, including consideration of feedback from the external auditor, the outcomes of the annual ICFR audits and the results of a series of focused anti-fraud control internal audits.
CNMV letters and enquiries	During the course of 2023, the Company received a number of enquiries from the CNMV, requesting information and clarifications relating to the Company's accounting policies for major maintenance events for both owned and leased aircraft. In forming its responses, management incorporated: (i) detailed analysis of its current accounting policies; (ii) benchmarking of peer accounting policies; (iii) consideration of industry guidance; and (iv) consideration of alternative accounting policies. The Committee reviewed and concurred with management's responses to the aforementioned enquiries. During the course of 2024 and through to the date of this report, the Company has received no further correspondence from the CNMV in relation to this, or any other matter.
Corporate governance and audit reform	Throughout 2024, the Committee closely monitored developments in and emerging guidance in respect of the UK's Revised Corporate Governance Code and the UK Economic Crime and Corporate Transparency Act 2023. In May, the Committee challenged management's initial approach to the implementation of provision 29 of the revised code. Management agreed to monitor emerging industry practice throughout 2024 and 2025 to further improve and refine the approach. The Committee believes management is well placed to adopt the new provisions as a result of the existing control frameworks implemented across the Group. Throughout 2025, the Committee will be reviewing management's implementation of the provisions to ensure full compliance and appropriate assurance provision for the Board in accordance with the relevant regulatory and legal timetable.
Sustainability statement and CSRD	The Committee is pleased with management's progress in preparing for the disclosure of material data points required under the Corporate Sustainability Reporting Directive (CSRD) (directive 2022/2464/EU) as well as the continued progress on designing and documenting internal controls over non-financial reporting (ICNFR) across the Group to ensure there are robust processes and controls in place to obtain reliable data. In June, the IAG Board received training on the CSRD and double materiality assessment from an external expert to prepare for its responsibilities in approving the Group's double materiality assessment. The Committee held a joint session with the Safety, Environment and Corporate Responsibility (SECR) Committee in October, to jointly review and challenge management's approach and conclusions regarding the CSRD double materiality assessment. In addition, both Committees reviewed the draft Sustainability statement in advance of the year end. At the request of the Committee, additional non-financial information process and control internal audits were undertaken in 2024 to inform management's drive to improve the ICNFR framework and to provide the Committee with assurance that the newly-implemented controls are operating effectively. In 2025 the Committee will, jointly with management, determine the appropriate level of ongoing assurance required over the ICNFR framework.
Compliance	The Committee recognises the critical role of compliance in upholding the highest ethical standards across the Group. Throughout 2024, the Committee has closely monitored management's plans to address the recommendations of the independent assessment of the Group's 'Speak Up' programme and ethics and compliance maturity assessment completed in December 2023. This has included the review and challenge of the Group's three-year compliance plan, receiving regular updates on the implementation of the first year of the plan as well as the review and approval of the IAG Ethics and Compliance Charter and the revised IAG 'Speak Up' policy. The Committee is pleased with the progress made and compliance will remain a key area of focus for the Committee during 2025 and 2026.

The Committee will continue to receive regular updates on all the above matters in 2025.

Internal Control over Financial Reporting

The Board of Directors is ultimately responsible for the supervision of the existence and effectiveness of Internal Control over Financial Reporting (ICFR). The Board has delegated responsibility for the development of effective controls to the Group Chief Executive Officer and supervision of the effectiveness of these controls to the Audit and Compliance Committee.

The Group's ICFR monitoring and auditing is mature and well embedded across the Group, covering processes applied by the Company, Aer Lingus, British Airways, IAG GBS, IAG Loyalty, Iberia and Vueling, and processes performed by IAG GBS and IAG Cargo on behalf of the operating companies. This enables the Committee to evaluate and oversee IAG's management of financial reporting risk and to validate the Group's approach to complying with the CNMV's ICFR recommendations.

In 2024, the Committee reviewed the results of the internal audits and external audit of ICFR (which included IT general controls). No unremediated material weaknesses that would impact the integrity of the financial statements were identified, and management continued to improve the control environment across the Group. The Committee also tracked the progress of internal audit recommendations to address any weaknesses identified.

Internal audit

The Committee's activities during 2024 in relation to the Internal Audit function included:

- Reviewing and agreeing the internal audit 2024 plan and 2025 first six months' plan (including resourcing and budget to appoint appropriate external specialist resource to provide the required level of assurance over the principal risks, processes and controls throughout the Group). This included ensuring the 2024 plan continued to focus on fraud risk while also ensuring coverage of 'other' specific risks, including cybersecurity, IT transformation programmes, non-financial information and satisfying ICFR and Spanish Criminal Code requirements;
- Reviewing key audit conclusions, discussing the quality and timeliness of management's responses, monitoring the resolution of issues raised and requesting additional audit review of certain weaknesses or concerns identified by internal audit, post-management action to remediate. Where an internal audit finding was rated seriously deficient, relevant responsible management were requested to, in person, present their plans and progress in addressing the audit recommendations and required actions, reflecting the importance the Committee attributes to the internal audits and their conclusions;
- Holding regular meetings during the year between the Committee, the Head of Group Audit and the external audit partners, as well as ensuring the Head of Group Audit feels able to raise any concerns informally and directly with the Chair of the Committee;
- Monitoring and protecting Internal Audit's independence and standing within the Group, ensuring it is able to influence and engage at the most senior levels across IAG, operating companies and functions, and is closely involved in the Group's discussions on risk; and
- Performing an effectiveness review with key stakeholders in December 2024.

The Committee is satisfied that delivery of the approved internal audit strategy and plan is providing timely and appropriate assurance on the effectiveness of controls in place to successfully and effectively manage aspects of the Group's relevant principal risks (i.e. those that are capable of being subject to an audit review).

External audit

External auditor key information	
Last tender	2019 – January 2020
Transition year	2020
AGM approval of current auditor (for one year to 31 December)	June 2024
First audited Annual Report	Year to 31 December 2021
Next audit tender required by regulations	For appointment effective for year to 31 December 2031

The Committee engaged throughout the year with KPMG, with the engagement partners attending all Committee meetings.

The Committee Chair met frequently with the Group and lead audit partners throughout the year to review Group developments, audit progress, planned reporting and audit findings. The Committee's key activities in relation to its interaction with KPMG included:

- Review and approval of the 2024 external audit plan and strategy including consideration of scope, approach and methodology, emerging industry and Group-specific audit risks and materiality;
- Monitoring the audit plan's implementation, including receiving regular reports from KPMG, progress against plan in light of key judgements, audit matters and any significant weaknesses detected in the internal control environment;
- Discussion, prior to recommendation of the financial statements to the Board for approval, of the audit findings, including audit variances, and observations on internal controls, operations and resources. This included challenging the auditors on their conclusions regarding management's disclosure of the ongoing VAT assessment on the issuance of Avios discussed in the significant financial reporting matters section above;
- Performing an assessment of the effectiveness and independence of KPMG, including the quality of the 2024 audit (throughout the year) and reviewing and approving KPMG's fees and terms of reference; and
- Reviewing and approving 2024 non-audit services expenditure against policy and previously determined limit guidance. Reviewing and approving non-audit services limit guidance and expectations for 2025.

External audit scope, materiality and execution

In May, the Committee discussed and agreed the scope of the audit with KPMG, including the interim review plan (comprising audit testing, risk assurance procedures, process walkthroughs, controls testing and data and analysis routines) and ensured that the audit strategy was robust and informed by the auditor's assessment of the Group's key risks, particularly those that are significant to the audit. KPMG outlined to the Committee the key tests that it intended performing on the identified higher-risk audit areas that could lead to material misstatement of the financial statements and significantly influenced the audit plan. The auditor and the Committee confirmed a shared understanding of these risks and key audit matters, including passenger, cargo and customer loyalty programme revenue recognition, accounting for VAT, accounting for aircraft maintenance, restoration and hand-back costs, and how these were to be considered in the audit approach.

The auditor confirmed that 100% (2023: 100%) of the Group's forecast revenue and 97% (2023: 95%) of the Group's forecast total assets would be subject to a full scope audit. The Committee agreed that the approach was appropriate and should provide the Board with a high level of assurance regarding the integrity of the financial statements and subsequently approved the audit plan, recognising that the plan would evolve as the year progressed to reflect any changes in circumstances or outlook.

External auditor quality and effectiveness

The Committee is dedicated to ensuring audit quality and effectiveness, which is continuously reviewed to uphold the rigour and challenge of the external audit process. Updates were received from KPMG at five Committee meetings, enabling the Committee to assess the quality of the audit by regularly monitoring the auditor's communications with management and the Committee, including: discussion and challenge during Committee meetings; compliance with relevant regulatory, ethical and professional guidance; and an assessment of the audit team's qualifications, expertise, resources and partner performance.

In addition to its own independent assessment, management conducted a survey on the Committee's behalf as well as engaging in detailed discussion with key executives and finance staff, which demonstrated that the 2024 external audit was deemed to be effective, robust and of good quality.

The Committee's independent evaluation considered the overall quality of the audit, including whether the auditor exhibited an appropriate level of challenge and scepticism in its work and dealings with management, and the independence of KPMG.

The Committee also assessed the depth of review and level of challenge provided by the external auditor over the significant accounting policies, judgements and estimates made by management. The Committee felt that KPMG challenged management robustly on key judgements and estimates, accounting treatments and disclosures; for example, in relation to loyalty programme revenue recognition, where KPMG's challenge included an evaluation of the effectiveness of management's expertise and modelling. The observations and conclusion of the Committee in respect of this matter are noted in this report above.

Report of the Audit and Compliance Committee *continued*

In addition to the annual evaluation, the Committee undertook an ongoing assessment of external audit quality and effectiveness including, but not limited to, the following indicators:

- the Committee oversaw formal terms of engagement with the auditor and agreed the audit fee;
- reports from the external auditor were reviewed during Committee meetings in 2024 and again in the February 2025 Committee meeting, covering: the conclusions of the review of the Group's results for the half year; audit planning updates; interim audit findings (including those of the review of the relevant key IT general controls); progress update for year end matters; and final report for year end matters;
- KPMG attended all six of the scheduled Committee meetings and one special meeting during the year to answer any questions the Committee had beyond these formal updates; and
- consideration of the FRC's most recent Audit Quality Review conclusions relating to KPMG as a firm and any specific findings relating to audits led by the lead audit partners with IAG.

Taking all aspects of the assessment throughout the year into consideration, the Committee concluded that it is satisfied that the KPMG audit was probing, challenging and robust and the approach provided a reliable audit opinion with a reasonable expectation of detecting material errors, irregularities and material fraud. The Committee considered the external audit to have been effective and of a high quality.

External audit tender and transition

2021	2024	2025	2030
KPMG first year of audit following the appointment approved by shareholders in 2020 for the 2021, 2022 and 2023 financial years	KPMG reappointment considered and approved by shareholders for the year to 31 December 2024 and annually thereafter	Mandatory appointment of new external (KPMG) audit Spanish lead partner to sign off on the 2026 financial year	To comply with the Spanish Act 22/2015, a competitive tender will be required for auditor appointment effective for the year to 31 December 2031 unless carried out earlier

To comply with the Spanish Act 22/2015, the Committee conducted an audit tender process that concluded in January 2020. Following KPMG's appointment (by shareholders) as the external auditor of the Company in 2020 for the years 2021, 2022 and 2023, the Committee reviewed and monitored the implementation of KPMG's audit plans as well as the execution of these plans throughout 2024. The Committee considered and recommended to the Board the reappointment of KPMG for 2025.

External auditor non-audit services and independence

Non-audit service spend in 2024 is within the total target maximum and was €2,000,000. The Committee concluded that KPMG is independent, taking into account the level and nature of non-audit services provided.

IAG non-audit services policy: key features

Pre-approval

All non-audit services require pre-approval in accordance with the table below to ensure services approved are consistent with the IAG non-audit services policy for permitted services. This process ensures all services fall within the scope of services permitted and pre-approved by the Committee and does not represent a delegation of authority for pre-approval.

Value	Pre-approver
More than €100,000	Audit and Compliance Committee Chair and Chief Financial and Sustainability Officer
Between €30,000 and €100,000	Chief Financial Officer and Sustainability Officer and Head of Group Audit
Less than €30,000	Head of Group Audit

Fee cap

The guideline amount is set to ensure the total fee payable for non-audit services should not exceed 70% of the annual audit fee.
The overall value of fees for work is addressed by a target annual maximum for 2024 of €2.6 million with an additional allowance of up to €1.6 million for large projects where the external auditor is uniquely placed to carry out the work.
The Committee reviews the nature and volume of the non-audit services undertaken by the external auditor on a quarterly basis.

Prohibitions

IAG's policy includes a list of permitted non-audit services in line with the list of permitted services in the FRC's Revised Ethical Standard 2024 (originally introduced in 2019). Any service not on this list is prohibited.
All non-audit services over €100,000 are put to competitive tender with other providers, in line with the Group's procurement policy, unless the skills and experience of the external auditor make it the only suitable supplier.

Details of the fees paid to the external auditor during the year can be found in note 7 to the consolidated financial statements.

Report of the Remuneration Committee



Heather Ann McSharry
Remuneration Committee Chair

Committee members	Date appointed
Heather Ann McSharry (Chair)	31 December 2020
Eva Castillo	31 December 2020
Emilio Saracho	20 June 2019
Nicola Shaw	1 January 2018

Dear shareholder

On behalf of the Board, I am pleased to present our 2024 Directors' Remuneration Report, where, we set out our key considerations and the remuneration decisions we have reached in 2024 both for the executive director of IAG and for its management team. I have also outlined details of the review we are currently conducting in respect of our Remuneration Policy.

Business performance

This has been a year of very strong performance for IAG, consolidating the Group's post-pandemic recovery. We have announced a strong set of financial results as we have continued to deliver our strategy, which is underpinned by our transformation ambition, ensuring we are even better placed to deliver on our purpose of connecting people, businesses and countries. We have delivered significant shareholder value through our continued strong share price performance, and achieved the important milestone of a return to dividends and the launch of a €350 million share buyback programme in late 2024.

Highlights include:

- Operating profit before exceptional items of €4,443 million;
- Increase in operating margin by 1.9% percentage points to 13.8%;
- Surpassed pre-pandemic capacity and over 122 million passengers flown;
- Increased profitability has supported significant free cash flow generation, investment and an increasingly strong balance sheet;
- €350 million share buyback programme announced;
- Grew closer to our 10% sustainable aviation fuel goal as IAG continues to lead the industry on sustainability.

Remuneration Policy review

In light of the economic and business context and the Group's return to strong sustainable performance, under the leadership of our CEO, the Committee continued to review the long-term incentive framework, including that for the CEO (the only Executive Director) during 2024. Shareholders may recall we had signposted this as an area of focus for us in our 2023 Directors' Remuneration Report.

Following review and discussions over the recent months, the Committee has concluded that it is appropriate to propose a change to the CEO's long-term remuneration, to ensure that it continues to adequately incentivise the delivery of our ambitious strategic growth plans, reinforces our high-performance culture and unifies the remuneration framework for all of our management team.

Since 2021, the Restricted Share Plan (RSP) has played an effective and important role in incentivising, engaging and retaining our valuable leadership team, demonstrating its relevance and value even beyond a period of maximum uncertainty such as the pandemic period. Also in 2021, an additional plan, the Full Potential Incentive Plan (FPIP) was introduced on a one-off basis, for our top 250 executives below the Board. This plan, with an exceptional stretch target of 2024 operating profit, has been instrumental in motivating our management team to drive the transformation of the business and to deliver world-class financial performance and a substantial increase in IAG's shareholder value over the past three years.

We are now seeking to build on the effectiveness of the combination of the RSP/ FPIP long-term incentive framework below the Board, and will introduce a new Stretch Performance Incentive Plan (SPIP) in 2025 to operate alongside the RSP. As before, this will be awarded to IAG's 300 senior leaders as a follow-on to the 2021 FPIP. A single grant will be made in 2025, with a three-year performance period.

The new SPIP scheme is once again designed to incentivise our senior leaders to achieve stretch performance targets ahead of our strategic plan targets through to the end of 2027, to maintain the focus on transforming the business and to further reinforce our high-performance culture.

Our CEO did not participate in the original FPIP scheme, as the Board did not consider it appropriate to put this proposal to shareholders in 2021 given the economic and business context we were in at the time. In consultation with our CEO, it was decided to introduce this plan without his involvement.

We now consider it important for him to participate in this new stretch incentive plan, to ensure alignment and consistency of the remuneration framework and long-term performance targets across the leadership team, and ultimately fairness in remuneration outcomes.

The Committee is therefore consulting with shareholders on a potential change to the Policy, to allow the CEO to participate in this plan. At the time of finalising this report the consultation is ongoing. If, at the conclusion of that process, we determine that the Policy should be amended, this will be proposed in our upcoming Notice of Annual Shareholders' Meeting.

2024 annual incentive outcome

Our annual incentive framework is based on a combination of financial and non-financial measures. There were no changes to the measures for 2024, which continue to reflect the Group's key focus on delivering robust financial performance, an excellent customer experience and strong progress towards our sustainability and other strategic goals. 60% of the annual incentive was based on operating profit before exceptional items, 20% on customer NPS, 10% on carbon efficiency and 10% on strategic and role-specific objectives.

The Annual Incentive Plan operated in line with our Remuneration Policy and reflects our strong performance in the year. Under the formulaic outcome, actual performance achieved was 85.7% of the maximum opportunity, largely driven by financial performance against our stretching operating profit targets. Due to fleet modernisation and sustainable aviation fuel (SAF) we continue to deliver against our carbon targets, with stretch performance achieved again in 2024. Performance against the customer measure was between threshold and target (with a 4.4pts improvement versus 2023). The Board and management team are committed to improving our customer propositions and actively mitigate disruptions with continued investment in the customer experience.

Full details of achievement against targets are provided in the Variable pay outcomes section of this report.

Vesting of the 2022 Restricted Share Plan (RSP)

The restricted share award granted to IAG's executive director in 2022 is due to vest in March 2025. The award is subject to a performance underpin, which takes into consideration IAG's overall financial and non-financial performance over the relevant three-year period.

The Committee has an established framework for assessing whether the performance underpin has been satisfied over the three financial years of the award, to ensure that the RSP vesting outcome is appropriate in the context of overall business performance and that there is no payment for failure. In assessing the 2022 award at its February 2025 meeting, the Committee reviewed details of IAG's financial performance (including revenue, profitability, operating margin, cash generation, return on capital, as well as performance relative to sector peers) and key non-financial and operational performance measures (including progress towards IAG's sustainability ambitions and its broader social agenda). Further details are set out in the Restricted Share Plan section later in this report.

The Committee agreed that, based on its assessment, the conditions set out in the underpin had been satisfied. As a result, the 2022 RSP award for the IAG CEO will vest in full in March 2025. The estimated value of the award is included in the single total figure of remuneration in this year's report and reflects the increase in IAG's share price over the plan period, with IAG leading the FTSE in 2024 for shareholder value creation. The award is subject to a two-year holding period.

Salary increases for 2025

The CEO's salary is reviewed annually, taking into account salary increases in the wider Group, the external market environment and the experience of shareholders and other stakeholders. We seek to balance these factors with the need to ensure that the CEO's salary remains competitive in IAG's core talent markets. After careful consideration, the Committee approved a salary increase of 3% for the IAG CEO for 2025, which is no more than the average increase for the wider workforce.

Workforce experience

The Committee continues to evaluate management's remuneration within the context of remuneration of our wider workforce. In accordance with IAG's business model, the operating companies are responsible for their own reward frameworks and terms and conditions and seek to ensure that the work performed by employees is appropriately reflected in their remuneration, is aligned to local markets, and competitive in attracting the best talent.

The Committee has received regular updates on our workforce initiatives, including the investments made by our operating companies, for example in improving the portfolio of flexible benefits offered to ensure IAG remains attractive and competitive, and to support the health and well-being of employees. 85% of our employees are covered by collective bargaining agreements, which seek to ensure fair, competitive and sustainable pay, providing stability for our business and employees.

All members of the Committee participate in the Board workforce engagement programme, which provides an opportunity to engage with employees on a broad range of matters including remuneration. The Committee has used these insights to ensure decisions regarding executive remuneration give appropriate consideration to our approach for the wider workforce and reflect the expectations of all our stakeholders.

On behalf of the Committee, I would like to take this opportunity to thank our employees across the Group for their continued effort, commitment, dedication and hard work which have been key to the success achieved by IAG this year.

Conclusion

This year the Remuneration Committee has again sought to take a considered and balanced approach to executive remuneration, taking into account our overall performance, the experience of our employees, shareholders, customers and other key stakeholders in the period. The Committee considers that the Directors' Remuneration Policy operated as intended during 2024, and the remuneration outcomes described in this report are appropriate in the context of the very strong performance achieved in the period.

If proceeding with a Policy change proposal post completion of our shareholder consultation, we will follow up to provide full details as soon as possible.

I would like to take this opportunity to thank our shareholders for their support at our 2024 Shareholders' Meeting, both for the renewal of our Remuneration Policy, which received 92% of shareholder votes in favour, and for the implementation of our previous Policy in 2023, which was supported by 94% of shareholder votes.

We hope that our Directors' Remuneration Report receives your support at our 2025 Shareholders' Meeting (and welcome any questions you may have in advance).

Approved by the Board and signed on its behalf by

Heather Ann McSharry
Remuneration Committee Chair

Remuneration at a glance

IAG Chief Executive Officer

Purpose and link to strategy features	Outcomes for 2024	Implementation in 2025
Fixed remuneration		
Base salary		
To attract and retain talent to help achieve our strategic objectives. Takes account of factors such as role, skills and contribution.	From 1 January 2024: £886,912 (€1,044,782) (an increase of 4% from 2023). Below the average increase for the majority of the wider workforce.	Following a review, an increase of 3% has been awarded. From 1 January 2025: £913,519 (€1,076,126). No more than the average increase for the wider workforce.
Taxable benefits and pension-related benefits		
Provides basic retirement and benefits which reflect local market practice.	Pension at 12.5% of salary, comparable to the rate applicable to the majority of the UK workforce. Benefits provided as per policy.	Benefits to be provided as per policy and pension will remain unchanged.
Variable remuneration		
Annual Incentive Plan		
Incentivises annual corporate financial and non-financial performance and the delivery of role-specific objectives. The deferred shares element aligns the interest of executives and shareholders and provides a retention tool.	For our 2024 bonus, the scorecard was weighted as follows: 60% operating profit (before exceptional items), 20% customer NPS, 10% carbon efficiency and 10% strategic and role-specific objectives. Under those scorecard measures, the bonus outcome was 85.7% of maximum, and thus the 2024 bonus amount of £1,520,000. As the IAG CEO has met the 350% shareholding guideline, 80% of the award will be paid out in cash with 20% deferred into shares for three years (otherwise 50% deferred into shares for three years).	Maximum opportunity unchanged at 200% of base salary. No change to the scorecard measures and weightings for 2025. The targets for 2025 are commercially sensitive and will be disclosed in the 2025 remuneration report.
Long-term incentive (RSP)		
Incentivises long-term shareholder value creation, and retention.	The second Restricted Share Plan award comprised two awards, one in March 2022 and another in October 2022, both of which are due to vest in March 2025. Based on the Committee's assessment of the performance underpin the RSP award will vest in full. The award will be subject to a two-year holding period post vesting. More detail on the Committee's assessment can be found later in this report.	In line with IAG's Remuneration Policy, a Restricted Share Award of 150% of salary will be granted to the IAG CEO in 2025. Under the policy awards vest after three years subject to satisfaction of the discretionary performance underpin and are subject to a holding period of two years post vesting. As mentioned earlier the Committee is consulting with shareholders on a potential change to the Policy. At the time of finalising this report the consultation is ongoing. If, at the conclusion of that process, we determine that the Policy should be amended, this will be proposed in our upcoming Notice of Annual Shareholders' Meeting.
Shareholding requirement		
Provides long-term alignment with shareholders.	The CEO of IAG is required to build up and maintain a shareholding of 350% of base salary.	As at 31 December 2024 the IAG CEO had a shareholding of 643% of base salary.
Malus and clawback provisions apply to annual incentive and long-term incentive awards and the Committee has discretion to adjust formulaic outcomes to reflect corporate performance and broader stakeholder experience.		

The Committee considers that the Directors' Remuneration Policy operated as intended during 2024.

2024 performance and pay outcomes summary

Business performance

Key strategic highlights

- Strong operating profit and financial performance
- Strengthen our balance sheet and reinvested in the business
- Through our strong margin and balance sheet, we have been able to accelerate the return of capital to our shareholders
- Our transformation programme is delivering better customer experiences
- Surpassed pre-pandemic capacity
- Continued to build a sustainable business (as we continue to renew our fleet and to invest in SAF)

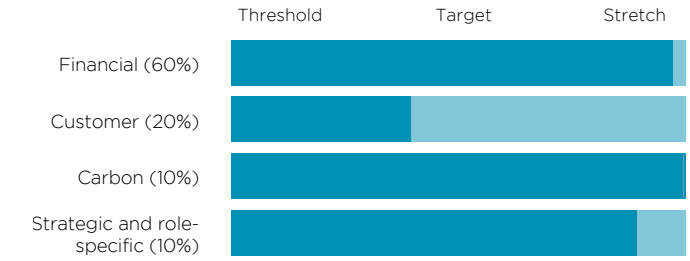
Key statistics

How we performed in 2024:

- Operating profit before exceptional items €4,443 million
- (+€936 million vly)
- Net debt €7,517 million and total liquidity €13,362 million
- (-€1,728 million and +€1,738 million vly)
- Net Promoter Score (NPS[1]) 21.0 (+4.4 vly)
- Carbon intensity 78.1 gCO_2/pkm (-3% vly)
- SAF use (tonnes CO_2 saved) exceeded 469,000 tonnes

Performance outcomes

Annual Incentive Plan



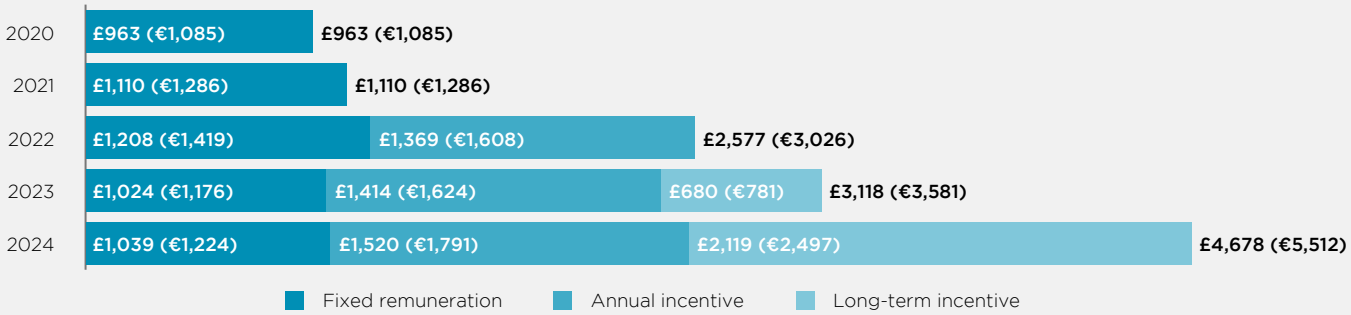
85.7%	–	85.7%
Formulaic outcome (% of maximum)	Committee judgement – no adjustments	Final outcome (% of maximum)

Long-Term Incentive Plan

The Committee undertook an assessment of the performance underpin attached to the restricted share awards made in 2022 and agreed that, based on this assessment, the conditions set out in the underpin had been satisfied. As a result it is expected that the award will vest in full in March 2025.

The Committee was presented with a framework to assess whether the underpin had been satisfied, taking into account the overall performance for the financial years 2022, 2023, and 2024.

IAG Chief Executive Officer remuneration history (£'000)



2020: current IAG CEO appointed in September 2020.
2023: the value shown for long-term incentive has been restated this year using the share price at vesting in June 2024, which was 164 pence. The vesting of the 2021 RSP award was provided in last year's report based on an estimated share price of 152 pence based on a three-month average share price from 1 October 2023 to 31 December 2023.
2024: the value shown for long-term incentive represents the estimated value of the total 2022 RSP awards granted, expected to vest in full in March 2025. The estimate is based on a three-month average share price from 1 October 2024 to 31 December 2024 of 243 pence.

1 For the purpose of the annual incentive award, the weighting of each airline towards the overall NPS score reflects the Group's areas of focus for 2024.

Remuneration report

Introduction

The Remuneration Committee is responsible for the preparation of the report of the Remuneration Committee, which is approved by the Board.

The Company's current policy on directors' remuneration was approved by shareholders at the Shareholders' Meeting held on 26 June 2024, following consultation with major shareholders.

As a Spanish incorporated company, IAG is subject to Spanish corporate law. The Spanish legal regime regarding directors' remuneration is substantially parallel to that of the UK as far as directors' remuneration disclosure and approval requirements are concerned.

The Company welcomes the opportunity provided by the Spanish CNMV for allowing companies to prepare free-format reports. Therefore IAG is presenting a consolidated report responding to both Spanish and UK disclosure requirements. This report will be accompanied by a duly completed form which is required by the CNMV covering certain relevant data. This is prepared in accordance with Spanish legislation and is available on the Company's and the CNMV's respective websites.

It is the Company's intention once again to comply voluntarily with all reporting aspects of the UK legislation of 2018, The Companies (Miscellaneous Reporting) Regulations (SI 2018/860) and The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, and to follow UK standards of best practice.

In addition to the Remuneration Committee Chair's statement, this Directors' Remuneration Report contains the Annual Report on Remuneration, which covers the information on directors' remuneration paid in the year under review.

Directors' Remuneration Policy

Key elements of pay executive directors

The Company's remuneration approach is to provide total remuneration outcomes that reflect the delivery of the business strategy, are competitive, and take into account each individual's performance. The Committee receives regular updates on the pay and conditions of the Group's employees and takes these into account when considering executive directors' remuneration.

The current Directors' Remuneration Policy

The Policy, which was approved by shareholders on 26 June 2024, is available on the company website IAG – Directors' Remuneration Policy (iairgroup.com).

Service contracts and exit payments policy

Executive directors

The following is a description of the key terms within the service contracts of executive directors.

The service contracts are available for inspection, on request, at the Company's registered office.

The contracts of executive directors are for an indefinite period.

There are no express provisions in executives' service contracts for compensation payable upon termination of those contracts, other than for payments in lieu of notice.

Executive director	Date of contract	Notice period
Luis Gallego	8 September 2020	6 months – from / 12 months – given

The period of notice required from the executive is six months; the period of notice required from the Company is 12 months. Where the Company makes a payment in lieu of notice, a payment becomes payable only if, in the Company's opinion, the executive has taken reasonable steps to find alternative paid work; and then only in monthly instalments. The payments will comprise base salary only. The Company may reduce the sum payable in respect of any month by any amount earned by the executive (including salary and benefits) relating to work done in that month (for example, as a result of alternative paid work referred to above).

In the event of an executive's redundancy, compensation, whether in respect of a statutory redundancy payment or a payment in lieu of notice or damages for loss of office, is capped at an amount equal to 12 months' base salary. The Company will honour the contractual entitlements of a terminated executive director; however, the Company may terminate an executive's service contract with immediate effect and without compensation on a number of grounds including where the executive is incapacitated for 130 days in any 12-month period, becomes bankrupt, fails to perform his or her duties to a reasonable standard, acts dishonestly, is guilty of misconduct or persistent breach of his or her duties, brings the Company into disrepute, is convicted of a criminal offence, is disqualified as a director, refuses to agree to the transfer of his or her service contract where there is a transfer of the business in which he or she is working; or ceases to be eligible to work in Spain or the UK (as applicable).

The Committee reserves the right to make any other payments (including, for example, appropriate legal or outplacement fees) in connection with an executive director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of an executive director's office or employment.

Under any of the Company's share plans, save in respect of bonus deferral awards (which will normally vest in full following cessation for any reason), if an executive director leaves, the Board, after considering the recommendation of the Remuneration Committee, may exercise its discretion (within the rules of the schemes) to grant good leaver status. This can be granted in circumstances including for example (list not exhaustive) the director leaving for reasons of ill-health, injury or disability, redundancy, retirement or death. Executive directors leaving with good leaver status will normally receive a pro-rata amount of their RSP shares, subject to the underpin being met, in accordance with the plan rules. The pro-rating is normally calculated according to what proportion of the vesting period the executive director spent in Company service. Normal vesting dates, holding periods and post-cessation shareholding guidelines will normally continue to apply, other than in a limited number of exceptional circumstances in accordance with plan rules and/or at the discretion of the Board. If good leaver status is not granted to an executive director, all outstanding awards made to them will normally lapse.

Executive directors leaving with good leaver status are eligible to receive a pro-rata annual incentive payment for the period of the year actually worked, subject to the usual performance assessment and typically paid in the normal manner following the year end.

In the event of an executive director's termination by the Company, they must not be employed by, or provide services to, a restricted business (i.e. an airline or travel business that competes with the Company) for a period of 12 months.

Non-executive directors

Non-executive directors (including the Chair) do not have service contracts. Their appointment is subject to the Board Regulations and the Company's Bylaws. They do not have the right to any compensation in the event of termination as directors. Board members shall hold office for a period of one year. In accordance with UK practice, the non-executive directors' letters of appointment are available for inspection, on request, at the Company's registered office.

Malus and clawback provisions

Malus and clawback provisions	Circumstances	The Board, following the advice of the Committee, has authority to reduce or cancel awards before they are satisfied (and/or impose additional conditions on awards), and to recover payments, if special circumstances exist. These special circumstances include (but are not limited to): • Fraud; • Material breach of any law, regulation or code of practice; • An error or a material misstatement of results leading to overpayment or over-allocation; • Misconduct; • Failure of risk management; • The occurrence of an exceptional event affecting the Company's value or reputation; • Payments based on results that are subsequently found to be materially financially inaccurate or misleading; • Serious reputational damage as a result of a participant's behaviour; • Corporate failure; and • Any other circumstances in which the Board considers it to be in the interests of shareholders for the award to lapse or be adjusted.
	Period	• For the cash element of the Annual Incentive Plan, clawback provisions apply for three years from the date of payment. • For the bonus deferral awards, there will be three years from the date of award in which shares can be withheld, i.e. the entire period from the date of the award until vesting. • For RSP awards, clawback provisions apply for two years post vesting. • The clawback period for the cash element of the annual incentive plan was chosen as it aligns with the vesting period for the deferred bonus awards. The clawback period for the RSP was chosen as it aligns with the post-vesting holding period. These periods are considered to allow an appropriate amount of time for any of the above circumstances to become known. • The proportion of an award to be withheld or recovered will be at the discretion of the Board, upon consideration of the Committee, taking into account all relevant matters.

Malus and clawback provisions were not invoked during 2024.

When setting executive directors' remuneration, the Committee considers the factors set out in Provision 40 of the UK 2018 Corporate Governance Code. IAG operates a simple and clear remuneration framework, and the policy illustrates the potential outcomes under various performance scenarios. Safeguards are in place to mitigate risk, such as malus and clawback and the Committee's ability to apply discretion when determining incentive outcomes. The variable pay elements ensure that outcomes are proportionate to performance, with measures chosen that support the strategy and reinforce IAG's values and culture.

Annual Remuneration report

The Annual Remuneration report sets out how the Directors' Remuneration Policy (as approved by shareholders at the Shareholders' Meeting on 26 June 2024) was put into practice in 2024 and how it will be implemented in 2025.

The Remuneration Committee

The Remuneration Committee is regulated by article 32 of the IAG Board Regulations and by its own Regulations last approved on 27 February 2025. A copy of these Regulations is available on the Company's website.

Beyond executive directors, the Committee reviews the remuneration arrangements for members of the IAG Management Committee (and considers remuneration matters related to other senior executives and the wider workforce across the Group).

Article 32 of the Board Regulations ensures that the Remuneration Committee is composed of not less than three independent non-executive directors, who have the dedication, capacity and experience necessary to carry out their function. Heather Ann McSharry chairs the Committee and is also IAG's Senior Independent Director. None of the Committee members has any personal financial interest, other than as a shareholder, in the matters to be decided.

In accordance with the 2018 UK Corporate Governance Code, the Remuneration Committee also has responsibility for reviewing workforce remuneration and related policies, and the alignment of incentives and rewards with culture.

Statement of voting

The table below shows the consultative vote on the 2023 Annual Directors' Remuneration report and the Directors' Remuneration Policy approval at the 2024 Shareholders' Meeting:

	Number of votes cast	For	Against	Abstentions
2023 Annual Directors' Remuneration report	2,429,999,757	2,276,435,642	23,412,358	130,151,757
	(100)%	(93.68)%	(0.96)%	(5.36)%
2024 Directors' Remuneration Policy	2,429,999,757	2,232,389,109	65,902,288	131,708,360
	(100)%	(91.87)%	(2.71)%	(5.42)%

The Committee's activities during the year

In 2024, the Committee met eight times (four scheduled meetings and four extraordinary meetings held in June, July, October and December) and discussed, among other things the following matters:

Meeting	Agenda items discussed
January	• Review of IAG executive directors' Remuneration Policy • 2023 Directors' Remuneration Report and Non-Financial Information Statement • Management Committee pay benchmarking review • IAG CEO 2024 base salary review • Approval of grants under the Restricted Share Plan (RSP)
February	• Validated the report in relation to the proposal to amend the Directors' Remuneration Policy • Review of the 2023 annual incentive outturn • Initial assessment of the vesting outcome of the 2021 Restricted Share Plan (RSP) award • Approval of the 2023 Directors' Remuneration Report • Approval of the 2024 Annual Incentive Plan • 2024 Management Committee role-specific objectives • Approval of share awards for senior executives and delegation of authority for future awards • Share ownership update: review of executive holdings, share awards authority and dilution limits
May	• Market update on executive remuneration trends • Executive director remuneration • Review of long-term incentives vehicles: incentivising stretch performance • 2024 Annual Incentive Plan update • Authorisation for the allotment of shares for IAG share plans
June	• Vesting outcome of the 2021 Restricted Share Plan (RSP) award
July	• Review of market trends and feedback from investors after the 2024 AGM • Long-term performance incentive approach • Executive director remuneration (including benchmarking review)
October	• Approval of termination payment for IAG Management Committee member
November	• Market perspective on long-term incentive structures • Update on 2024 Annual Incentive Plan and FPIP potential outturns • Workforce remuneration update • Remuneration strategy for 2025 (including long-term performance incentive scheme)
December	• Consideration of the long-term incentive model

Advisers to the Committee

The Committee appointed Deloitte as its external adviser in September 2016. Deloitte reports directly to the Committee. The fees paid to Deloitte for advice provided to the Remuneration Committee during 2024 were £156,440 (€184,286), charged on a time and materials basis. Deloitte is a member of the Remuneration Consultants Group and a signatory to its voluntary UK Code of Conduct. As well as advising the Remuneration Committee, other Deloitte teams provided advisory services to other parts of the Group in 2024. The Committee has reviewed the remuneration advice provided by Deloitte during the year and is comfortable that it has been objective and independent.

In addition to Deloitte providing the Remuneration Committee with market updates on pay themes, the Committee also received market data and insights from other specialist consultants such as Aon, PwC and Willis Towers Watson in 2024.

Consideration of shareholder views

The Company consults regularly with its major investors on all matters relating to executive remuneration. The Company will engage in an extensive investor consultation exercise whenever there are any significant changes to Remuneration Policy.

The Committee discusses each year the issues and outcomes from the Annual Shareholders' Meeting, and determines any appropriate action required as a result.

Single total figure of remuneration for the Executive Director

The table below sets out a breakdown of the single total figure of remuneration breakdown for the IAG CEO, who was the only executive director during 2024. An explanation of how the figures are calculated follows the table.

	CEO: Luis Gallego			
	£'000[1]		€'000[1]	
	2024	2023	**2024**	2023
Base salary	**887**	853	**1,045**	980
Benefits	**41**	64	**49**	74
Pension	**111**	107	**131**	122
Total fixed remuneration	**1,039**	1,024	**1,224**	1,176
Annual incentive	**1,520**	1,414	**1,791**	1,624
Cash	**1,216**	707	**1,433**	812
Deferred into shares for three years	**304**	707	**358**	812
Long-term incentive[2,3]	**2,119**	680	**2,497**	781
Total variable remuneration	**3,639**	2,094	**4,287**	2,350
Single figure of total remuneration[4]	**4,678**	**3,118**	**5,512**	**3,581**

1 Remuneration is paid to the Executive Director in pounds sterling and expressed in euros for information purposes only.

2 2024 long-term incentive: the value shown in this table represents the estimated value of the 2022 RSP awards granted in March and October 2022, which are expected to vest in full in March 2025. The estimate is based on a three-month average share price from 1 October 2024 to 31 December 2024 of 243 pence.

3 2023 long-term incentive: the value for the vesting of the 2021 RSP award was provided in last year's report based on an estimated share price of 152 pence based on a three-month average share price from 1 October 2023 to 31 December 2023. This has been restated this year using the share price at vesting in June 2024, which was 164 pence.

4 Note that the value shown in this table differs from the value shown in the CNMV Statistical Annex accompanying this report, as the reporting criteria established by the CNMV differ from those used in this table.

Additional explanations in respect of the single total figure table for 2024

Only the current IAG CEO, Luis Gallego, served as an executive director in 2024. As the sole executive director, the IAG CEO has confirmed in writing that he has not received any other forms of remuneration other than those already disclosed in the table above.

Base salary

The values shown represent the actual salary paid to the IAG CEO for each performance year.

For 2024, an increase of 4% was awarded. This was below the average increase for the wider workforce, which was more than 5%.

Taxable benefits
Taxable benefits include the provision of a company car, a fuel allowance, executive support services and private health insurance.

Pension-related benefits
This includes the employer's contribution to a pension scheme and/or cash in lieu of a pension contribution.

Annual Incentive Plan
For the CEO's bonus in 2024, our scorecard was weighted to the following measures: 60% operating profit (before exceptional items), 20% customer NPS, 10% carbon efficiency and 10% personal and strategic objectives.

Under these scorecard measures, the bonus outcome was 85.7% of maximum. The outcomes of the performance conditions and outcomes that determined the award are described in detail later in the report.

Under the current Policy, as the IAG CEO has met the 350% shareholding guideline, 80% of the award will be paid out in cash with 20% deferred into shares for three years (if the guideline had not been met, 50% would be deferred into shares for three years).

For 2023, the bonus outcome was 82.9% of maximum. Under the previous policy, half of the annual incentive was deferred into shares for three years; these will vest in March 2027.

Long-term incentive vesting
In 2021 the then-existing Performance Share Plan was replaced with a Restricted Share Plan (RSP). The second Restricted Share Plan award comprised two awards, one in March 2022 and another in October 2022, both of which are due to vest in March 2025.

The Committee undertook an assessment of the performance underpin attached to the restricted share awards made in 2022 and agreed that, based on this assessment, the conditions set out in the underpin had been satisfied. As a result the awards will vest in full in March 2025.

More detail on the Committee's assessment can be found later in this report.

Share price appreciation and depreciation
The share price at grant was 141 pence and the estimated share price at vest is 243 pence, representing a growth of 102 pence per share. The overall value of the vesting of the 2022 RSP awards that is attributable to share price growth is, therefore, £889,619.

The Committee has not exercised any discretion as a result of share price appreciation or depreciation for any of the remuneration in the above table.

Life insurance
The Company provides life insurance and accidental death cover for executive directors. For the year ended 31 December 2024 the Company paid life insurance premium contributions of €17,847 (2023: €17,050).

Exchange rate for 2024
For the year to 31 December 2024, the £:€ exchange rate applied is 1.1780 (2023: 1.1486).

Variable pay outcomes

2024 Annual Incentive Plan

The IAG Annual Incentive Plan supports the business strategy through incentivising the delivery of identified priorities within the reporting period. The measures selected reflect the most important priorities for the Group for the year to deliver long-term sustainable returns. For 2024, the Board at the beginning of the year, following a recommendation by the Committee, set the following measures:

Weighting	KPI	Description
60% financial	IAG operating profit (before exceptional items)	For 2024 it was considered that operating profit continued to be the most appropriate financial KPI in aligning shareholder interest with the Company
20% customer	Group Net Promoter Score by relevance (NPS)	NPS is used to gauge the loyalty and experience of the Group's customer relationships. It is calculated based on survey responses to the likelihood to recommend, by subtracting the percentage of customers who are 'detractors' from the percentage of customers who are 'promoters'. The weighting of each airline in the overall NPS score reflects the Group's areas of focus for 2024
10% IAG-specific carbon efficiency measure	Group grammes of CO_2 per passenger kilometre (gCO_2/ pkm)	This measure reflects our progress towards our Flightpath net zero 2050 commitment; it measures the fuel efficiency of our flight operations, taking account of our network, aircraft mix and passenger load factors
10% strategic and role-specific	Operational performance	Drive the operational performance of the airlines against agreed customer, operational, and financial targets
	Competitiveness	Define and implement medium-term strategic plan that strengthens IAG's position in key markets
	Transform IAG	Define and implement key projects that transform cost, customer experience and culture
	Sustainability	Delivery of SAF plan to underpin net zero ambition
	People	Build culture and capability to underpin the Group's long term success. Continue to drive bench-strength and diversity of leadership including transition of new airline CEOs

Report of the Remuneration Committee *continued*

IAG CEO Annual Incentive Plan – performance against targets

Under the Policy, the IAG CEO has a maximum annual incentive opportunity of 200% of contractual salary. The table below details the approved 2024 performance measures and the Board's assessment of both Company and individual IAG CEO performance:

Category		Measure type	Weighting	Threshold: At which payments begin (20% pay-out)	Target: (50% pay-out)	Stretch: Max pay-out (100%)	Performance delivered	Payout % of maximum for each measure	Weighted payout %	CEO incentive outcome (£'000)
Financial measures	**2024**	Operating profit before exceptional items (€m)	60%	2,418	3,455	4,491	4,443	97.7%	58.6%	£1,039
Description of performance										
In 2024, the Group benefited from strong demand for travel across our core markets. Capacity growth was particularly strong in LACAR which grew 12% versus 2023, while Domestic (Spain and UK) and North Atlantic grew 6% and 3% respectively. All of our airlines developed their networks and grew capacity versus last year, with increased load factors. IAG also benefited from lower fuel unit costs with increased capacity offset by reduced average commodity fuel prices during the year. The result was a strong operating profit before exceptional items for the year of €4,443 million, versus a target of €3,455 million.										
Customer	**2024**	NPS[1]	20%	17.14	22.85	28.56	21.0	40.4%	8.1%	£144
Description of performance										
The outcome for 2024 was 21.0 (4.4pts higher than 2023) vs a target of 22.85. Disruptions, stemming from diverse factors such as air traffic control and fleet and supply chain challenges, impacted negatively our NPS. To mitigate this impact our airlines have invested in fleet, IT, customer propositions and operational resilience aimed at improving on-time performance, communication and support during disruptions and all baggage-related processes, among others. Positive impacts to our NPS can be attributed to substantial investment in our cabins and cabin product, digitalisation and personalising the customer journey and rewarding customers through loyalty programmes and benefits. NPS continues to be a key area of focus for both management team and the Board.										
1 For the purpose of the annual incentive award, the weighting of each airline towards the overall NPS score reflects the Group's areas of focus for 2024.										
Carbon	**2024**	gCO_2/pkm	10%	81.5	80.2	78.9	78.1	100.0%	10.0%	£177
Description of performance										
The outcome for 2024 was 78.1 vs a target of 80.2. IAG is targeting net zero emissions by 2050 across its Scope 1, 2, and 3 emissions. IAG's interim targets are an 11% improvement in fuel efficiency 2019-2025, a 20% drop in net Scope 1 and 3 emissions 2019-30, and 10% SAF in 2030. IAG achieved in 2024 its 2025 target, and is on track to deliver its 2030 and 2050 climate targets by carrying out emission reduction initiatives, working in collaboration with key stakeholders and proactively advocating for supportive government policy and technology development. Key measures to reduce emissions are fleet modernisation, sustainable aviation fuel (SAF), market-based measures including the UK and EU ETS and CORSIA, and carbon removals.										
Strategic and role-specific objectives		As described in the table on the previous page	10%	Low (0% to 40%)	Good to high (45% to 65%)	Exceptional (70% to 100%)	Exceptional	90.0%	9.0%	£160
Description of performance										
The Committee and the Board considered the CEO's performance against the KPIs set out on the previous page and assessed his performance against each of those indicators. The IAG CEO has played a critical role in delivering the strong performance for the Group in 2024, as set out in the Strategic Report, and in navigating the Group through industry headwinds, ongoing geopolitical changes and conflicts and an evolving political landscape and policy environment.										
Total			**100%**						**85.70%**	**£1,520**

For all measures, there is a straight-line sliding scale between the threshold level and the on-target level, and between the on-target level and the stretch target level.

As at 31 December 2024 the CEO of IAG had a shareholding of 643% of basic salary, meeting the 350% shareholding guideline, therefore, 80% of the annual incentive award will be paid in cash with 20% deferred into shares for three years.

2024 CEO performance annual incentive award outcome

Formulaic scorecard outcome	Remuneration Committee judgement
85.70%	–
% of maximum	No adjustment

Final scorecard outcome as % of maximum	85.70%
	X
Maximum bonus opportunity (% of base pay)	200%
	X
Base pay (£'000)	£887
	=
2024 Annual Incentive Award (£'000 shown in single figure table)	£1,520 €1,791

IAG Restricted Share Plan (RSP) awards

The RSP was introduced from 2021 to increase the alignment of both interests and outcomes between the Group's senior management and shareholders through the build-up and maintenance of senior management shareholdings and to drive an increased focus on the long-term, sustainable performance of the Company.

A three-year vesting period and further two-year holding period apply to RSP awards for executive directors, with vesting being dependent upon a satisfactory review of the discretionary underpin by the Remuneration Committee.

Malus and clawback provisions apply to RSP awards, enabling the reduction of awards right down to nil value to further ensure that corporate or individual failure is not rewarded under the plan.

2022 Restricted Share Plan (RSP) award vesting

The second Restricted Share Plan award comprised two awards, one in March 2022 and another in October 2022, both of which are due to vest in March 2025. The Committee undertook an assessment of the performance underpin which applies to the restricted share award and considers IAG's overall financial and non-financial performance.

As part of this process, the Committee was presented with a framework to assess whether the underpin had been satisfied, taking into account the overall performance for the financial years 2022, 2023, and 2024. The different elements considered included:

- The overall financial results for the period. The Committee's assessment took into account overall profitability, operating margins (including against comparable airlines), revenue, cash generation, return on capital and the Company's investment in fleet, customer and transformation. The Committee was satisfied that the conditions of the underpin in this regard had been satisfied.
- The Group's performance against key non-financial and operational performance measures, including progress towards IAG's sustainability ambitions and its broader social agenda (including diversity and inclusion). The Committee was satisfied that the conditions of the underpin in this regard had been satisfied.
- IAG's risk context. The Group's overall performance has been fundamentally in line with its approved risk appetite and internal control framework and no material issues have been identified.
- The Group's wider stakeholder experience in the period. This does not give rise to any material concerns.

Report of the Remuneration Committee *continued*

The purpose of the framework was to ensure that the RSP outcome can be justified and to guard against payment for failure. The Committee agreed that, based on its assessment, the conditions set out in the underpin had been satisfied. As a result the 2022 RSP awards will vest in full in March 2025. The award is subject to a two-year holding period.

2022 RSP (number of shares awarded)	872,860
	x
Estimated share price[1]	£2.43
	=
Award shown in the single figure table (£'000)[2]	£2,119 €2,497

1 Value shown represents the estimated value of the 2022 RSP award vesting in March 2025. The estimate is based on a three-month average share price from 1 October 2024 to 31 December 2024.

2 When reviewing the vesting outcome for the 2022 RSP, the Committee was mindful that the share price has increased 72% over the vesting period (estimated vesting share price versus share price at grant). The Committee gave careful consideration to the share price evolution, and to the delivery of the strategy and transformation. As such, no discretion was exercised in respect of share price appreciation.

Scheme interests awarded during the financial year 2024 Restricted Share Plan (RSP)

Type of award	Company shares
Basis of determination of the size of award	Awards only made to consistently high-performing executives in key roles who have the potential to take on greater organisational responsibility and whom the Company wishes to retain for the long term.
Executive director award face value	IAG CEO (Luis Gallego) – 150% of base salary
Date of grant	March 2024
Grant price	£1.52[1]
Vesting period	Three years: March 2024 to March 2027
Holding period	Two years: March 2027 to March 2029
Discretionary underpin description	No performance measures are associated with the awards. Vesting will be contingent on the satisfaction of a discretionary underpin, assessed over the financial years 2024, 2025 and 2026 of the Company (i.e. 1 January 2024 to 31 December 2026). In assessing the underpin, the Committee will consider the Company's overall performance, including financial and non-financial performance measures, as well as any material risk or regulatory failures identified. Financial performance may include elements such as revenue, profitability, cash generation and return on capital; and may be benchmarked against comparable airlines. Non-financial performance may include a range of operational and strategic measures critical to the Company's long-term sustainable success. This assessment will ensure any value delivered to executive directors is fair and appropriate in the context of the performance of the business and experience of our stakeholders and that corporate or individual failure is not rewarded. In the case of significant failure on the part of the Company or the individual, vesting may be reduced, including to nil. Full disclosure of the Remuneration Committee's considerations in assessing the underpin will be disclosed in the relevant Directors' Remuneration Report.

1 Average closing share price between 6 March 2024 and 12 March 2024

Total pension entitlements

Luis Gallego is not a member of the Company's pension scheme, and the Company, therefore, did not pay any contributions in his time as an executive director during the reporting period (1 January 2024 to 31 December 2024). He received cash in lieu of contributions of £110,864. This value is equivalent to 12.5% of base salary paid during the financial year and is comparable to the rate for the majority of the UK workforce.

Statement of executive directors' shareholdings and share interests

In order that their interests are aligned with those of shareholders, executive directors are required to build up and maintain a minimum personal shareholding in the Company.

Under the Group's shareholding guidelines, the IAG CEO is required to build up and maintain a shareholding of 350% of salary and other executive directors would be required to build up and maintain a shareholding of 200% of basic salary.

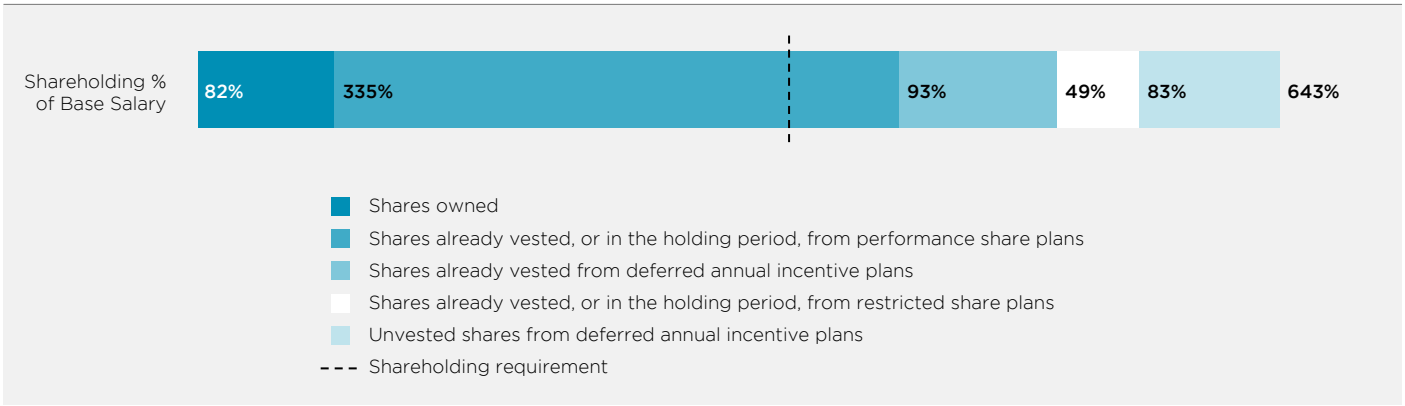
In addition, executive directors are required to retain all shares received via incentive plans until 100% of their shareholding requirement is attained.

The Committee has reviewed the IAG CEO's progress against the requirement and notes that he is compliant with the Policy requirement.

CEO, Luis Gallego	Policy requirement	3.5 times salary
	Actual	6.43 times salary (2,069,660 shares)

Shares which qualify under the Policy include shares already held by the executive, vested and exercised shares, vested and unexercised shares including those in the Performance Share Plan holding period, vested shares in the Restricted Share Plan holding period and unvested deferred annual incentive shares.

The chart and table below summarise current executive directors' interests as of 31 December 2024:



Executive director	Shareholding requirement	Shares owned	Shares already vested, or in the holding period, from performance share plans	Shares already vested from deferred annual incentive plans	Shares already vested, or in the holding period, from restricted share plans	Unvested shares from deferred annual incentive plans	Total qualifying shares held[1]	Consequence of a +/- €0.5 share price change (€)
Luis Gallego	350 % of salary	403,834	684,908	277,619	219,926	483,374	2,069,660 (643% of salary)	1,034,830

1 In accordance with the Policy, the share price used to calculate the percentage of salary guideline is either the share price on the date of award or on the date of vesting/exercise.

On departure from the Group, executive directors will be required to hold an amount of shares in line with their in-employment shareholding requirement (or the number of shares that they own at departure if lower) for two years from their date of termination. Shares will normally be retained in the nominee account administered by the Company to ensure this.

There have been no changes to the shareholdings set out above between 31 December 2024 and the date of this report.

External non-executive directorship

The Company's consent is required before an executive director can accept an external non-executive appointment and permission is only given in appropriate circumstances. The current executive director has no external non-executive appointments.

IAG CEO remuneration history

The table below shows the IAG CEO single total figure of remuneration for the latest ten-year rolling period:

		IAG CEO – total single figure of remuneration	Annual incentive payment as a percentage of the maximum	Long-term incentive vesting as a percentage of the maximum
2015	Willie Walsh	£6,455,000	80.00 % of maximum	100.00 % of maximum
2016		£2,462,000	33.33 % of maximum	50.00 % of maximum
2017		£3,954,000	92.92 % of maximum	66.67 % of maximum
2018		£3,030,000	61.85 % of maximum	46.19 % of maximum
2019		£3,198,000	51.97 % of maximum	72.11 % of maximum
2020	Willie Walsh	£662,000	No annual incentive payment	Zero vesting of long-term incentives
	Luis Gallego	£301,000	No annual incentive payment	Zero vesting of long-term incentives
2021	Luis Gallego	£1,110,000	No annual incentive payment	Zero vesting of long-term incentives
2022		£2,577,000	83.5 % of maximum	Zero vesting of long-term incentives
2023		£3,118,000	82.9 % of maximum	–[1]
2024		£4,678,000	85.7 % of maximum	–[1]

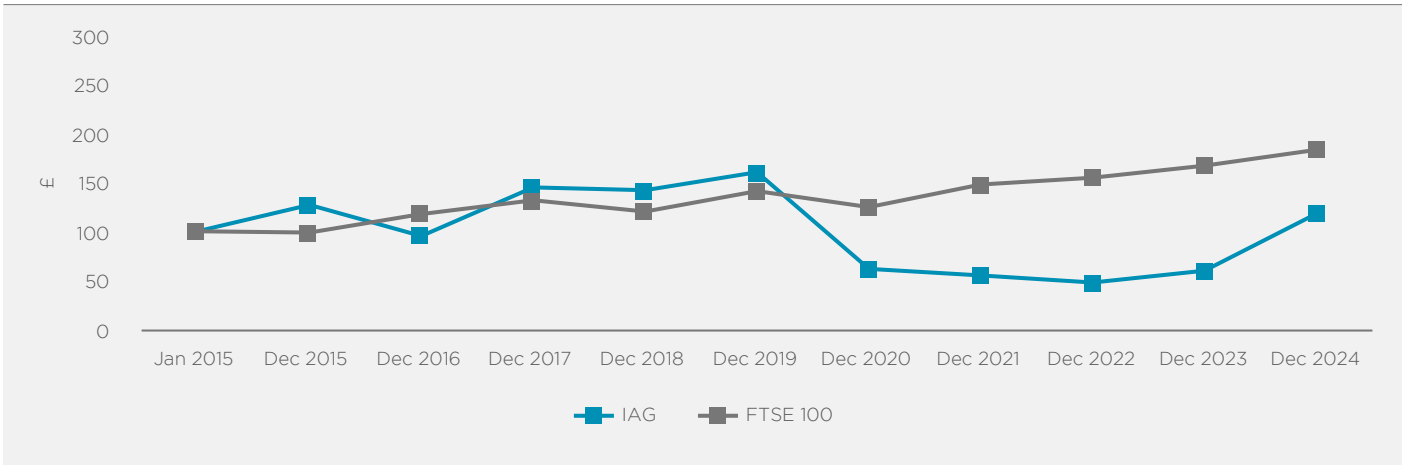
1 2023 and 2024 long-term incentives: from 2021, restricted share awards were granted to the IAG CEO which have no performance conditions and vest subject to the satisfaction of performance underpins. The values of the restricted share awards are included in the single total figure table in the relevant years.

The single total figure of remuneration includes basic salary, taxable benefits, pension-related benefits, Annual Incentive Award and any long-term incentive vesting.

IAG's total shareholder return (TSR) performance compared to the FTSE 100

The chart below shows the value by 31 December 2024 of a hypothetical £100 invested in IAG shares on 1 January 2015 compared with the value of £100 invested in the FTSE 100 index over the same period. The other points plotted are the values at intervening financial year ends. A spot share price has been taken on the date of listing, and a three-month average has been taken prior to the year ends.

The FTSE 100 was selected because it is a broad equity index of which the Company is a constituent, and the index is widely recognised.



In 2024 IAG was the top performing FTSE stock.

Non-executive directors

Non-executive directors are paid a flat fee each year, as per the following table.

Role	2024 fee	2025 fee
Non-executive Chairman	€645,000	€645,000
Non-executive directors	€120,000	€120,000
Additional fee for Chair of the Audit and Compliance Committee and of the Remuneration Committee	€30,000	€30,000
Additional fee for Chair of the Nominations Committee[1] and of the Safety, Environment and Corporate Responsibility Committee	€20,000	€20,000
Additional fee for Senior Independent Director	€30,000	€30,000

1 The Chairman of the Board chairs the Nomination Committee. As such, he does not receive any additional fees for chairing this Committee.

The fees for non-executive directors were last reviewed in October 2023. The fee for the position of non-executive director will remain unchanged for 2025, as it has been since 2011.

However, the Board, following a recommendation from the Remuneration Committee, agreed that from 1 January 2024, the additional fee for chairing a Committee would increase to €30,000 for the Chair of the Audit and Compliance Committee and Chair of the Remuneration Committee. This more closely reflects the complexity and time commitment of these roles.

Single total figure of remuneration for each non-executive director

The total remuneration of each of the non-executive directors for the years ended 31 December 2024 and 31 December 2023 is set out in the table below.

	2024			2023		
Director (€'000)	Fees	Taxable benefits	**Total**	Fees	Taxable benefits	Total
Javier Ferrán	645	23	**668**	645	8	653
Heather Ann McSharry[1]	180	10	**190**	170	3	173
Giles Agutter[2]	59	–	**59**	120	–	120
Peggy Bruzelius	120	1	**121**	120	4	124
Eva Castillo[1,3]	133	23	**156**	120	2	122
Margaret Ewing[1,3]	138	10	**148**	140	4	144
Maurice Lam	120	23	**143**	120	9	129
Bruno Matheu[4]	62	–	**62**	–	–	–
Robin Phillips	120	15	**135**	120	18	138
Emilio Saracho	120	13	**133**	120	11	131
Nicola Shaw	140	–	**140**	140	4	144
Total (€'000)	**1,837**	**118**	**1,955**	**1,815**	**63**	**1,878**

1 From 1 January 2024 received an increase in fee for chairing the Remuneration Committee or Audit and Compliance Committee (from €20,000 to €30,000).

2 Giles Agutter stepped down from the Board in June 2024, and his fees reflect a part-year of service.

3 Eva Castillo replaced Margaret Ewing as Chair of the Audit and Compliance Committee from 1 August 2024.

4 Bruno Matheu was appointed in June 2024, and his fees reflect a part-year of service.

Additional explanations in respect of the single total figure table for each non-executive director

Each non-executive director has confirmed in writing that they have not received any other forms in the nature of remuneration other than those already disclosed in the table above.

Taxable benefits

Taxable benefits for non-executive directors relate to personal travel benefits.

Exchange rates

For the year to 31 December 2024, the £:€ exchange rate applied is 1.1780 (2023: 1.1486).

Directors' interests in shares

	Total shares and voting rights	Percentage of capital
Javier Ferrán	774,750	0.016 %
Luis Gallego	1,366,361	0.027 %
Peggy Bruzelius	–	– %
Eva Castillo	–	– %
Margaret Ewing	18,750	– %
Maurice Lam	–	– %
Bruno Matheu	–	– %
Heather Ann McSharry	55,000	0.001 %
Robin Phillips	–	– %
Emilio Saracho	–	– %
Nicola Shaw	4,285	– %
Total	**2,219,146**	**0.045 %**

There have been no changes to the shareholdings set out above between 31 December 2024 and the date of this report.

Payments to past directors

Travel benefits were received during 2024 by the following former non-executive directors:

Former non-executive directors	Value
Alberto Terol	€20,000
Patrick Cescau	€32,000
Maria Fernanda Mejía	€28,000
Kieran Poynter	€13,000
Dame Marjorie Scardino	€6,000
James Lawrence	€29,000

Wider workforce in 2024

A key area of focus for the Committee over 2024 was understanding the broader workforce experience and reviewing the actions taken to support our wider workforce.

Workforce experience highlights

- Within IAG's unique operating model, employee reward is owned and managed within each operating company, to enable them to deliver the right customer and employee experience.
- Our employees have been central to our transformation and key to delivering for our customers. Operating companies continue to support our people and ensure our pay models are sustainable, fair and aligned to the operating company's competitiveness.
- 85% of employees are covered by collective bargaining agreements with more than 30 collective bargaining agreements in place across the Group.
- The Committee has received regular updates on workforce experience and in particular the steps the operating companies have taken to support colleagues, both in terms of support with cost of living challenges, and their overall wellbeing.
- This includes regular updates on the investments our operating companies have made in improving the colleague experience and our employee benefit schemes. This includes enhanced flexible benefits offerings (e.g. enhanced British Airways staff travel), mental health and physical health offerings (e.g. implementation of EAPs (employee assistance programmes) and free menopause support) and financial wellbeing support.
- The Committee's insight into the experience of our colleagues helps to ensure that our decisions regarding executive remuneration take into account the approach taken across our workforce and reflect the expectations of all our stakeholders.

Engaging with employees

All members of the Remuneration Committee (among other Board members) participate as designated directors in the Board workforce engagement plan. This engagement includes remuneration and other workforce experience matters relevant to the Committee.

The key themes from the 2024 engagement were shared with the Board in order to understand colleague experiences and to identify any areas for improvement. Further details of the Board engagement with employees is set out in the Stakeholder engagement section of the Corporate Governance report.

Workforce remuneration

Each operating company has sought to reach collective agreements that best support colleagues while ensuring the business and pay remain competitive. Agreements reached have included changes in allowances, one-off payments and contractual pay increases throughout the Group.

Each operating company is committed to creating a positive working environment and also to actively contribute to and support the overall wellbeing of every colleague through the provision of a comprehensive range of health, financial and lifestyle benefits.

Gender pay

Operating companies have implemented a range of initiatives to support gender equality, including reviewing recruitment processes to ensure diverse shortlists and interview panels; setting up mentoring and networking opportunities for women; and providing educational programmes for girls and young women considering career paths in aviation.

In 2024, as the Group continued to expand its workforce, particularly in customer service, airport supervisory and other corporate roles, the composition of the workforce evolved, resulting in changes to the median pay point for both men and women compared to 2023. The result is that at Group level, there has been a year-on-year reduction in the median salary gap from 8.4% in 2023 to 5.1% in 2024.

Further details of the gender pay gap is set out in the Sustainability Statement section of the report.

Remuneration decisions made by the Committee align with our strategy, with our stakeholders' interest in our delivery of long-term sustainable value, and with the interests of the wider workforce. Our approach is in line with the principles set out in our Policy.

Alignment of executive director and workforce remuneration

The Committee has oversight of workforce remuneration and related policies across the Group and takes this knowledge into account when setting remuneration for the IAG CEO and senior management. The table below summarises the remuneration structure for the wider workforce.

	IAG CEO	Below Board level
Base salary	From 1 January 2024: £886,912 (€1,018,707) (an increase of 4% from 2023). Below the average increase for the majority of the wider workforce. Salary increases as a percentage of salary are normally aligned with, or lower than, those of the wider workforce.	85% of our employees are covered by collective bargaining agreements. Salary increase budgets for employees are determined by each operating company on a country-by-country basis. Salary increases reflect position against market, performance, skills, contribution and development in role. If we compare the 2024 base salary increases of the IAG CEO against the UK workforce in 2024, of the 35,408 employees present in both 2023 and 2024, the average salary increase awarded was 5.5% of contractual base salary.
Taxable benefits	Benefit packages are broadly aligned with those of other employees who joined in the same country at the same time.	Benefits are set by operating companies at a competitive level and are appropriate given local market practice.
Pension	Pension contribution of 12.5% of salary in line with the rate applicable to the majority of the workforce in the country in which the individual is based.	Pension arrangements reflect local market practices and requirements.
Annual Incentive Awards	The maximum opportunity in the Annual Incentive Plan is 200% of salary. The majority of the annual incentive is based on financial measures. In 2024, 60% was based on operating profit before exceptional items, 20% on customer NPS, 10% on an IAG-specific carbon efficiency measure to further drive progress towards our Flightpath net zero 2050 commitment, and 10% on strategic and personal objectives. Under the current Policy, as the IAG CEO has met the 350% shareholding guideline, 80% of the award will be paid out in cash with 20% deferred into shares for three years (if the guideline had not been met, 50% would be deferred into shares for three years).	For eligible employees incentive plans were in place against objectives designed to focus on financial, customers, carbon efficiency and personal targets. Opportunities vary by role and outturns and payments against these plans were managed at a local level.
Long-term incentives	Maximum restricted share plan opportunity of 150% of base salary, and subject to the satisfaction of performance underpins. Awards are also subject to a three-year vesting period followed by a two-year holding period.	Restricted share awards are granted to senior managers across the Group to incentivise long-term shareholder value creation. Also by exception, other identified employees may participate where an award of long-term incentives is deemed critical to retention.

CEO pay ratio

The ratios set out in the table below compare the total remuneration of the CEO (as included in the single figure table) to the remuneration of a median UK employee as well as the UK employees at the lower and upper quartiles. The disclosure will build up over time to cover a rolling 10-year period.

Year	CEO single figure (£'000)	Method[1]	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2024	**4,678**	**Option A**	**89:1**	**74:1**	**48:1**
2023	3,118	Option A	63:1	51:1	33:1
2022	2,577	Option A	59:1	45:1	29:1
2021	1,110	Option A	29:1	21:1	14:1
2020	963	Option A	34:1	23:1	15:1
2019	3,198	Option A	109:1	72:1	49:1

The pay ratio figures in the above table are calculated using the following UK employee remuneration information:

Year	UK employee pay	25th percentile pay	Median pay	75th percentile pay
2024[2]	**Basic salary (£'000)**	**33.1**	**47.7**	**72.7**
	Total remuneration (£'000)	**52.6**	**63.6**	**97.7**
2023	Basic salary (£'000)	30.2	43.5	66.8
	Total remuneration (£'000)	49.2	61.4	95.3
2022	Basic salary (£'000)	27.7	40.9	62.4
	Total remuneration (£'000)	43.4	57.1	90.5

1 The ratio continues to be calculated on the most statistically accurate basis, Option A. UK employee pay is based on the payroll records of 42,066 employees who were in the Group for the whole of or some of 2024.

2 To ensure the accuracy of these calculations, earnings data were collected directly from the UK payroll on a month-by-month basis. Any variable incentive elements in respect of 2024, payable to employees later in 2025, are modelled on an employee-by-employee basis against agreed frameworks. This approach enables fair and accurate comparison to the IAG CEO 2024 single total figure of remuneration.

The increase in the UK employee remuneration in 2024 reflects:

- Operating companies are responsible for reward frameworks and terms and conditions, and seek to ensure that the work colleagues do is appropriately reflected in their remuneration and are aligned to local market, sustainable and competitive in attracting the best talent.
- Across our operating companies we have put in place a number of programmes to support our people.
- Payments made to managers under the 2024 Annual Incentive Plan and under the Restricted Share Plan.
- Changes to the size and composition of the UK workforce between years, with pay for 40,248 employees being reported for 2023 and 42,066 for 2024.

The change in the IAG CEO's remuneration between 2023 and 2024, is due to:

- An increase of 4% in basic salary for 2024, below the average increase of the wider workforce (4% increase in 2023 was first increase since appointment, with no increase in 2021 and 2022, 10% reduction in 2021 and 20% reduction in 2020).
- The inclusion of an estimated value of the 2022 RSP awards, which will vest in full in March 2025, and be released at the end of the normal two-year holding period.

The median pay ratio for 2024, and the recent trends in pay ratios, are consistent with IAG's remuneration framework and reflect the variable nature of the IAG CEO's total remuneration. The Committee is satisfied that the median pay ratio reported this year is consistent with our pay policies in the UK and in line with market, experience and skills.

Other details of the CEO pay ratio is set out in the Sustainability Statement section of the report.

Change in directors' remuneration compared to employees'

The table below shows a comparison of the change in year-on-year remuneration for directors of the Group, to the equivalent change for UK employees from 2021 to 2024.

	2023 to 2024			2022 to 2023			2021 to 2022		
Director	Salary or fees	Taxable benefits	Annual incentive	Salary or fees	Taxable benefits	Annual incentive	Salary or fees[1]	Taxable benefits	Annual incentive
Luis Gallego[2]	7 %	(34)%	10 %	2 %	(78)%	1 %	13 %	3 %	100 %
Javier Ferrán	– %	188 %		– %	60 %		13 %	25 %	
Heather Ann McSharry[3]	6 %	233 %		16 %	(50)%		36 %	100 %	
Giles Agutter[4]	(51)%	– %		– %	– %		11 %	(100)%	
Peggy Bruzelius	– %	(75)%		– %	100 %		11 %	– %	
Eva Castillo[5]	11 %	1050 %		– %	– %		11 %	100 %	
Margaret Ewing[6]	(1)%	150 %		– %	33 %		11 %	100 %	
Maurice Lam[7]	– %	156 %		– %	(25)%		107 %	500 %	
Bruno Matheu[8]	100 %	100 %		– %	– %		– %	– %	
Robin Phillips	– %	(17)%		– %	350 %		11 %	100 %	
Emilio Saracho	– %	18 %		– %	– %		11 %	57 %	
Nicola Shaw	– %	(100)%		– %	(67)%		14 %	100 %	
All UK employees[9,10]	**10 %**	**– %**	**30 %**	**6 %**	**– %**	**93 %**	**3 %**	**– %**	**(37)%**

1 The comparison of fees for all directors in respect of 2021 and 2022, reflects a 10% COVID-19 related reduction operated for the full year in 2021.

2 Luis Gallego: An increase of 4% in basic salary for 2024 (below the average increase for the wider workforce). The comparison of 2021 vs 2022 reflects the first year since appointment in 2020 receiving full contractual salary and the first Annual Incentive Award since 2019.

3 The uplift in fees for Heather Ann McSharry between 2024 and 2023 reflects the increase in fee for chairing the Remuneration Committee. The increase between 2022 and 2021 reflects her appointment as Senior Independent Director and Remuneration Committee Chair from June 2022.

4 Giles Agutter: stepped down from the Board in June 2024, and his fees reflect a part year of service.

5 Eva Castillo was appointed Chair of the Audit and Compliance Committee from 1 August 2024. The uplift in fees between 2024 and 2023 reflects the increase in fee for chairing the Audit and Compliance Committee.

6 Margaret Ewing was Chair of the Audit and Compliance Committee until August 2024.

7 Maurice Lam: the comparison of 2021 vs 2022 reflects a part year of director service in 2021 versus a full year in 2022.

8 Bruno Matheu was appointed in June 2024.

9 The All UK employees 2023 and 2024 salary medians underlying the 10% uplift in median salary are taken from UK employee earnings published in the 2024 CEO pay ratio section.

10 The reported change in the median value of all UK employee annual incentives from 2023 to 2024 (30%) reflects the strong financial performance of the Group in the year.

Relative importance of spend on pay

The table below shows, for 2024 and 2023, total remuneration costs, operating profit before exceptional items and dividends for the Company.

	2024	2023
Total employee costs, IAG[1]	**€6,356,000,000**	€5,423,000,000
Total remuneration, directors (including non-executive directors)	**€4,612,800**	€4,678,000
IAG operating profit before exceptional items	**€4,443,000,000**	€3,507,000,000
Dividend declared	**€147,000,000**	–
Dividend proposed	**€288,000,000**	–

1 Total employee costs are before exceptional items.

Supplementary information – directors' share options and shares

The following table details the nil-cost options over ordinary shares of the Company granted to the current IAG CEO under the IAG PSP as at 31 December 2024:

Director	Date of grant	Number of options at 1 January 2024	Exercise price	Options exercised during the year	Options lapsed during the year	Options granted during the year	Exercisable from	Expiry date	Number of options at 31 December 2024
Luis Gallego	May 2015	131,242	1,4290	131,242	–	–	1/1/2020	31/12/2024	–
	March 2016	98,001	1,4290	98,001	–	–	1/1/2021	31/12/2025	–
	March 2017	174,504	1,4290	174,504	–	–	1/1/2022	31/12/2026	–
Total nil-cost options over ordinary shares		**403,747**		**403,747**	**–**	**–**			**–**

The value attributed to the Company's ordinary shares in accordance with the Plan rules on the date of the PSP awards was 2017: 546 pence; 2016: 541 pence; and 2015: 550 pence.

The following table details the conditional awards over ordinary shares granted under the Restricted Share Plan (RSP) to executive directors:

Director	Date of grant	Number of conditional shares granted	Vesting date	Shares lapsed at vesting due to underpin	Holding period expiry date	Number of unvested conditional shares at 31 December 2024	Number of vested conditional shares at 31 December 2024
Luis Gallego	June 2021	414,954	June 2024	–	June 2026	–	414,954
	March 2022	581,907	March 2025	–	March 2027	581,907	–
	October 2022	290,953	March 2025	–	March 2027	290,953	–
	March 2023	835,751	March 2026	–	March 2028	835,751	–
	March 2024	874,437	March 2027	–	March 2029	874,437	–
Total conditional share awards (RSP)		**2,998,002**				**2,583,048**	**414,954**

RSP awards are subject to a discretionary underpin prior to vesting. This underpin review, performed by the Remuneration Committee, considers the Company's overall performance, including financial and non-financial performance measures, as well as any material risk or regulatory failures identified. In the event of a significant failure on the part of the Company or the executive director, malus and clawback provisions are available to the Remuneration Committee.

The value attributed to the Company's ordinary shares in accordance with the Plan rules on the date of the RSP awards was 2024: 152 pence (2023: 153 pence, both awards in 2022: 141 pence and 2021: 198 pence).

Incentive Award Deferral Plan (IADP)

Under the current Policy, if the IAG CEO has met the 350% shareholding guideline then 20% of any Annual Incentive Award for executive directors is made in deferred shares under a plan called the Executive Share Plan (otherwise 50% is deferred into shares). Under this Plan, incentive award shares are deferred for three years from date of grant. The following table details the current executive director's holdings of conditional awards over ordinary shares of the Company granted under the IAG IADP. Awards are shown for the performance periods ended 31 December 2022 and 31 December 2023.

Executive director	Performance year award relates to[1]	Date of award	Number of shares at 1 January 2024	Awards released during the year	Date of vesting	Awards lapsing during the year	Awards made during the year	Number of unvested shares at 31 December 2024
Luis Gallego	2022	March 2023	447,341	–	March 2026	–	–	447,341
	2023	March 2024		–	March 2027	–	464,685	464,685
Total			**447,341**	**-**		**–**	**464,685**	**912,206**

1 For the performance period ended 31 December 2024 the award is expected to be made in March 2025.

Under the Executive Share Plan rules an IADP award will not lapse on leaving employment before the vesting date unless exceptional circumstances occur, such as gross misconduct, in which case the award would lapse in full. IADP awards are also subject to the Remuneration Policy's malus and clawback provisions.

The values attributed to the Company's ordinary shares in accordance with the Plan rules for IADP awards (relating to the previous year's performance) were as follows: 2024 award: 152 pence and 2023 award: 153 pence.

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Consolidated income statement

€ million	Note	Year to 31 December **2024**	2023
Passenger revenue		**28,274**	25,810
Cargo revenue		**1,234**	1,156
Other revenue	5	**2,592**	2,487
Total revenue	5	**32,100**	29,453
Employee costs	8	**6,356**	5,423
Fuel costs and emissions charges	6	**7,608**	7,557
Handling, catering and other operating costs		**4,135**	3,849
Landing fees and en-route charges		**2,405**	2,308
Engineering and other aircraft costs		**2,729**	2,509
Property, IT and other costs	6	**1,120**	1,058
Selling costs		**1,082**	1,155
Depreciation, amortisation and impairment	6	**2,364**	2,063
Net gain on sale of property, plant and equipment		**(14)**	(2)
Currency differences		**32**	26
Total expenditure on operations		**27,817**	25,946
Operating profit		**4,283**	3,507
Finance costs	9	**(917)**	(1,113)
Finance income	9	**404**	386
Net change in fair value of financial instruments	9	**(237)**	(11)
Net financing credit relating to pensions	9	**63**	103
Net currency retranslation (charges)/credits		**(127)**	176
Other non-operating credits	9	**94**	8
Total net non-operating costs		**(720)**	(451)
Profit before tax		**3,563**	3,056
Tax	10	**(831)**	(401)
Profit after tax for the year		**2,732**	2,655
Attributable to:			
Equity holders of the parent		**2,732**	2,655
Non-controlling interest		**–**	–
		2,732	2,655
Basic earnings per share (€ cents)	11	**55.7**	53.8
Diluted earnings per share (€ cents)	11	**55.5**	50.6

Consolidated statement of other comprehensive income

€ million	Note	Year to 31 December **2024**	2023
Items that may be reclassified subsequently to net profit			
Cash flow hedges:			
Fair value movements in equity	30d	**53**	(195)
Reclassified and reported in net profit	30d	**69**	(142)
Fair value movements on cost of hedging	33	**24**	(120)
Cost of hedging reclassified and reported in net profit	33	**48**	82
Currency translation differences	33	**118**	18
Items that will not be reclassified to net profit			
Fair value movements on other equity investments	19	**(19)**	127
Fair value movements on liabilities attributable to credit risk changes		**(44)**	(119)
Remeasurements of post-employment benefit obligations	34	**206**	(1,076)
Remeasurements of long-term employee-related provisions		**(70)**	(18)
Total other comprehensive income/(loss) for the year, net of tax		**385**	(1,443)
Profit after tax for the year		**2,732**	2,655
Total comprehensive income for the year		**3,117**	1,212
Total comprehensive income is attributable to:			
Equity holders of the parent		**3,117**	1,212
Non-controlling interest	33	**–**	–
		3,117	1,212

Items in the Consolidated statement of other comprehensive income above are disclosed net of tax.

Consolidated balance sheet

€ million	Note	31 December 2024	31 December 2023[1,2]
Non-current assets			
Property, plant and equipment	13	**21,132**	19,776
Intangible assets[1]	17	**3,642**	3,332
Investments accounted for using the equity method	18	**44**	47
Other equity investments	19	**190**	188
Employee benefit assets	34	**1,711**	1,380
Derivative financial instruments	30	**229**	42
Deferred tax assets	10	**754**	1,202
Carbon-related and other non-current assets[1]	20	**916**	762
		28,618	26,729
Current assets			
Non-current assets held for sale	16	**5**	–
Inventories	21	**617**	494
Trade receivables	20	**1,774**	1,559
Carbon-related and other current assets[1]	20	**2,336**	1,821
Current tax receivable	10	**231**	159
Derivative financial instruments	30	**395**	81
Current interest-bearing deposits	22	**1,639**	1,396
Cash and cash equivalents	22	**8,189**	5,441
		15,186	10,951
Total assets		**43,804**	37,680
Equity			
Issued share capital	31	**497**	497
Share premium	31	**7,770**	7,770
Treasury shares		**(287)**	(100)
Other reserves		**(1,810)**	(4,895)
Total shareholders' equity		**6,170**	3,272
Non-controlling interest	33	**6**	6
Total equity		**6,176**	3,278
Non-current liabilities			
Borrowings[2]	26	**13,870**	13,105
Employee benefit obligations	34	**135**	175
Deferred tax liability	10	**254**	4
Provisions	27	**3,302**	2,831
Deferred revenue	24	**203**	257
Derivative financial instruments	30	**102**	106
Other long-term liabilities	25	**401**	219
		18,267	16,697
Current liabilities			
Borrowings[2]	26	**3,475**	2,977
Trade and other payables	23	**6,149**	5,590
Deferred revenue	24	**8,333**	7,766
Derivative financial instruments	30	**194**	461
Current tax payable	10	**11**	2
Provisions	27	**1,199**	909
		19,361	17,705
Total liabilities		**37,628**	34,402
Total equity and liabilities		**43,804**	37,680

1 The 2023 results include a reclassification to conform with the current period presentation for Carbon-related assets. There is no impact on the total assets or total liabilities of the Group. Further information is given in note 2.

2 The 2023 results include a reclassification to conform with the current period presentation of the convertible bond between non-current and current Borrowings as a result of the revision to IAS 1 effective from 1 January 2024. Further information is given in note 2.

Consolidated cash flow statement

€ million	Note	Year to 31 December 2024	2023[1]
Cash flows from operating activities			
Operating profit		**4,283**	3,507
Depreciation, amortisation and impairment	6	**2,364**	2,063
Net gain on disposal of property, plant and equipment		**(14)**	(2)
Employer contributions to pension schemes		**(35)**	(48)
Pension scheme service costs	34	**20**	18
Increase in provisions (excluding carbon-related obligations)[1]	35	**282**	25
Purchase of carbon-related assets net of the change in carbon-related obligations[1]	35	**62**	(50)
Unrealised currency differences		**27**	51
Other movements	35	**107**	111
Interest paid		**(764)**	(1,005)
Interest received		**367**	365
Tax paid		**(245)**	(291)
Net cash flows from operating activities before movements in working capital		**6,454**	4,744
Increase in trade receivables		**(189)**	(272)
Increase in inventories		**(115)**	(140)
Increase in other receivables and current assets (excluding carbon-related assets)[1]		**(580)**	(388)
Increase in trade payables		**121**	258
Increase in deferred revenue		**336**	212
Increase in other payables and current liabilities		**345**	188
Net movement in working capital		**(82)**	(142)
Net cash flows from operating activities		**6,372**	4,602
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets[1]	35	**(2,816)**	(3,282)
Sale of property, plant and equipment and intangible assets		**584**	1,080
Proceeds from sale of investments		**–**	11
Increase in other current interest-bearing deposits		**(215)**	(985)
Air Europa Holdings termination settlement payment[2]		**(50)**	–
Other investing movements		**(5)**	15
Net cash flows from investing activities		**(2,502)**	(3,161)
Cash flows from financing activities			
Proceeds from borrowings	35	**1,474**	1,001
Repayment of borrowings	35	**(410)**	(4,268)
Repayment of lease liabilities	35	**(1,737)**	(1,731)
Settlement of derivative financial instruments	35	**(151)**	(119)
Acquisition of treasury shares		**(202)**	(77)
Dividend paid		**(149)**	–
Net cash flows from financing activities		**(1,175)**	(5,194)
Net increase/(decrease) in cash and cash equivalents		**2,695**	(3,753)
Net foreign exchange differences		**53**	(2)
Cash and cash equivalents at 1 January		**5,441**	9,196
Cash and cash equivalents at year end	22	**8,189**	5,441

Reconciliation to total cash, cash equivalents and other interest-bearing deposits		**2024**	2023
Cash and cash equivalents at year end	22	**8,189**	5,441
Interest-bearing deposits maturing after more than three months	22	**1,639**	1,396
Cash, cash equivalents and other interest-bearing deposits	22	**9,828**	6,837

1 The 2023 results include reclassifications to conform with the current period presentation for carbon-related assets. Further information is given in note 2.
2 Refer to note 3 for further information.

For details on restricted cash balances see note 22 Cash, cash equivalents and other current interest-bearing deposits.

Consolidated statement of changes in equity

For the year to 31 December 2024

€ million	Issued share capital (note 31)	Share premium (note 31)	Treasury shares (note 31)	Other reserves (note 33)	Retained earnings	**Total shareholders' equity**	Non-controlling interest (note 33)	**Total equity**
1 January 2024	497	7,770	(100)	(1,996)	(2,899)	**3,272**	6	**3,278**
Profit for the year	–	–	–	–	2,732	**2,732**	–	**2,732**
Other comprehensive income for the year								
Cash flow hedges reclassified and reported in net profit:								
Fuel costs and emissions charges	–	–	–	93	–	**93**	–	**93**
Currency differences	–	–	–	3	–	**3**	–	**3**
Finance costs	–	–	–	(11)	–	**(11)**	–	**(11)**
Ineffectiveness recognised in other non-operating costs	–	–	–	(16)	–	**(16)**	–	**(16)**
Net change in fair value of cash flow hedges	–	–	–	53	–	**53**	–	**53**
Net change in fair value of equity investments	–	–	–	(19)	–	**(19)**	–	**(19)**
Net change in fair value of cost of hedging	–	–	–	24	–	**24**	–	**24**
Cost of hedging reclassified and reported in net profit	–	–	–	48	–	**48**	–	**48**
Fair value movements on liabilities attributable to credit risk changes	–	–	–	(44)	–	**(44)**	–	**(44)**
Currency translation differences	–	–	–	118	–	**118**	–	**118**
Remeasurements of post-employment benefit obligations	–	–	–	–	206	**206**	–	**206**
Remeasurements of long-term employee-related provisions	–	–	–	–	(70)	**(70)**	–	**(70)**
Total comprehensive income for the year	–	–	–	249	2,868	**3,117**	–	**3,117**
Hedges transferred and reported in property, plant and equipment	–	–	–	(11)	–	**(11)**	–	**(11)**
Hedges transferred and reported in sales in advance of carriage	–	–	–	60	–	**60**	–	**60**
Hedges transferred and reported in inventory	–	–	–	10	–	**10**	–	**10**
Cost of share-based payments	–	–	–	–	90	**90**	–	**90**
Vesting of share-based payment schemes	–	–	24	–	(32)	**(8)**	–	**(8)**
Acquisition of treasury shares	–	–	(211)	–	–	**(211)**	–	**(211)**
Dividend	–	–	–	–	(147)	**(147)**	–	**(147)**
Dividend of a subsidiary	–	–	–	–	(2)	**(2)**	–	**(2)**
31 December 2024	**497**	**7,770**	**(287)**	**(1,688)**	**(122)**	**6,170**	**6**	**6,176**

Consolidated statement of changes in equity

For the year to 31 December 2023

€ million	Issued share capital (note 31)	Share premium (note 31)	Treasury shares (note 31)	Other reserves (note 33)	Retained earnings	Total shareholders' equity	Non-controlling interest (note 33)	Total equity
1 January 2023	497	7,770	(28)	(1,717)	(4,506)	2,016	6	2,022
Profit for the year	–	–	–	–	2,655	2,655	–	2,655
Other comprehensive income for the year								
Cash flow hedges reclassified and reported in net profit:								
Fuel costs and emissions charges	–	–	–	(81)	–	(81)	–	(81)
Currency differences	–	–	–	(20)	–	(20)	–	(20)
Finance costs	–	–	–	(35)	–	(35)	–	(35)
Ineffectiveness recognised in other non-operating costs	–	–	–	(6)	–	(6)	–	(6)
Net change in fair value of cash flow hedges	–	–	–	(195)	–	(195)	–	(195)
Net change in fair value of equity investments	–	–	–	127	–	127	–	127
Net change in fair value of cost of hedging	–	–	–	(120)	–	(120)	–	(120)
Cost of hedging reclassified and reported in net profit	–	–	–	82	–	82	–	82
Fair value movements on liabilities attributable to credit risk changes	–	–	–	(119)	–	(119)	–	(119)
Currency translation differences	–	–	–	18	–	18	–	18
Remeasurements of post-employment benefit obligations	–	–	–	–	(1,076)	(1,076)	–	(1,076)
Remeasurements of long-term employee-related provisions	–	–	–	–	(18)	(18)	–	(18)
Total comprehensive income for the year	–	–	–	(349)	1,561	1,212	–	1,212
Hedges transferred and reported in property, plant and equipment	–	–	–	(6)	–	(6)	–	(6)
Hedges transferred and reported in sales in advance of carriage	–	–	–	85	–	85	–	85
Hedges transferred and reported in inventory	–	–	–	(9)	–	(9)	–	(9)
Cost of share-based payments	–	–	–	–	52	52	–	52
Vesting of share-based payment schemes	–	–	5	–	(6)	(1)	–	(1)
Acquisition of treasury shares	–	–	(77)	–	–	(77)	–	(77)
31 December 2023	497	7,770	(100)	(1,996)	(2,899)	3,272	6	3,278

Notes to the accounts
For the year to 31 December 2024

1 Background and general information

International Consolidated Airlines Group, S.A. (hereinafter 'International Airlines Group', 'IAG' or 'the Group') is a leading European airline group, formed to hold the interests of airline and ancillary operations. IAG (hereinafter the 'Company') is a Spanish company registered in Madrid, incorporated on 17 December 2009. The registered address of IAG is El Caserío, Zona industrial 2, Camino de La Muñoza s/n, 28042, Madrid, Spain. On 21 January 2011, British Airways Plc and Iberia Líneas Aéreas de España S.A. Operadora (hereinafter 'British Airways' and 'Iberia', respectively) completed a merger transaction becoming the first two airlines of the Group. Vueling Airlines S.A. ('Vueling') was acquired on 26 April 2013 and Aer Lingus Group Plc ('Aer Lingus') on 18 August 2015. A list of the subsidiaries of the Group is included in the Group investments section.

IAG shares are traded on the London Stock Exchange's main market for listed securities and also on the stock exchanges of Madrid, Barcelona, Bilbao and Valencia (the 'Spanish stock exchanges'), through the Spanish Stock Exchanges Interconnection System (*Mercado Continuo Español*).

2 Significant accounting policies

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards as endorsed by the European Union (IFRSs as endorsed by the EU). The consolidated financial statements are rounded to the nearest million unless otherwise stated. These financial statements have been prepared on a historical cost convention except for certain financial assets and liabilities, including employee benefit assets and liabilities, the €825 million convertible bond due 2028, derivative financial instruments and other equity investments that are measured at fair value. The primary statements and notes to the financial statements for the prior year include reclassifications that were made to conform to the current year presentation.

The Group's financial statements for the year to 31 December 2024 were authorised for issue and approved by the Board of Directors on 27 February 2025.

Change in presentation of results

Carbon-related assets and carbon-related obligations
During the course of 2024, with the increased prominence of Emission Trading Systems/Schemes (ETS) and the introduction of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) from 1 January 2024, the Group has elected to make a number of amendments to its presentation and disclosure of the Group's emissions assets and obligations:

- Purchased emission allowances, previously presented within Intangible assets, have been reclassified to Carbon-related and other assets, to reflect their operating nature;
- Those purchased emission allowances expected to be extinguished or retired within 12 months of the balance sheet date have now been classified within current assets; and
- The associated presentation within the Cash flow statement of these purchased emission allowances has been reclassified from Acquisition of property, plant and equipment and intangible assets within Net cash flows from investing activities, to a separate line item within Net cash flows from operating activities. This reclassification aligns with the recognition of such expenses within Operating profit in the Income statement.

The disaggregation between emission schemes, for both the associated assets and obligations, is presented in note 4.

These changes have resulted in the Balance sheet at 31 December 2023 and Cash flow statement for the year to 31 December 2023 being updated to conform with the current year presentation. Refer to note 37 for further details.

Balance sheet – presentation of convertible bond
On 31 October 2022, the IASB issued the amendments to IAS 1 – Classification of liabilities as current or non-current ('the Amendments'), which the Group has adopted from 1 January 2024. The Amendments require the €825 million convertible bond that matures in 2028 to be reclassified from a non-current liability to a current liability with the comparative presentation at 31 December 2023 also reclassified.

The Amendments require that where the conversion feature of a convertible instrument does not meet the recognition criteria for separate presentation within equity, and where the associated bondholders have the irrevocable right to exercise the conversion feature within 12 months of the balance sheet date, such convertible instruments be presented as current.

As a result, the prior year Balance sheet includes a reclassification to conform with the current year presentation of non-current and current Borrowings. Refer to note 37 for further details.

Going concern

At 31 December 2024, the Group had total liquidity of €13,362 million (31 December 2023: total liquidity of €11,624 million), comprising cash, cash equivalents and interest-bearing deposits of €9,828 million, €3,400 million of committed and undrawn general facilities and a further €134 million of committed and undrawn aircraft specific facilities. At 31 December 2024, the Group has no financial covenants associated with its loans and borrowings.

In its assessment of going concern, the Group has modelled two scenarios referred to below as the Base Case and the Downside Case over the period of at least 12 months from the date of the approval of these consolidated financial statements (the 'going concern period'). The Group's three-year business plan, used in the creation of the Base Case, was prepared for and approved by the Board in December 2024. The business plan takes into account the Board's and management's views on capacity, based on the potential impact of the wider economic and geopolitical environments on the Group's businesses across the going concern period. The key inputs and assumptions underlying the Base Case through to 31 March 2026, include:

- the Group has assumed that the committed and undrawn general facilities of €3,400 million will not be drawn over the going concern period. The availability of certain of these facilities reduces over time, with €2,193 million being available to the Group at 31 March 2026;
- the Group has assumed that the undrawn committed aircraft facilities of €134 million, relating to specific aircraft financing structures, will be utilised over the going concern period;
- of the capital commitments detailed in note 15, €2,651 million is due to be paid over the period to 31 March 2026;
- the Group has assumed that the €500 million bond that matures in March 2025 will not be refinanced;
- the Group has incorporated the redemption, as detailed in note 38, prior to maturity, of €577 million from the €500 million 2027 bond and the €700 million 2029 bond;

- while the Group does not expect to finance all expected deliveries over the going concern period, for those it does expect to finance, it has forecast securing 100%, or €1,001 million, of the aircraft financing that is currently uncommitted, to align with the timing and payments for those aircraft deliveries it expects to finance, including aircraft delivered in 2024 that had not had their financing secured at the balance sheet date;
- the payment by IAG Loyalty and the recovery by British Airways, of €673 million and €260 million, respectively, of VAT to HMRC in the UK in order to appeal HMRC's view on the appropriate accounting to apply (further information in given in note 10g); and
- the shareholder returns detailed in note 38.

The Downside Case applies stress to the Base Case to model adverse commercial and operational impacts over the going concern period, represented by: reduced levels of capacity operated in each month, including reductions of 25% for three months over the going concern period; reduced passenger unit revenue per available seat kilometre (ASK); increases in the price of jet fuel by 20% above that assumed in the Base Case; and increased operational costs. In the Downside Case, over the going concern period, capacity would be 10% down when compared to the Base Case. The Downside Case assumes that British Airways and Iberia would be required to partially draw down their portions of the available US dollar Revolving Credit Facility (further information given in notes 3 and 29f). The directors consider the Downside Case to be a severe but plausible scenario.

Having reviewed the Base Case and the Downside Case, the directors have a reasonable expectation that the Group has sufficient liquidity to continue in operational existence for a period of at least 12 months from the date of approval of the consolidated financial statements and hence continue to adopt the going concern basis in preparing the consolidated financial statements at 31 December 2024.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries, each made up to 31 December together with the attributable share of results and reserves of associates and joint ventures, adjusted where appropriate to conform to the Group's accounting policies.

Subsidiaries are consolidated from the date of their acquisition, which is the date on which the Group obtains control and continues to be consolidated until the date that such control ceases. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group applies the acquisition method to account for business combinations. The consideration paid is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries that are not held by the Group and are presented separately within equity in the Consolidated balance sheet. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, as at the acquisition date, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the Income statement.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed.

All intragroup account balances, including intragroup profits, are eliminated in preparing the consolidated financial statements.

Unconsolidated structured entities

The Group regularly uses sale and leaseback transactions to finance the acquisition of aircraft. In certain instances, the Group will undertake several such sale and leaseback transactions at once through Enhanced Equipment Trust Certificates (EETCs). Under each of these financing structures, a company or companies (the EETC Issuer) are established to facilitate such financing on behalf of a number of unrelated investors. In certain of these financing structures, additional special purpose vehicles (the Lessor SPV) are established to provide additional financing from a number of further unrelated investors to the EETC Issuer. The proceeds from the issuance of the EETCs by the EETC Issuer, and where relevant the proceeds obtained from the Lessor SPV, are then used to purchase aircraft solely from the Group. The Group will then enter into fixed rate lease arrangements (which meet the recognition criteria of Asset financed liabilities) with the EETC Issuer, or where relevant the Lessor SPV, with payments made by the Group to the EETC Issuer, or the Lessor SPV, distributed, through a trust, to the aforementioned unrelated investors. The main purpose of the trust structure is to enhance the credit-worthiness of the Group's debt obligations through certain bankruptcy protection provisions and liquidity facilities, and also to lower the Group's total borrowing cost.

The EETC Issuer and the Lessor SPV are established solely with the purpose of providing the asset-backed financing and upon maturity of such financing are expected to have no further activity. The relevant activities of the EETC Issuer and the Lessor SPV are restricted to pre-established financing agreements and the retention of the title of the associated financed aircraft. Accordingly, the Group has determined that each EETC Issuer and the Lessor SPVs are structured entities. Under the contractual terms of the financing structures, the Group has no exposure to losses in these entities, does not own any of the share capital of the EETC Issuer or the Lessor SPV, does not have any representation on the respective boards and has no ability to influence decision-making. In addition to the above, such financial transactions expose the Group to no further significant financial or economic risks, such as no variability over time in interest rates.

In considering the aforementioned facts, management has concluded that the Group does not have access to variable returns from the EETC Issuers and Lessor SPVs because its involvement is limited to the payment of principal and interest under the arrangement and, therefore, it does not control the EETC Issuers or the Lessor SPVs and as such does not consolidate them.

Further information as to the financial impact of these financial transactions is given in note 26.

Notes to the accounts *continued*

Joint Business Agreements

The Group has established various contractual joint arrangements with carriers outside of the Group, commonly referred to as Joint Business Agreements, that enable the Group and those carriers involved to cooperate on flights between particular destinations and the sharing of the resultant revenues. These Joint Business Agreements are not structured through separate legal entities. Each such arrangement includes a reference year to which the carriers party to that arrangement determine their share of the total revenues generated on the aforementioned flights within a fiscal year. The resultant impact of the revenue shared is presented net within Passenger revenue in the Income statement.

Segmental reporting

Operating segments are reported in a manner consistent with how resource allocation decisions are made by the chief operating decision-maker. The chief operating decision-maker, who is responsible for resource allocation and assessing performance of the operating segments, has been identified as the IAG Management Committee.

Foreign currency translation

a Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the functional currency, being the currency of the primary economic environment in which the entity operates. In particular, British Airways and IAG Loyalty have a functional currency of pound sterling. The Group's consolidated financial statements are presented in euros, which is the Group's presentation currency.

b Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency using the rate of exchange prevailing on the date of the transaction. Monetary foreign currency balances are translated into the functional currency at the rates ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at balance sheet exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement, except where hedge accounting is applied. Foreign exchange gains and losses arising on the retranslation of monetary assets and liabilities classified as non-current on the Balance sheet are recognised within Net currency retranslation (charges)/credits in the Income statement. All other gains and losses arising on the retranslation of monetary assets and liabilities are recognised in operating profit.

c Group companies

The net assets of foreign operations are translated into euros at the rate of exchange ruling at the balance sheet date. Profits and losses of such operations are translated into euros at average rates of exchange during the year. The resulting exchange differences are taken directly to a separate component of equity, the Currency translation reserve, until all or part of the interest is sold, when the relevant portion of the cumulative exchange difference is recognised in the Income statement.

Property, plant and equipment

Property, plant and equipment are held at cost. The Group has a policy of not revaluing property, plant and equipment. Depreciation is calculated to write off the cost less the estimated residual value on a straight-line basis, over the economic life of the asset. Residual values, where applicable, are reviewed annually against prevailing market values for equivalently aged assets and depreciation rates adjusted accordingly on a prospective basis.

a Fleet

All aircraft are stated at the fair value of the consideration given after taking account of manufacturers' credits and pre-delivery instalment payments (referred to as progress payments). Fleet assets owned or right of use (ROU) assets are disaggregated into separate components and depreciated at rates calculated to write down the cost of each component to the estimated residual value at the end of their planned operational lives (which is the shorter of their useful life or lease term) on a straight-line basis. Depreciation rates are specific to aircraft type, based on the Group's fleet plans, within overall parameters of 23 years and up to 5% residual value for short-haul aircraft and between 23 and 29 years (depending on aircraft) and up to 5% residual value for long-haul aircraft.

ROU assets are depreciated over the shorter of the lease term and the aforementioned depreciation rates. Where the lease includes a purchase option, at the discretion of the Group, and it is expected that the purchase option will be exercised, the associated right of use asset is depreciated using the aforementioned depreciation rates to reflect the reasonably certain life of the aircraft, irrespective of the lease term.

Cabin interior modifications, including those required for brand changes and relaunches, are depreciated over the lower of 12 years and the remaining economic life of the aircraft, whether owned or leased.

Spare parts for aircraft and engines acquired on the introduction or expansion of a fleet, as well as rotable spares purchased separately, are carried as property, plant and equipment and generally depreciated in line with the fleet to which they relate.

b Other property, plant and equipment

Owned property, with the exception of freehold land, is depreciated over its expected useful life over periods not exceeding 50 years on a straight-line basis. Right of use assets arising from leasehold properties are depreciated over the lease term on a straight-line basis. Equipment is depreciated over periods ranging from four to 20 years on a straight-line basis.

c Capitalisation of interest on assets under construction

Interest costs attributed to progress payments made on account of aircraft and other qualifying assets under construction are capitalised and added to the cost of the asset concerned. All other borrowing costs are recognised in the Income statement in the year in which they are incurred.

d Liquidated damages

Certain of the Group's contractual arrangements with aircraft and engine manufacturers contain liquidated damage clauses, whereby if the supplier breaches one or more contractual clauses (such as delays in the timing of delivery of an aircraft or engine) then damages are payable to the Group. Liquidated damages are recognised in the Income statement only to the extent that they relate to compensation for loss of income and/or incremental operating costs, when a contractual entitlement exists, the amounts can be reliably measured and the receipt is virtually certain. When liquidated damages do not relate to compensation for loss of income and/or incremental operating costs, the amounts are recorded as a reduction in the cost of the associated aircraft in the Balance sheet and depreciated over the life of the aircraft.

When compensation, not related to the loss of income and/or incremental operating costs, is received in advance of the associated delivery of the aircraft and/or engine, the Group recognises the amount within Other creditors until such time as the aircraft and/or engine is delivered, at which time the amounts are transferred and recorded as a reduction in the cost of the associated asset. Such compensation is recorded in the Cash flow statement within cash flows from investing activities under the caption of Acquisition of property, plant and equipment and intangible assets.

e Leases

The Group leases various aircraft, properties, equipment and other assets. The lease terms of these assets are consistent with the determined useful economic life of similar assets within property, plant and equipment.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified tangible asset for a period in exchange for consideration. The Group has elected not to apply such consideration where the contract relates to an intangible asset, such as for landing rights or IT software, in which case payments associated with the contract are expensed as incurred.

Leases are recognised as a lease liability and a corresponding ROU asset at the date at which the leased asset is available for use by the Group.

Lease liabilities

Lease liabilities are initially measured at their present value, which includes the following lease payments: fixed payments (including in-substance fixed payments), less any lease incentives receivable; variable lease payments that are based on an index or a rate; amounts expected to be payable by the Group under residual value guarantees; the exercise price of a purchase option if the Group is reasonably certain to exercise that option; payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option; and payments to be made under reasonably certain extension options.

Aircraft lease payments are discounted using the interest rate implicit in the lease. The interest rate implicit in the lease is the discount rate that, at the inception of the lease, causes the aggregate present value of the minimum lease payments and the unguaranteed residual value to be equal to the fair value of the leased asset and any initial indirect costs of the lessor. For aircraft leases these inputs are either generally observable in the contract or readily available from external market data. The initial direct costs of the lessor are considered to be immaterial. If the interest rate implicit in the lease cannot be determined, the Group entity's incremental borrowing rates are used.

Each lease payment is allocated between the principal and finance cost. The finance cost is charged to the Income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The carrying amount of lease liabilities is remeasured if there is a modification of the lease contract, a re-assessment of the lease term (specifically in regard to assumptions regarding extension and termination options) or changes in variable lease payments that are based on an index or a rate.

Right of use assets

At the lease commencement date, an ROU asset is measured at cost comprising the following: the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date less any lease incentives received; and any initial direct costs.

In addition, at the lease commencement date, the ROU asset will incorporate those restoration and handback costs that are considered unavoidable, such as the removal of airline-specific branding and configuration, to return the asset to its original condition, for which a corresponding amount is recognised within Provisions. The ROU asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If ownership of the ROU asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Amounts excluded from recognition as ROU assets and lease liabilities

The Group has elected not to recognise ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less (and where that short-term lease is not expected to be renewed) and those leases of low-value assets. Short-term leases are leases with a lease term of 12 months or less that do not contain a purchase option. Low-value assets comprise specific IT equipment and office furniture. Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the Income statement.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is re-assessed and adjusted against the ROU asset. Such variable lease payments are expensed to the Income statement as incurred.

Extension options are included in a number of aircraft, property and equipment leases across the Group and are reflected in the lease liability where the Group is reasonably certain that it will exercise the option.

Sale and leaseback transactions

The Group regularly uses sale and leaseback transactions to finance the acquisition of aircraft. Each transaction is assessed as to whether it meets the criteria within IFRS 15 'Revenue from contracts with customers' for a sale to have occurred. The principal criterion for assessing whether a sale has occurred or not, is whether the contract contains the option, at the discretion of the Group, to repurchase the aircraft during or at the end of the lease term. If such a repurchase option exists in the contract, irrespective of whether the Group intends to exercise the option or not, the sale is deemed not to have occurred. Where there is no repurchase option in such a transaction, then a sale is deemed to have occurred. The following defines the accounting for such transactions:

- if a sale is determined to have occurred, then the associated asset is de-recognised and an ROU asset and lease liability are recognised. The ROU asset recognised is based on the proportion of the previous carrying amount of the asset that is retained. Any gain or loss is restricted to the amount that relates to the rights that have been transferred to the counterparty to the transaction; and
- where a sale is determined to have not occurred, the asset is retained on the Balance sheet within Property, plant and equipment and an Asset financed liability recognised equal to the financing proceeds.

Notes to the accounts *continued*

Cash flow presentation – lease liabilities

Payments associated with lease liabilities are presented as follows in the Consolidated cash flow statement:

- where the proceeds received from sale and leaseback transactions represent the fair value of the asset being transferred, the total proceeds are presented within cash flows from investing activities. Where the proceeds received from sale and leaseback transactions exceed the fair value of the asset being transferred, the element of the proceeds equivalent to the fair value of the asset being transferred is presented within investing activities and the amount of proceeds in excess of the fair value is presented within financing activities;
- the repayments of the principal element of lease liabilities are presented within cash flows from financing activities;
- the payments of the interest element of lease liabilities are included within cash flows from operating activities;
- the payments arising from variable elements of a lease, short-term leases and low-value assets are presented within cash flows from operating activities; and
- the non-cash gain or loss arising from sale and leaseback transactions is presented within cash flows from operating activities.

Cash flow presentation – asset financed liabilities

Payments associated with asset financed liabilities are presented as follows in the Consolidated cash flow statement:

- the proceeds received from asset financed liabilities are presented within cash flows from financing activities;
- the repayments of the principal element of asset financed liabilities are presented within cash flows from financing activities; and
- the payments of the interest element of asset financed liabilities are included within cash flows from operating activities.

Lessor accounting

From time to time the Group will lease, to third parties, specific assets, including certain property, plant and equipment. On inception of the lease, the Group determines whether each lease is a finance lease or an operating lease.

In order to make this determination, the Group assesses whether the lease transfers substantially all of the risks and rewards of ownership to the lessee. Factors in making this assessment include, but are not limited to, whether the lease term is for the major part of the economic life of the underlying asset and whether the underlying asset transfers to the lessee or the lessee has the option to purchase the underlying asset at the end of the lease. Where substantially all of the risks and rewards of ownership have been transferred, then the lease is recorded as a finance lease, otherwise it is recorded as an operating lease.

f Maintenance, repairs and overhaul

Owned aircraft

Major maintenance, repairs and overhaul expenditure, including replacement spares and labour costs for airframes and engines, is capitalised and amortised over the expected life between major maintenance, repairs and overhauls or to the end of the useful life of the asset.

On initial recognition of an aircraft, a component of such costs is attributed to the embedded heavy maintenance component of the assets, such as the engines. The embedded heavy maintenance component is depreciated over the period to the next major maintenance event.

All other replacement spares and other costs relating to maintenance of owned fleet assets are charged to the Income statement on consumption or as incurred, respectively, recognised within Engineering and other aircraft costs.

Leased aircraft

Under each lease agreement, the Group is contractually committed to either return the airframe, engines and certain other assets in a specified condition or to compensate the lessor based on the conditionality of the aforementioned assets at the point of return to the lessor.

Accordingly, the Group records a provision for major maintenance, repair and overhaul events, including for airframes and engines, that occur through usage or through the passage of time, that is recognised as such activity occurs through to the next such maintenance event. A corresponding expense is recorded in the Income statement within Engineering and other aircraft costs over the relevant period as the provision is accumulated. Any subsequent changes in estimation are recognised in the Income statement. When the maintenance, repair or overhaul event occurs, the associated provision is de-recognised.

Restoration and handback obligations that arise on the inception of the lease, and that are not dependent on the usage of the asset or on the passage of time, are recognised as a provision for the full expected cost of discharging those obligations with a corresponding amount recognised as a separate component of the ROU asset. The associated ROU asset is depreciated over the lease term. Any subsequent change in estimation relating to such costs are reflected in both the provision and the ROU asset, with the adjustment to the ROU asset depreciated over the remaining lease term.

All other replacement spares and other costs relating to maintenance of leased fleet assets are charged to the Income statement on consumption or as incurred, respectively, within Engineering and other aircraft costs.

Power by the hour contracts

Certain of the Group's maintenance contracts, for both owned and leased aircraft, transfer the risk and legal obligation for undertaking the maintenance activity to third-party service providers, with the Group paying the service providers based on the usage of the asset. The associated usage of the asset gives rise to a charge, as flight hours are incurred and dependent on the number of take offs and landings, in the Income statement within Engineering and other aircraft costs.

Intangible assets

a Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration paid over the net fair value of the identifiable assets and liabilities of the acquiree. Where the net fair value of the identifiable assets and liabilities of the acquiree is in excess of the consideration paid, a gain on bargain purchase is recognised immediately in the Income statement.

For the purpose of assessing impairment, goodwill is grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Goodwill is tested for impairment annually and whenever indicators exist that the carrying value may not be recoverable.

b Brands
Brands arising on the acquisition of subsidiaries are initially recognised at fair value at the acquisition date. Long established brands that are expected to be used indefinitely are not amortised but assessed annually for impairment.

c Customer loyalty programmes
Customer loyalty programmes arising on the acquisition of subsidiaries are initially recognised at fair value at the acquisition date. A customer loyalty programme with an expected useful life is amortised over the expected remaining useful life. Established customer loyalty programmes that are expected to be used indefinitely are not amortised but assessed annually for impairment.

d Landing rights
Landing rights acquired in a business combination are recognised at fair value at the acquisition date. Landing rights acquired from other airlines are capitalised at cost.

Capitalised landing rights based outside of the UK and the EU are amortised on a straight-line basis over a period not exceeding 20 years. Capitalised landing rights based within the UK and the EU are not amortised, as regulations provide that these landing rights are perpetual.

e Contract-based intangibles
Contract-based intangibles acquired in a business combination are recognised initially at fair value at the acquisition date and amortised over the remaining life of the contract.

f Software
The cost to purchase or develop computer software that is separable from an item of related hardware is capitalised separately and amortised on a straight-line basis, generally over a period not exceeding five years, with certain specific software developments amortised over a period of up to ten years.

In certain instances, the Group enters into cloud computing arrangements with third-party providers, such as software as a service (SaaS), where the Group is provided the right to access and use the application software over the contract term. At inception of the contract, the Group will assess whether such an arrangement gives rise to the recognition of a software intangible asset.

Where the Group determines that no software intangible asset should be recognised, the cloud computing arrangement is determined to be a service contract and the associated fees paid are expensed as incurred. In addition, the costs incurred for both the customisation and configuration of the application software are generally expensed as incurred.

g Carbon-related assets and obligations
Held for own use
As an operating company emits CO_2 equivalent, it builds up either an ETS obligation, a CORSIA obligation or a voluntary carbon offset obligation to the relevant authorities. Where an operating company purchases ETS emission allowances, CORSIA emission units and voluntary carbon offset units, these amounts are recognised at cost and recorded within Carbon-related and other assets.

Carbon-related assets are not revalued or amortised but are tested for impairment whenever indicators exist that the carrying value may not be recoverable. For those obligations arising for which the operating company has purchased emission allowances or emission units to offset emissions, the obligation is recognised at the weighted average cost of the carbon-related asset. For those obligations arising for which the operating company has not yet purchased emission allowances or emission units to offset the emissions, the obligation is recognised at the market price of the emission allowances or emission units required at the balance sheet date. As the obligation is recognised, a corresponding amount is recorded in the Income statement within Fuel costs and emission charges.

The Group's emissions obligations, recognised as Carbon-related obligations within Provisions, are extinguished when the associated emission certificates are surrendered or retired to the relevant authorities. For ETS obligations, the timing of surrender of the allowances is typically within 12 months of the balance sheet date. For CORSIA obligations, the timing of retirement of the allowances is once every three years, with the first such retiring event for the 2024 to 2026 compliance period expected in 2028 (although entities can agree with their relevant authorities to retire emission units earlier).

From time to time, the Group enters into sale and repurchase transactions for specified emission allowances. Such transactions do not meet the recognition criteria of a sale under IFRS 15 and accordingly the emissions asset is retained on the Balance sheet within Carbon-related assets and an Other financing liability recognised equal to the proceeds received.

Impairment of non-financial assets
Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the value by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value-in-use. Non-financial assets other than goodwill that were subject to an impairment are reviewed for possible reversal of the impairment at each balance sheet date.

a Property, plant and equipment, including Right of use assets
The carrying value is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable and the cumulative impairment losses are shown as a reduction in the carrying value of property, plant and equipment.

b Intangible assets
Intangible assets are held at cost and are either amortised on a straight-line basis over their economic life, or they are deemed to have an indefinite economic life and are not amortised. Indefinite life intangible assets are tested annually for impairment or more frequently if events or changes in circumstances indicate the carrying value may not be recoverable.

Notes to the accounts *continued*

Investments in associates and joint ventures

An associate is an undertaking in which the Group has a long-term equity interest and over which it has the power to exercise significant influence. Where the Group cannot exercise control over an entity in which it has a shareholding greater than 51%, the equity interest is treated as an associate undertaking.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

Investments in associates and joint ventures are accounted for using the equity method and initially recognised at cost. The Group's interest in the net assets of associates and joint ventures is included in Investments accounted for using the equity method in the Balance sheet and its interest in their results is included in the Income statement, below operating result. The attributable results of those companies acquired or disposed of during the year are included for the periods of ownership.

Financial instruments

a Financial assets and liabilities

Financial assets and financial liabilities are classified, upon initial recognition, as measured at amortised cost, at fair value through other comprehensive income (OCI) or fair value through profit or loss. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

The classification of financial assets at initial recognition depends on the financial assets' contractual cash flow characteristics and the Group's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. A financial asset that is not SPPI is classified and measured at fair value through profit or loss. This assessment is performed on an instrument by instrument basis.

The Group's business model for managing financial assets establishes how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both collecting contractual cash flows and selling financial assets.

Long-term borrowings

Long-term borrowings are recorded at amortised cost.

Convertible debt

Convertible bonds are classified as either compound financial instruments or hybrid financial instruments depending on the settlement alternatives upon redemption. Where the bondholders exercise their equity conversion options and the Group has no alternative other than to settle the convertible bonds into a fixed number of ordinary shares of the Company, then the bonds are classified as a compound financial instrument. Where the Group has an alternative settlement mechanism to the convertible bonds that permits settlement in cash, then the convertible instrument is classified as a hybrid financial instrument.

Convertible bonds that are classified as compound financial instruments consist of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt, and is subsequently recorded on an amortised cost basis using the effective interest method until extinguished on conversion or maturity of the bonds, and is recognised within Borrowings. The difference between the proceeds of issue of the convertible bond and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Group, is included in the equity portion of the convertible bond in Other reserves and is not subsequently remeasured. The interest expense on the liability component is calculated by applying the effective interest rate for similar non-convertible debt to the liability component of the instrument. The difference between this value and the interest paid is added to the carrying amount of the liability.

Convertible bonds that are classified as hybrid financial instruments consist only of a liability component recognised within Borrowings. At the date of issue, the entirety of the convertible bonds are accounted for at fair value with subsequent fair value gains or losses recorded within Borrowings. The fair value of such financial instruments is obtained from their respective quoted prices in active markets, with the portion of the change in fair value attributable to changes in the credit risk of the convertible bonds recognised in Other comprehensive income and the portion of the change in fair value attributable to market conditions recognised in the Income statement within Finance costs.

Issue costs associated with compound financial instruments are apportioned between the liability and equity components of the convertible bonds where appropriate based on their relative carrying values at the date of issue. The portion relating to the equity component is charged directly against equity. Issue costs associated with hybrid financial instruments are expensed immediately to the Income statement.

Other equity investments

Other equity investments are non-derivative financial assets including listed and unlisted investments, excluding interests in associates and joint ventures. On initial recognition, these equity investments are irrevocably designated as measured at fair value through Other comprehensive income. They are subsequently measured at fair value, with changes in fair value recognised in Other comprehensive income with no recycling of these gains and losses to the Income statement when the investment is sold or a change in the structure of the transaction changes its classification as an Other equity instrument. Dividends received on other equity investments are recognised in the Income statement.

The fair value of quoted investments is determined by reference to bid prices at the close of business on the balance sheet date.

Where there is no active market, fair value is determined using valuation techniques.

Interest-bearing deposits

Interest-bearing deposits, principally comprising funds held with banks and other financial institutions with contractual cash flows that are SPPI, and held in order to collect contractual cash flows, are carried at amortised cost using the effective interest method.

Impairment of financial assets

At each balance sheet date, the Group recognises provisions for expected credit losses on financial assets measured at amortised cost, based on either 12-month or lifetime losses depending on whether there has been a significant increase in credit risk since initial recognition. The simplified approach, based on the calculation and recognition of lifetime expected credit losses, is applied to contracts that have a maturity of one year or less, including trade receivables.

When determining whether there has been a significant increase in credit risk since initial recognition and when estimating the expected credit loss, the Group considers reasonable and supportable information that is relevant and available. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, including forward-looking information. Such forward-looking information takes into consideration the forecast economic conditions expected to impact the outstanding balances at the balance sheet date. A financial asset is written off when there is no reasonable expectation of recovery, such as the customer having filed for liquidation.

b Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits with any qualifying financial institution repayable on demand or maturing within three months of the date of acquisition and which are subject to an insignificant risk of change in value.

c Derivative and non-derivative financial instruments and hedging activities

Derivative financial instruments, comprising interest rate swap derivatives, foreign exchange derivatives and fuel derivatives (including options, swaps and forward contracts) are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. They are classified as financial instruments through the Income statement. The method of recognising the resulting gain or loss arising from remeasurement depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged (as detailed below under cash flow hedges). The time value of options is excluded from the designated hedging instrument and accounted for as a cost of hedging. Movements in the time value of options are recognised in Other comprehensive income until the underlying transaction affects the Income statement.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the spot component of the forward contract as the hedging instrument within a hedge relationship. The effective portion of gains or losses arising on the change in fair value of the spot component are recognised within Other comprehensive income in the Cash flow hedge reserve within equity. The forward component of a forward contract is not designated within a hedge relationship, with the associated gains and losses on the forward component recorded within Other comprehensive income in the Cost of hedging reserve within equity until the underlying transaction affects the Income statement.

To manage foreign exchange movements on foreign currency customer cash inflows (denominated in US dollars, euros and Japanese yen), certain non-derivative repayment instalments on foreign currency-denominated interest-bearing liabilities are designated as hedging instruments within a hedge relationship. The effective portion of gains or losses arising from movements in foreign exchange rates are recognised within Other comprehensive income in the Cash flow hedge reserve within equity. Accumulated gains or losses within the cash flow hedge reserve are transferred to Sales in advance of carriage in the same period as the forecast transaction occurs or when hedge accounting is discontinued when the forecast transaction is no longer expected to occur, at which point amounts are immediately reclassified to the Income statement.

When a derivative is designated as a hedging instrument and that instrument expires, is sold or is restructured, if the initial forecast transaction is still expected to occur, any cumulative gain or loss remains in the cash flow hedge reserve until such time as the hedged item impacts the Income statement. Where there is a change in the risk management objective, then hedge accounting is discontinued, and the associated cumulative gain or loss arising prior to the change in risk management objective remains in the cash flow hedge reserve until such time as the underlying hedged item impacts the Income statement had the risk management objective continued to have been met. Where a forecast transaction, which was previously determined to be highly probable and for which hedge accounting applied, is no longer expected to occur, hedge accounting is discontinued and the cumulative gain or loss in the cash flow hedge reserve is immediately reclassified to the Income statement.

Each operating company enters into foreign currency derivative contracts that are not designated in a hedge relationship, in order to mitigate foreign exchange movements on financial liabilities designated in currencies other than the presentational currency of each operating company, including but not limited to, lease liabilities. Movements in the fair value of such derivatives are recognised in the Income statement in the period in which they occur and are presented within Net currency retranslation charges.

Exchange gains and losses on monetary investments are taken to the Income statement unless the item has been designated and is assessed as an effective hedging instrument. Exchange gains and losses on non-monetary investments are reflected in equity.

Notes to the accounts *continued*

d Cash flow hedges

Changes in the fair value of derivative financial instruments designated as in a cash flow hedge relationship of a highly probable expected future transaction are assessed for effectiveness and accordingly recorded in the Cash flow hedge reserve within equity.

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument. A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements: (i) there is 'an economic relationship' between the hedged item and the hedging instrument; (ii) the effect of credit risk does not dominate the value changes that result from that economic relationship; and (iii) the hedge ratio is aligned with the requirements of the Group's risk management strategy and in all instances is maintained at a ratio of 1:1.

The Group assesses whether the derivative designated as the hedging instrument in a hedge relationship is expected to be on inception and at each balance sheet date effective in offsetting the changes in cash flows of the hedged item using the hypothetical derivative model.

Sources of ineffectiveness include the following:

- in hedges of fuel purchases, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the Group or the derivative counterparty;
- in hedges of foreign currency purchases, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the Group or the derivative counterparty;
- in hedges of interest rate payments, ineffectiveness may arise if there are differences in the critical terms between the interest rate derivative instrument and the underlying hedged item, or if there are changes in the credit risk of the Group or the derivative counterparty; and
- in all hedges, ineffectiveness may arise if there are differences between the critical terms of the hedging instrument and the hypothetical derivative, such as where on inception of the hedge relationship the fair value of the hedging instrument is not zero.

Ineffectiveness is recorded within the Income statement as Realised/unrealised (losses)/gains on derivatives not qualifying for hedge accounting and presented within Other non-operating credits.

Reclassification and transfer adjustments

Gains and losses accumulated in the Cash flow hedge reserve within equity are either reclassified from the Cash flow hedge reserve when the hedged item affects the Income statement, or transferred from the Cash flow hedge reserve when the hedged item gives rise to recognition in the Balance sheet as follows:

- where the forecast hedged item results in the recognition of expenses within the Income statement (such as the purchase of jet fuel for which both fuel and the associated foreign currency derivatives are designated as the hedging instrument), the accumulated gains and losses recorded in both the Cash flow hedge reserve and the Cost of hedging reserve are reclassified and included in the Income statement within the same caption as the hedged item is presented. Such reclassification occurs in the same period as the hedged item is recognised in the Income statement;
- where the forecast hedged item results in the recognition of a non-financial asset (such as the purchase of aircraft for which foreign currency derivatives are designated as the hedging instrument or where the purchase of jet fuel gives rise to the recognition of fuel inventory in storage facilities), or a non-financial liability (such as the sales in advance of carriage for which both foreign currency derivatives and non-financial derivative instruments are designated as the hedging instrument), the accumulated gains and losses recorded within both the Cash flow hedge reserve and the Cost of hedging reserve are transferred and included in the initial cost of the asset and liability, respectively. These gains or losses are recorded in the Income statement as the non-financial asset and the non-financial liability affects the Income statement (which for aircraft is through Depreciation, amortisation and impairment over the expected life of the aircraft, for fuel inventory through Fuel costs and emission charges when it is consumed and for sales in advance of carriage through Passenger revenue when the flight is flown); and
- where the forecast hedged item results in the recognition of a financial asset or liability (such as variable rate debt for which interest rate swaps are designated as the hedging instrument), the accumulated gains and losses recorded within the Cash flow hedge reserve are reclassified to the Income statement to Interest expense within Finance costs at the same time as the interest income or expense arises on the hedged item.

Further information on the risk management activities of the Group is given in note 29.

e Fair value hedges

Changes in the fair value of derivative financial instruments designated in a fair value hedge relationship are recorded within the Income statement as Net change in the fair value associated with fair value hedges within Other non-operating credits. The change in the fair value of the hedged item attributable to the risk being hedged is recorded as part of the overall carrying amount of the hedged item and is recorded within the Income statement as Net change in the fair value associated with fair value hedges within Other non-operating credits.

For fair value hedges associated with financial liabilities measured at amortised cost, any adjustment to the carrying value is amortised to the Income statement from the date of the cessation of the hedge relationship through to the maturity of the hedged item using the effective interest rate method.

If the hedged item is de-recognised, the unamortised fair value is recognised immediately in the Income statement.

Ineffectiveness included in fair value hedges of interest rate payments may arise if there are differences in the critical terms between the interest rate derivative instrument and the underlying hedged item, or if there are changes in the credit risk of the Group or the derivative counterparty.

Employee benefit plans

a Pension obligations

The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years.

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The pension benefits are dependent on the pension scheme rules and relevant pensions legislation including applicable case law.

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years. The benefit is discounted to determine its present value, and the fair value of any plan assets are deducted. The discount rate is the yield at the balance sheet date on AA-rated corporate bonds of the appropriate currency that have durations approximating those of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. When the net obligation calculation results in an asset for the Group, the recognition of an asset is limited to any future refunds, net of the relevant taxes, from the plan or reductions in future contributions to the plan ('the asset ceiling'). The fair value of the plan assets is based on market price information and, in the case of quoted securities, is the published bid price. The fair value of insurance policies which exactly match the amount and timing of some or all benefits payable under the scheme are deemed to be the present value of the related obligations. Longevity swaps are measured at their fair value.

Current service costs are recognised within Employee costs in the year in which they arise. Past service costs are recognised in the event of a plan amendment or curtailment, or when the Group recognises related restructuring costs or severance obligations. The net interest is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Net interest and other expenses related to the defined benefit plans are recognised in the Income statement. Remeasurements, comprising IAS 19 gains and losses, the effect of the asset ceiling (excluding interest) and the return on plan assets (excluding interest), are recognised immediately in Other comprehensive income. Remeasurements are not reclassified to the Income statement in subsequent periods.

b Severance obligations

Severance obligations are recognised when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises a provision for severance payments when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without realistic possibility of withdrawal, or providing severance payments as a result of an offer made to encourage voluntary redundancy.

Other employee benefits are recognised when there is deemed to be a present obligation.

c Flight crew provisions

The Group's obligations in respect of flight crew provisions are calculated separately for each collective bargaining agreement. In estimating these obligations, the Group makes assumptions regarding the number of employees that will elect to take early retirement under these agreements, and the age at which they make this election (where relevant), using the probability weighted methodology. The Group recognises a provision for service costs from the date of employment of the relevant individual, with the corresponding amount recorded within the Income statement. The provisions recognised are discounted at the balance sheet date and the effect of unwinding of these discount rates are recognised as a finance cost in the Income statement.

Remeasurements of the provisions are made for changes in financial assumptions and recorded in Other comprehensive income. The Group records changes through Other comprehensive income, where assumptions regarding the elections to be made by individuals differs to actual elections. These calculations are performed by a qualified actuary using the projected unit credit method.

Taxation

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary differences arise on the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- in respect of taxable temporary differences associated with investments in subsidiaries or associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the Income statement.

International tax reform: Pillar Two implementation

On 23 May 2023, the IASB issued the amendments to IAS 12 – International tax reform: Pillar Two model reforms, effective for periods beginning on or after 1 January 2023. The amendments to IAS 12 provide temporary mandatory relief from the recognition of deferred tax balances arising from the implementation of the Pillar Two legislation. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Notes to the accounts *continued*

Inventories

Inventories are valued at the lower of cost and net realisable value. Such cost is determined by the weighted average cost method. Inventories include mainly aircraft spare parts, repairable aircraft engine parts and fuel held in storage facilities.

Share-based payments

The Group operates a number of equity-settled, share-based payment plans, under which the Group awards equity instruments of the Group for services rendered by employees. The fair value of the share-based payment plans is measured at the date of grant using a valuation model provided by external specialists. The resulting cost, as adjusted for the expected and actual level of vesting of the plan, is charged to the Income statement over the period in which the options vest. At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions, and accordingly the number of equity instruments that will ultimately vest. The movement in the cumulative expense since the previous balance sheet date is recognised in the Income statement with a corresponding entry in equity.

Treasury shares

When the share capital of the Company is repurchased, the amount of the consideration paid, including directly attributable transaction costs, is recognised as a deduction from equity within the treasury share reserve. When treasury shares are sold or reissued, the amount received is recognised as an increase in equity, and the resulting gain or loss on the transaction is presented as an adjustment to Retained earnings with no gain or loss recorded in the Income statement.

Provisions

Provisions are made when all of the following criteria have been met: (i) an obligation exists for a present liability in respect of a past event; (ii) where the amount of the obligation can be reliably estimated; and (iii) where it is considered probable that an outflow of economic resources will be required to settle the obligation. Where it is not considered probable that there will be an outflow of economic resources required to settle the obligation, the Group does not recognise a provision, but discloses the matter as a contingent liability. The Group assesses whether each matter is probable of there being an outflow of economic resources to settle the obligation at each balance sheet date.

Employee leaving indemnities and other employee provisions are recorded for flight crew who, meeting certain conditions, have the option of being placed on reserve or of taking early retirement. The Group is obligated to remunerate these employees until they reach the statutory retirement age. The calculation is performed by qualified independent actuaries using the projected unit credit method.

Other employee related provisions are recognised for direct expenditures of business reorganisation such as severance payments (restructuring provisions) where plans are sufficiently detailed and well advanced, and where appropriate communication to those affected has been undertaken at the balance sheet date.

The method for determining legal claims provisions is determined on a claim-by-claim basis. Where a claim includes a significant population of items, the weighted average provision is estimated by determining all potential outcomes and the probability of their occurrence. Where a claim relates to a single item, then the Group determines the associated provision by applying the most likely outcome, giving consideration to alternative outcomes. Where an individual claim is significant, the disclosure of quantitative information is restricted to the extent that it does not prejudice the outcome of the claim. If the effect is material, expected future cash flows are discounted using a rate that reflects, where appropriate, the risks specific to the provision. Where discounting is used, the effect of unwinding the discount rate is recognised as a Finance cost in the Income statement.

Revenue recognition

Passenger revenue

The Group's revenue primarily derives from transportation services for both passengers and cargo. Revenue is recognised when the transportation service has been provided.

Passenger tickets are generally paid for in advance of transportation and are recognised, net of discounts, as Deferred revenue and presented within current liabilities until either: (i) the customer has flown; or (ii) where the customer does not fly on the intended date and has purchased a non-flexible fare.

For flexible and semi-flexible tickets, when the customer does not travel on the intended date, a term referred to as 'unused tickets', the customer has a number of options they can elect to apply, depending on the fare type: (i) reschedule the date of intended travel; (ii) request a refund; or (iii) request a voucher.

The Group estimates the amount of these unused tickets for which customers are not expected to exercise their remaining rights prior to expiry based on the terms and conditions of the ticket and analysis of historical experience, a term referred to as 'unused ticket breakage'. This revenue is recognised based on the terms and conditions of the ticket and analysis of historical experience. For unused ticket breakage, revenue is recognised only when the risk of a significant reversal of revenue is remote. The estimation regarding historical experience is updated at each balance sheet date.

Where a flight is cancelled, the customer has a number of options they can elect to apply to their unused tickets: (i) compensation; (ii) a refund; (iii) changing to an alternative flight; or (iv) the receipt of a voucher.

The presentation in the financial statements of these customer options, to the extent they differ to the recognition criteria stated above, are as follows:

- Compensation for flight cancellation - such payments are presented net within Passenger revenue against the original ticket purchased;
- Refund - deferred revenue is reduced and no amount is recorded within revenue;
- Changing to an alternative flight – amounts are retained within Deferred revenue until such time as the flight is flown, at which time it is recorded within Passenger revenue; and
- Voucher - retained within Deferred revenue until such time as it is redeemed for a flight or it expires, at which time it is recorded within Passenger revenue.

In relation to vouchers, the Group also recognises revenue by estimating the amount of vouchers that customers are not expected to exercise their remaining rights prior to expiry using analysis of historical experience. The estimation regarding historical experience is updated at each balance sheet date. The amount of such revenue recognised is constrained, where necessary, such that the risk of a significant reversal of revenue in the future is remote.

Payments received in relation to certain ancillary services regarding passenger transportation, such as change fees, are not considered to be distinct from the performance obligation to provide the passenger flight. Payments relating to these ancillary services are recognised in Deferred revenue in current liabilities until the customer has flown.

The Group considers whether it is an agent or a principal in relation to passenger transportation services by considering whether it has a performance obligation to provide services to the customer or whether the obligation is to arrange for the services to be provided by a third party. The Group acts as an agent where: (i) it collects various taxes, duties and fees assessed on the sale of tickets to passengers and remits these to the relevant taxing authorities; and (ii) where it provides interline services to airline partners outside of the Group. Commissions earned in relation to agency services are recognised as revenue when the underlying goods or services have been transferred to the customer. In all other instances, the Group considers it acts as the principal in relation to passenger transportation services.

Cargo revenue

The Group has identified a single performance obligation in relation to cargo services and the associated revenue is measured at its standalone selling price and recognised on satisfaction of the performance obligation, which occurs on the fulfilment of the transportation service.

Other revenue

The Group has identified several performance obligations in relation to services that give rise to revenue being recognised within Other revenue. These services, their performance obligations and associated revenue recognition include:

- the provision of maintenance services and overhaul services for engines and airframes, where the Group is engaged to enhance an asset while the customer retains control of the asset. Accordingly, the performance obligations are satisfied, and revenue recognised, over time. The Group estimates the proportion of the contract completed at the balance sheet date and recognises revenue based on the percentage of completion of the contract;
- the provision of ground handling services, where the performance obligations are fulfilled when the services are provided;
- the provision of holiday and hotel services, where the performance obligations are satisfied over time as the customer receives the benefit of the service; and
- brand and marketing activities, where the performance obligations are satisfied as the associated activities occur.

Customer loyalty programmes

The Group operates four principal loyalty programmes: the British Airways Executive Club, Iberia Plus, Vueling Club and the Aer Lingus Aer Club. The customer loyalty programmes award travellers Avios to redeem for various rewards, primarily redemption travel, including flights, hotels and car hire. Avios are also sold to commercial partners to use in loyalty activity.

Avios issuance

When issued, the relative standalone selling price of an Avios is recorded within Deferred revenue in current liabilities until the customer redeems the Avios. The relative standalone selling price of Avios is based on the value of the awards for which the Avios could be redeemed. The Group also recognises revenue associated with the proportion of Avios that are not expected to be redeemed, referred to as 'breakage', based on the results of modelling using historical experiences and expected future trends in customer behaviour, up until the balance sheet date. The amount of such revenue recognised is limited, where necessary, such that the risk of a significant reversal of revenue in the future is remote.

Where the issuance of Avios arises from travel on the Group's airlines, the consideration received from the customer may differ to the aggregation of the relative standalone selling prices. In such instances, the allocation of the consideration to each performance obligation is undertaken on a proportional basis using the relative standalone selling prices.

The Group has contractual arrangements with non-Group airlines and non-air partners for the issuance and redemption of Avios, for which it has identified the following performance obligations:

Companion vouchers

Certain non-air partners issue their cardholders with companion vouchers, which forms part of the variable consideration of the overall contract, depending on the level of expenditure by the cardholders, for redemption on the airlines of the Group for the same flight and class of cabin as the underlying fare being purchased. The Group estimates the standalone selling price of the companion voucher performance obligation, using valuation techniques, by reference to the amount that a third party would be prepared to pay in an arm's length transaction.

Brand and marketing activities

For both air and non-air partners, the Group licenses the Avios and the airline brands for certain activities, such as the creation of co-branded credit cards. In addition, the Group has certain contractual arrangements whereby it commits to provide marketing services to the members of the loyalty schemes on behalf of those partners. Under IFRS 15, for the provision of both brand and marketing services, the partner receives benefits incremental to the issuance of Avios. The Group estimates the standalone selling price of the brand and marketing performance obligations, using valuation techniques, by reference to the amount that a third party would be prepared to pay in an arm's length transaction for access to comparable brands for the period over which they use the brand. For brand services, as the Group considers that the partner has the right to use the brand, revenue is recognised as the brand service is provided and not over time. For marketing performance obligations, revenue is recognised as the marketing activities occur.

Upfront payments

Where a partner makes an upfront payment to the Group that does not relate to any specific performance obligation, then the Group considers such payments as advance payments for future goods and services and the associated revenue is recognised as those goods and services are provided, as detailed above. In such instances, the payment is allocated across all of the performance obligations over the contract term. The Group estimates the expected level of Avios to be issued over the contract term using experience, historical and expected future trends, and allocates the payments to the relevant performance obligations accordingly. At each balance sheet date, the Group updates its estimate of the number of Avios expected to be issued over the total contract term and recognises a cumulative catch-up adjustment where necessary.

Notes to the accounts *continued*

When a partner makes an upfront payment to the Group, the Group assesses whether such a payment is representative of a significant financing event. Where a significant financing component is identified, the Group estimates a market rate of interest that an arm's length financial liability of similar size and tenor would yield. The Group recognises the imputed interest within the Income statement as Other finance costs within Finance costs.

Other considerations

The Group considers whether it is an agent or a principal in relation to the loyalty services by considering whether it has a performance obligation to provide services to the customer or whether the obligation is to arrange for the services to be provided by a third party. In particular, the Group acts as an agent where customers redeem their Avios on interline partner flights outside of the Group, where the fees payable to the interline partner are presented net against the associated release of the Deferred revenue.

Exceptional items

Exceptional items are those that in management's view need to be separately disclosed by virtue of their size or nature and where such presentation is relevant to an understanding of the Group's financial performance. While management has defined a list of items and a quantitative threshold that would merit categorisation as exceptional that has been established through historical experience, the Group retains the flexibility to add additional items should their size or nature merit such presentation. The accounting policy in respect of exceptional items and classification of an item as exceptional is approved by the Board, through the Audit and Compliance Committee.

The financial performance of the Group is monitored by the Management Committee and the Board using metrics that exclude exceptional items to enable comparison to prior reporting periods as well as to other selected companies, and also for making strategic, financial and operational decisions.

The exceptional items recorded in the Income statement include, but are not limited to, items such as significant settlement agreements with the Group's pension schemes; significant restructuring; the impact of business combination transactions that do not contribute to the ongoing results of the Group; significant discontinuance of hedge accounting; legal settlements; individually significant tax transactions; and the impact of the sale, disposal or impairment of an asset or investment in a business. Where exceptional items are separately disclosed, the resultant tax impact is additionally separately disclosed. Certain exceptional items may cover more than a single reporting period, such as significant restructuring events, but not more than two reporting periods.

Further information is given in the Alternative performance measures section.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received. Loans provided and/or guaranteed by governments that represent market rates of interest are recorded at the amount of the proceeds received and recognised within Borrowings. Those loans provided and/or guaranteed by governments that represent below market rates of interest are measured at inception at their fair value and recognised within Borrowings, with the differential to the proceeds received recorded within Deferred income and released to the relevant financial statement caption in the Income statement on a systematic basis. Grants that compensate the Group for expenses incurred are recognised in the Income statement in the relevant financial statement caption on a systematic basis in the periods in which the expenses are recognised.

Critical accounting estimates, assumptions and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These judgements, estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Actual results in the future may differ from judgements and estimates upon which financial information has been prepared. These underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- Income taxes (note 10): the period over which historical tax losses can be utilised;
- Revenue recognition (note 24): breakage assumptions applied to passenger revenue, customer loyalty programmes and unredeemed vouchers;
- Restoration and handback provisions (note 27): key assumptions underlying the carrying value of the provisions; and
- Employee benefit obligations (note 34): Airways Pension Scheme (APS) and New Airways Pension Scheme (NAPS) key actuarial assumptions.

The judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- Income taxes (note 10): determining whether the HMRC enquiries into the IAG Loyalty VAT accounting gives rise to a provision or a contingent liability;
- Leases (note 14): determining the lease term of contracts with renewal and termination options;
- Other equity investment (note 19): determining whether the Group has significant influence over Air Europa Holdings; and
- Restoration and handback provisions (note 27): determination of accounting policy for leased aircraft.

New standards, amendments and interpretations

The following amendments and interpretations apply for the first time in 2024, but do not have a material impact on the consolidated financial statements of the Group:

- lease liability in a sale and leaseback – amendments to IFRS 16 effective for periods beginning on or after 1 January 2024; and
- disclosures: supplier finance arrangements – amendments to IAS 7 and IFRS 7 – effective for periods beginning on or after 1 January 2024.

In addition, Classification of liabilities as current or non-current and non-current liabilities with covenants - amendments to IAS 1 is effective for periods beginning on or after 1 January 2024. These amendments have had a material impact on the consolidated financial statements of the Group, the details of which are given in note 37.

The IASB and the IFRS Interpretations Committee (IFRIC) have issued the following standards, amendments and interpretations with an effective date after the year end of these financial statements. The Group has assessed the impact of these standards, amendments and interpretations, and it is not expected that these will have a material effect on the reported income or net assets of the Group. The Group plans to adopt the following standards, interpretations and amendments on the date they become mandatory:

- lack of exchangeability – amendments to IAS 21 effective for periods beginning on or after 1 January 2025; and
- classification and measurement of financial instruments – amendments to IFRS 9 and IFRS 7 effective for periods beginning on or after 1 January 2026.

In addition, IFRS 18 – presentation and disclosure in financial statements becomes effective for periods beginning on or after 1 January 2027 and replaces IAS 1 - presentation of financial statements. The Group is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements.

3 Significant changes and transactions in the current reporting period

The financial performance and position of the Group was affected by the following significant events and transactions in the year to 31 December 2024:

- on 14 June 2024, the Group entered into a five-year $3.0 billion, sustainability-linked, secured Revolving Credit Facility, with two one-year extension options available subject to the approval of lenders, accessible by British Airways, Iberia and Aer Lingus, each of which has separate limits. At 31 December 2024 no amounts had been drawn under the facility. Concurrent to entering into the facility, the Group extinguished its $1,755 million secured Revolving Credit Facility, which was due to mature, in part, in March 2025 with the remainder maturing in March 2026;
- on 28 June 2024, as a result of securing the aforementioned Revolving Credit Facility, British Airways extinguished its two £1.0 billion Export Development Guarantee Facilities, which were partially guaranteed by the UK Export Finance and undrawn at 28 June 2024, and were due to mature in equal amounts in November 2026 and September 2028;
- on 23 February 2023, the Group entered into an agreement with Globalia to purchase the remaining 80% of the share capital of Air Europa Holdings that it did not then own. The acquisition was subject to approval by the relevant competition authorities. The agreement stipulated that at any time over a 24 month period from execution of the agreement, if any relevant approval was not obtained, or if the Group decided not to proceed with the acquisition, the Group was required to pay a break-fee to Globalia of €50 million. On 1 August 2024, the Group decided to withdraw from the acquisition. The Group has recorded an exceptional charge of €50 million within Other non-operating credits in the Income statement for the year to 31 December 2024;
- on 1 August 2024, the Board of Directors approved an interim dividend of €0.03 per share, amounting to €147 million, which was subsequently paid by 31 December 2024; and
- on 8 November 2024, the Group announced a €350 million share buyback programme, which commenced on 11 November 2024. At 31 December 2024, the Group had purchased 47,854 thousand shares amounting to €156 million.

4 Impact of climate change on financial reporting

Significant transactions and critical accounting estimates, assumptions and judgements in the determination of the impact of climate change

As a result of climate change, the Group has designed and approved its Flightpath net zero climate strategy, which commits the Group to net zero emissions by 2050. While approved business plans currently have a duration of three years, the Flightpath net zero climate strategy impacts both the short-, medium- and long-term operations of the Group.

The details regarding the inputs and assumptions used in the determination of the Flightpath net zero climate strategy include, but are not limited to, the following that are within the control of the Group:

- the additional cost of the Group's commitment to increasing the level of Sustainable Aviation Fuels (SAF) to 10% by 2030 and to 70% by 2050;
- the cost of incurring an increase in the level of carbon offsetting and carbon capture schemes; and
- the impact of introducing more fuel-efficient aircraft and being able to operate these more efficiently.

In addition to these inputs and measures within the control of management, Flightpath net zero includes assumptions pertaining to consumers, governments and regulators regarding the following:

- the impact on passenger demand for air travel as a result of both passenger trends regarding climate change and government policies;
- investment and policy regarding the development of SAF production facilities;
- investment and improvements in air traffic management; and
- the price of carbon through the EU, Swiss and UK Emissions Trading Systems/Schemes (ETS) and the UN Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA).

The level of uncertainty regarding the impact of these factors increases over time. Accordingly, the Group has applied critical estimation and judgement in the evaluation of the impact of climate change regarding the recognition and measurement of assets and liabilities within the financial statements.

Notes to the accounts *continued*

Critical accounting estimates, assumptions and judgements – cash flow forecast estimation

With the Flightpath net zero climate strategy assessing the impact over a long-term horizon to 2050, the level of estimation uncertainty in the determination of cash flow forecasts increases over time. For those assets and liabilities, where their recoverability is dependent on long-term cash flows, the following critical accounting estimates, assumptions and judgements, to the extent they can be reliably measured, have been applied:

a Long-term fleet plans and useful economic lives

The Group's Flightpath net zero climate strategy has been developed in conjunction with the long-term fleet plans of each operating company. This includes the annual assessment of useful lives and the residual values of each aircraft type.

As a result of the impact of the COVID-19 pandemic, the Group retired 72 aircraft, their associated engines and rotable inventories. These retired aircraft were older generation aircraft, that were less fuel-efficient, more carbon-intensive and more expensive to operate than more modern models.

Subsequent to the retirement of these aircraft, coupled with the future committed delivery of 171 fuel-efficient aircraft as detailed in note 15, the Group considers the existing fleet assets align with the long-term fleet plans to achieve its Flightpath net zero climate strategy. All aircraft in the fleet, and those due to be delivered in the future, have the capability to utilise SAF in their operations without impediment. Accordingly, no impairment has arisen in the current or prior year, nor have the useful lives and residual values of aircraft been amended, as a result of the Group's decarbonisation plans.

b Impairment testing of the Group's cash generating units

The Group applies discounted cash flow models, for each cash generating unit (CGU), derived from the cash flow forecasts from the approved three-year business plans. The Group's Flightpath net zero climate strategy is long term in nature and includes commitments that will occur at differing points over this time horizon. To the extent that certain of those commitments occur over the short term, then they have been incorporated into the three-year business plans.

The Group adjusts the final year (being the third year) of these probability-weighted cash flows to incorporate the impacts of climate change from the Group's Flightpath net zero climate strategy that are expected to occur over the medium term, being to 2030. These adjustments are limited to those that: (i) the Group can reliably estimate at the balance sheet date, with those costs subsequent to 2030 having such a high degree of uncertainty that they cannot be reliably estimated; (ii) only relate to the Group's existing asset base in its current condition; and (iii) incorporate legislation and regulation that is expected to be required to achieve the Group's Flightpath net zero climate strategy, and which is sufficiently progressed at the balance sheet date.

As a result, the Group's impairment modelling incorporates the following aspects of the Group's Flightpath net zero climate strategy through to 2030, after which time the level of uncertainty regarding timing and costing becomes insufficiently reliable to estimate: (i) an increase in the level of SAF consumption to 10% of the overall fuel mix; (ii) forecast cost of carbon, including SAF, ETS allowances and CORSIA units (all derived from externally sourced or derived information); (iii) the removal of existing free ETS allowances issued by the EU member states, Switzerland and the UK; (iv) forecast kerosene taxes applied to jet fuel for all intra EU flight activity; and (v) assumptions regarding the ability of the Group to recover these incremental costs through increased ticket pricing.

In preparing the impairment models, the Group cash flow projections are prepared on the basis of using the current fleet in its current condition. The Group excludes the estimated cash flows expected to arise from future restructuring unless already committed and assets not currently in use by the Group. In addition, for the avoidance of doubt, the Group's impairment modelling excludes the following aspects of the Group's Flightpath net zero climate strategy: (i) the expected transition to electric and hydrogen aircraft, as well as future technological developments to jet engines and airframes; (ii) any savings from the transition to more fuel-efficient aircraft other than those either in the Group's fleet or those committed orders due to be delivered over the business plan period as replacement aircraft; (iii) the benefit of the development of carbon capture technologies and enhanced carbon offsetting mechanisms; (iv) the required beneficial reforms to air traffic management regulation and legislation; and (v) the required government incentives and/or support across the supply chain.

As detailed in note 17, the Group applies a long-term growth rate to these adjusted probability weighted cash flows, per CGU, and each of the long-term growth rates include a specific adjustment to reduce the rate to reflect the Group's assumptions regarding the reduced demand and elasticity impact arising from climate change. These impacts are derived with reference to external market data, industry publications and internal analysis.

Given the inherent uncertainty associated with the impact of climate change, the Group has applied additional sensitivities in note 17 to reflect a more adverse impact of climate change than currently expected. This has been captured through both the downward sensitivities of the long-term growth rates, ASKs and operating margins and the increased fuel price sensitivity.

c Valuation of employee benefit scheme assets

The Group's employee benefit schemes are principally represented by the British Airways APS and NAPS schemes in the UK. The schemes are structured to make post-employment payments to members over the long term, with the trustees having established both return-seeking assets and liability-matching assets that mature over the long term to align with the forecast benefit payments.

The assets of these schemes are invested predominantly in a diversified range of equities, bonds and property. The valuation of these assets ranges from those with quoted prices in active markets, where prices are readily and regularly available, through to those where the valuations are not based on observable market data, often requiring complex valuation models. The trustees of the schemes have integrated climate change considerations into their long-term decision-making and reporting processes across all classes of assets, actively engaging with all fund and portfolio managers to ensure that where unobservable inputs are required into valuation models, that such valuation models incorporate long-term expectations regarding the impact of climate change.

d Recoverability of deferred tax assets

In determining the recoverable amounts of the Group's deferred tax assets, the Group applies the future cash flow projections for a period of up to ten years derived from the approved three-year business plans. The Group applies a medium-term growth rate subsequent to the three-year business plans, specific to each operating company. In considering the impact of the Group's Flightpath net zero climate strategy, management adjusts this medium-term growth rate, where applicable, to incorporate the assumed impacts on both revenue and costs to the Group.

e Provision recognition

Under Flightpath net zero, the Group has committed to reducing its net emissions to zero by 2050, and accordingly, the Group has considered whether such a commitment gives rise to a provision at the balance sheet date. In order to recognise a provision, an entity must meet the following criteria: (i) the entity has a present obligation as result of a past event; (ii) it is probable that an economic outflow of resources will be required to settle the obligation; and (iii) a reliable estimate can be made of the amount of the obligation.

While the Group considers there will be an economic outflow of resources to meet its Flightpath net zero commitment, these commitments relate to the emissions arising in future reporting periods irrespective of when those commitments were announced. Accordingly, the Group does not consider that the Flightpath net zero commitments give rise to a present obligation as a result of a past event and no separate provisions have been recorded in relation to these commitments.

f The price of carbon

EU, Swiss and UK Emissions Trading Systems/Schemes

The EU, Swiss and the UK's ETS were established to reduce greenhouse gas emissions cost effectively. Under these schemes the Group's operating companies are required to buy emission allowances or are issued them under existing quotas. The Group is required to surrender these allowances to the relevant authorities annually dependent on the level of CO_2 equivalent emitted within a 12-month period. Over time, the level of available emission allowances decreases in order to reduce total emissions, which has the effect of increasing the price of such allowances. The Group expects that the future price of such allowances will continue to increase and that the free allocation of emission allowances will cease. Given the relative illiquid nature of the emission allowance market, there is uncertainty as to the future pricing of such allowances.

Carbon Offsetting and Reduction Scheme for International Aviation

In October 2016, the International Civil Aviation Organization adopted the CORSIA, which aims to offset growth-related CO_2 emissions in international air traffic from 1 January 2021, with the pilot phase running through to 31 December 2023. The first phase of the CORSIA implementation commenced on 1 January 2024 and will run through to 31 December 2026, after which the second phase will run through to 31 December 2035, measured in three-year reporting periods. The first phase of CORSIA is voluntary, and currently 126 States have agreed to participate.

The first phase of CORSIA utilises total CO_2 emissions from the international civil aviation over a baseline of 85% of the 2019 level of emissions (the Baseline Year) for all of those participating States. The offsetting requirements apply to CORSIA eligible flights, being all international flights between participating States, with the following flights excluded: (i) domestic flights; (ii) international flights between States where at least one State has not volunteered to participate in the first phase; (iii) those flights utilising SAF; and (iv) those flights subject to various ETS arrangements to avoid duplication of emission charges.

The calculation and verification of the offsetting requirements in the first phase shall be determined by the sectoral approach annually, with companies retiring their obligations in 2028 (although retirements can occur earlier subject to agreement with national authorities). Under the sectoral approach, each of the Group's operating companies will be required to offset an amount of CO_2 emissions equivalent to the emissions generated on CORSIA eligible flights, multiplied by the Sector's Growth Factor. The Sector's Growth Factor is calculated on total global aviation CO_2 emissions arising on international air routes between all participating States in a given year divided by the total sectoral CO_2 emissions in the Baseline Year for the same routes.

Voluntary offset schemes

The Group utilises certain voluntary offset schemes to offset certain CO_2 emissions, such as those generated by British Airways on domestic flights. The Group purchases offset certificates arising from a broad range of accredited projects. Periodically, the Group will retire these offset certificates from the registry.

Impact on financial reporting

As detailed in note 2, the Group accounts for the purchase of allowances as an increase in Carbon-related and other assets, which are measured at amortised cost. In addition, as the Group emits CO_2 equivalent as part of its flight operations, a provision is recorded to settle the Carbon-related obligation. As the provision is recognised, a corresponding amount is recorded in the Income statement within Fuel costs and emission charges. For emissions for which the Group has already purchased Carbon-related assets, the provision is valued at the weighted cost of those allowances. Where the level of emissions exceeds the amounts of allowances held, this deficit is measured at the market price of such allowances at the balance sheet date.

For the year to, and at 31 December 2024, the Group has recorded the following within the financial statements:

Carbon-related assets (presented as part of Carbon-related and other assets in note 20) include the following amounts:

	2024				2023[1]			
€ million	**ETS assets**	**CORSIA assets**	**Voluntary offsets**	**Total**	ETS assets	CORSIA assets	Voluntary offsets	Total
Balance at 1 January	**577**	**–**	**–**	**577**	407	–	–	407
Purchase of carbon assets	**242**	**–**	**–**	**242**	264	–	–	264
Extinguished/retired during the year	**(233)**	**–**	**–**	**(233)**	(96)	–	–	(96)
Exchange differences	**12**	**–**	**–**	**12**	2	–	–	2
Balance at 31 December	**598**	**–**	**–**	**598**	577	–	–	577
Analysis:								
Current	**323**	**–**	**–**	**323**	247	–	–	247
Non-current	**275**	**–**	**–**	**275**	330	–	–	330
	598	**–**	**–**	**598**	577	–	–	577

Notes to the accounts *continued*

Carbon-related obligations (presented as part of Provisions in note 27) include the following amounts:

	2024				2023[1]			
€ million	**ETS obligations**	**CORSIA obligations**	**Voluntary offsets**	**Total**	ETS obligations	CORSIA obligations	Voluntary offsets	Total
Balance at 1 January	**244**	**–**	**3**	**247**	129	–	3	132
Obligations recognised in the Income statement[2]	**304**	**9**	**1**	**314**	234	–	4	238
Release of unused amounts in the Income statement[2]	**(12)**	**–**	**(1)**	**(13)**	(24)	–	(2)	(26)
Extinguished/retired during the year	**(233)**	**–**	**(3)**	**(236)**	(96)	–	(2)	(98)
Exchange differences	**4**	**–**	**–**	**4**	1	–	–	1
Balance at 31 December	**307**	**9**	**–**	**316**	244	–	3	247
Analysis:								
Current	**307**	**–**	**–**	**307**	244	–	3	247
Non-current	**–**	**9**	**–**	**9**	–	–	–	–
	307	**9**	**–**	**316**	244	–	3	247

1 For the year to 31 December 2024, the Group has elected to provide a disaggregated breakdown of Carbon-related assets and Carbon-related obligations, which are reported on an aggregated basis within Carbon-related and other assets and Provisions, respectively. Accordingly, the results for 2023 have been reclassified to conform with the current year presentation. Refer to note 2.

2 For the year to 31 December 2024, the total amount in the Income statement within Fuel costs and emission charges that related to emission allowances was €301 million (2023: €212 million). Refer to note 6.

See note 35 for details of the amounts recognised in the Cash flow statement for the years to 31 December 2024 and 31 December 2023.

At 31 December 2024 and 31 December 2023, the Group had acquired and committed to acquire at fixed prices, the following percentages of its total emissions allowances forecast to be purchased over the three-year business plan periods:

Percentage of forecast emission allowances required	**2024**	2023
Within 12 months	**100%**	100%
1-2 years	**67%**	62%
2-3 years	**19%**	24%

5 Segment information

a Business segments

The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments, and has been identified as the IAG Management Committee (IAG MC).

The Group has a number of entities that are managed as individual operating companies including airline, loyalty and platform functions. Each operating company operates its network operations as a single business unit and the IAG MC assesses performance based on measures including operating profit, and makes resource allocation decisions for the operating companies based on profitability, primarily by reference to the passenger markets in which the companies operate. The objective in making resource allocation decisions is to optimise consolidated financial results.

The Group has determined its operating segments based on the way that it treats its businesses and the manner in which resource allocation decisions are made. British Airways, Iberia, Vueling, Aer Lingus and IAG Loyalty have been identified for financial reporting purposes as reportable operating segments. LEVEL is also an operating segment but does not exceed the quantitative thresholds to be reportable, and management has concluded that there are currently no other reasons why LEVEL should be separately disclosed.

There are varying levels of transactions between operating segments, which principally relate to the provision of maintenance services from the Iberia operating segment to the other operating segments, the provision of flight services by the airlines to the IAG Loyalty segment and the provision of loyalty and holiday services from IAG Loyalty to the airline operating segments.

The platform functions of the business primarily support the airline and loyalty operations. These activities are not considered to be reportable operating segments as they either earn revenues incidental to the activities of the Group and resource allocation decisions are made based on the passenger business or are not reviewed regularly by the IAG MC and are included within Other Group companies.

For the year to 31 December 2024

	2024						
€ million	British Airways	Iberia	Vueling	Aer Lingus	IAG Loyalty	Other Group companies[1]	**Total**
Revenue							
Passenger revenue	15,426	5,807	3,240	2,291	1,099	411	**28,274**
Cargo revenue	921	250	–	55	–	8	**1,234**
Other revenue	110	1,034	19	16	1,413	–	**2,592**
External revenue	16,457	7,091	3,259	2,362	2,512	419	**32,100**
Inter-segment revenue	530	451	2	14	350	485	**1,832**
Segment revenue	16,987	7,542	3,261	2,376	2,862	904	**33,932**
Employee costs	(3,386)	(1,618)	(427)	(508)	(104)	(313)	**(6,356)**
Fuel costs and emission charges	(4,328)	(1,611)	(895)	(638)	–	(136)	**(7,608)**
Depreciation and amortisation charge	(1,338)	(476)	(279)	(169)	(23)	(79)	**(2,364)**
Operating profit/(loss)	**2,422**	**867**	**400**	**205**	**495**	**(106)**	**4,283**
Exceptional items[2]	–	(160)	–	–	–	–	**(160)**
Operating profit/(loss) before exceptional items	**2,422**	**1,027**	**400**	**205**	**495**	**(106)**	**4,443**
Net non-operating costs							**(720)**
Profit before tax							**3,563**
Total assets	26,138	10,220	3,731	2,431	4,164	(2,880)	**43,804**
Total liabilities	(20,328)	(9,319)	(3,850)	(2,170)	(3,861)	1,900	**(37,628)**

1 Includes eliminations on total assets of €16,960 million and total liabilities of €5,676 million.

2 For details on exceptional items refer to the Alternative performance measures section.

For the year to 31 December 2023

	2023						
€ million	British Airways[1]	Iberia	Vueling	Aer Lingus	IAG Loyalty[1]	Other Group companies[2]	Total
Revenue							
Passenger revenue	14,204	5,215	3,180	2,194	679	338	25,810
Cargo revenue	862	233	–	55	–	6	1,156
Other revenue	91	986	17	10	1,383	–	2,487
External revenue	15,157	6,434	3,197	2,259	2,062	344	29,453
Inter-segment revenue	431	524	1	15	294	392	1,657
Segment revenue	15,588	6,958	3,198	2,274	2,356	736	31,110
Employee costs	(2,939)	(1,284)	(399)	(471)	(89)	(241)	(5,423)
Fuel costs and emission charges	(4,394)	(1,496)	(907)	(639)	–	(121)	(7,557)
Depreciation and amortisation charge	(1,164)	(409)	(259)	(150)	(15)	(66)	(2,063)
Operating profit/(loss)	1,550	940	396	225	421	(25)	3,507
Net non-operating costs							(451)
Profit before tax							3,056
Total assets	22,255	9,454	3,049	1,999	3,786	(2,863)	37,680
Total liabilities	(19,587)	(8,390)	(3,461)	(1,856)	(2,823)	1,715	(34,402)

1 During the year to 31 December 2024, the Group changed its internal organisation, resulting in BA Holidays, a previously fully owned and consolidated subsidiary of British Airways Plc, being transferred from the British Airways segment to the IAG Loyalty segment, which aligns with the revised reporting to the IAG MC. Accordingly, the Group has restated its previously reported segmental information for the year to 31 December 2023. There is no change to the total segmental results of the Group.

2 Includes eliminations on total assets of €16,268 million and total liabilities of €5,417 million.

Notes to the accounts *continued*

b Other revenue

€ million	Year to 31 December 2024	2023
Holiday and hotel services	**990**	938
Maintenance and overhaul services	**820**	683
Brand and marketing	**436**	347
Ground handling services	**159**	195
Other	**187**	324
	2,592	2,487

c Geographical analysis

Revenue by area of original sale

€ million	Year to 31 December 2024	2023
UK	**11,291**	10,177
Spain	**5,562**	5,234
USA	**5,406**	5,069
Rest of world	**9,841**	8,973
	32,100	29,453

Assets by area

31 December 2024

€ million	**Property, plant and equipment**	**Intangible assets**
UK	**14,021**	**1,807**
Spain	**5,617**	**1,210**
USA	**97**	**18**
Rest of world	**1,397**	**607**
	21,132	**3,642**

31 December 2023

€ million	Property, plant and equipment	Intangible assets[1]
UK	12,764	1,374
Spain	5,644	1,320
USA	100	18
Rest of world	1,268	620
	19,776	3,332

1 The results for 2023 include a reclassification of ETS allowances from Intangible assets to Carbon-related and other assets. An amount of €577 million has been reclassified from Intangible assets.

6 Operating expenses

a Expenses by nature – Operating result is arrived at after charging

Depreciation, amortisation and impairment of non-current assets:

€ million	2024	2023
Depreciation charge on right of use assets	**1,134**	1,077
Depreciation charge on owned assets	**972**	768
Amortisation and impairment of intangible assets	**239**	193
Depreciation charge on other leasehold assets	**19**	25
	2,364	2,063

Cost of inventories:

€ million	2024	2023
Cost of inventories recognised as an expense	**1,212**	1,165
	1,212	1,165

b Fuel costs and emission charges

€ million	2024	2023[1]
Fuel costs	**7,116**	7,354
Hedging losses/(gains)	**191**	(9)
Emission charges	**301**	212
	7,608	7,557

1 For the year to 31 December 2024, the Group has elected to provide a disaggregated breakdown of the Income statement caption Fuel costs and emission charges and has, accordingly, provided figures for the comparative year to 31 December 2023.

c Property, IT and other costs

€ million	2024	2023
IT costs	**478**	365
Property costs	**290**	296
Insurance costs, professional fees and other costs	**352**	397
	1,120	1,058

7 Auditor's remuneration

The fees for the years to 31 December 2024 and 31 December 2023, for audit and non-audit services provided by the external auditor of the Group's consolidated financial statements and of certain individual financial statements of the consolidated companies, KPMG Auditores S.L., and by companies belonging to KPMG's network, were as follows:

€'000	2024	2023
Fees payable for the audit of the Group and individual accounts	**6,979**	6,929
Fees payable for other services:		
Audit of the Group's subsidiaries pursuant to legislation	**1,284**	1,284
Other services pursuant to legislation	**205**	218
Other audit and assurance services	**1,795**	1,589
	10,263	10,020

Fees payable to the Group's external auditor for the audit of the Group's pension scheme during the year total €268 thousand (2023: €251 thousand).

8 Employee costs and numbers

€ million	2024	2023
Wages and salaries	**4,380**	3,711
Social security costs	**692**	604
Costs related to pension scheme benefits	**312**	297
Share-based payment charge	**72**	52
Other employee costs[1]	**900**	759
Total employee costs	**6,356**	5,423

1 Other employee costs include allowances and accommodation for crew.

The number of employees during the year and at 31 December was as follows:

	2024			2023		
		31 December 2024			31 December 2023	
	Average number of employees	**Number of employees[1]**	**Percentage of women**	Average number of employees	Number of employees[1]	Percentage of women
In the air:						
Cabin crew	**24,421**	**24,615**	**70%**	23,473	24,004	70%
Pilots	**8,516**	**8,742**	**7%**	8,085	8,223	7%
On the ground:						
Airports	**16,725**	**16,396**	**38%**	16,395	16,784	37%
Corporate	**16,313**	**16,936**	**48%**	14,774	15,586	48%
Maintenance	**7,288**	**7,454**	**8%**	6,813	6,972	8%
Senior leaders	**235**	**235**	**36%**	222	225	36%
	73,498	**74,378**	**44%**	69,762	71,794	44%

1 The number of employees is based on actual headcount at 31 December.

9 Finance costs, income and other non-operating credits

a Finance costs

€ million	2024	2023
Interest expense on:		
Bank borrowings	**(10)**	(237)
Asset financed liabilities	**(198)**	(170)
Lease liabilities	**(485)**	(508)
Bonds	**(62)**	(63)
Provisions unwinding of discount	**(130)**	(103)
Other borrowings	**(50)**	(42)
Capitalised interest on progress payments	**33**	28
Other finance costs	**(15)**	(18)
	(917)	(1,113)

b Finance income

€ million	2024	2023
Interest on other interest-bearing deposits, cash and cash equivalents	**404**	386
	404	386

c Net change in fair value of financial instruments

€ million	2024	2023
Net change in the fair value of convertible bond	**(237)**	(11)
	(237)	(11)

d Net financing credit relating to pensions

€ million	2024	2023
Net financing credit relating to pensions	**63**	103

e Other non-operating credits

€ million	2024	2023
Gain on sale of investments	**–**	10
Credit related to equity investments (note 19)	**7**	3
Share of profits in investments accounted for using the equity method (note 18)	**–**	6
Realised gains/(losses) on derivatives not qualifying for hedge accounting	**42**	(23)
Unrealised gains on derivatives not qualifying for hedge accounting	**95**	13
Net change in the fair value associated with fair value hedges (note 30)	**–**	(1)
Air Europa Holdings termination settlement expense (note 3)	**(50)**	–
	94	8

10 Tax

Significant accounting estimate applied - Income taxes: period over which historical tax losses can be utilised
At 31 December 2024, the Group recognised €754 million in respect of deferred tax assets (2023: €1,202 million).

The Group is subject to income taxes in numerous jurisdictions. Estimates are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain because it may be unclear how tax law applies to a particular transaction or circumstance. Where the Group determines that it is more likely than not that the tax authorities would accept the position taken in the tax return, amounts are recognised in the financial statements on that basis. Where the amount of tax payable or recoverable is uncertain, the Group recognises a corresponding liability or an asset, respectively, based on either: the Group's judgement of the most likely outcome; or, when there is a wide range of possible outcomes, a probability-weighted average approach.

The Group recognises deferred tax assets only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised. Management uses judgement, including the consideration of past and current operating performance and the future projections of performance laid out in the approved business plan in order to assess the probability of recoverability.

In exercising this judgement, while there are no time restrictions on the utilisation of historic tax losses in the principal jurisdictions in which the Group operates, future cash flow projections are forecast for a period of up to ten years from the balance sheet date, which represents the period over which it is probable that future taxable profits will be available.

At 31 December 2024, the Group had unrecognised deferred tax losses and other temporary differences of €1,400 million that the Group does not reasonably expect to utilise (2023: €1,584 million). In applying the aforementioned judgement, had the Group extended the period of future cash flow projections indefinitely, then the amount of unrecognised tax losses would have reduced by €260 million (2023: €575 million).

Significant accounting judgement applied - Determining whether the judicial process between HMRC and IAG Loyalty into the VAT accounting of IAG Loyalty gives rise to a provision or a contingent liability
The Group applies judgement in the determination as to whether it considers the outcome of the judicial process between IAG Loyalty and His Majesty's Revenue and Customs (HMRC), in the UK, on the IAG Loyalty VAT accounting, is more likely than not to result in a favourable outcome to the Group, and, accordingly, whether to record the matter as a provision or as a contingent liability.

In forming its judgement, the Group has reviewed the decision issued by and the correspondence with HMRC, including having considered the historical tax ruling issued by HMRC to the Group on this matter. At 31 December 2024 and through to the date of this report, the directors are satisfied that it is more likely than not that a favourable outcome will eventuate. Accordingly, the Group does not consider it appropriate to record any provision for this matter and a contingent liability has been disclosed.

a Tax (charges)/credits

Tax (charges)/credits recognised in the Income statement, Other comprehensive income and directly in equity:

	2024				2023			
€ million	**Income statement**	**Other comprehensive income**	**Recognised directly in equity**	**Total**	Income statement	Other comprehensive income	Recognised directly in equity	Total
Current tax								
Movement in respect of prior years	183	–	–	**183**	(1)	–	–	(1)
Movement in respect of current year	(384)	7	–	**(377)**	(206)	8	–	(198)
Total current tax	(201)	7	–	**(194)**	(207)	8	–	(199)
Deferred tax								
Movement in respect of prior years	(33)	(2)	–	**(35)**	(10)	(2)	12	–
Movement in respect of current year	(597)	(70)	4	**(663)**	(171)	106	(17)	(82)
Rate change/rate differences	–	–	–	**–**	(13)	3	–	(10)
Total deferred tax	(630)	(72)	4	**(698)**	(194)	107	(5)	(92)
Total tax	(831)	(65)	4	**(892)**	(401)	115	(5)	(291)

The current tax credit in respect of prior years includes an amount of €190 million relating to the revocation of Royal Decree-Law 3/2016 in Spain.

The current tax credit in Other comprehensive income relates to movements relating to employee benefit plans of €7 million (2023: credit of €8 million).

Tax recognised in equity of a €14 million charge (2023: €5 million charge) relates to cash flow hedges, offset by a €18 million credit (2023: nil) relating to share-based schemes.

Within tax in Other comprehensive income is a tax charge of €64 million (2023: tax credit of €114 million) that may be reclassified to the Income statement and a tax charge of €1 million (2023: tax credit of €1 million) that will not.

Notes to the accounts *continued*

b Current tax asset

€ million	**2024**	2023
Balance at 1 January	**157**	64
Income statement	**(201)**	(207)
Other comprehensive income	**7**	8
Cash	**245**	291
Exchange and other movements	**12**	1
Balance at 31 December	**220**	157
Current tax asset	**231**	159
Current tax liability	**(11)**	(2)
Balance at 31 December	**220**	157

c Deferred tax (liability)/asset

€ million	Fixed assets	Right of use assets	Lease liabilities	Employee leaving indemnities and others	Employee benefit plans	Fair value gains/ losses[1]	Share-based payment schemes	Tax loss carried forward and tax credits	Other temporary differences[2]	**Total**
Balance at 1 January 2024	(1,013)	24	7	214	45	121	26	1,721	53	**1,198**
Income statement	(395)	91	1	41	(3)	–	11	(326)	(50)	**(630)**
Other comprehensive income	–	–	–	23	(12)	(64)	–	(20)	1	**(72)**
Recognised directly in equity	–	–	–	–	–	(14)	18	–	–	**4**
Exchange movements and other	19	(2)	–	1	4	2	1	(40)	15	**–**
Balance at 31 December 2024	**(1,389)**	**113**	**8**	**279**	**34**	**45**	**56**	**1,335**	**19**	**500**
Balance at 1 January 2023	(680)	(44)	9	197	54	(3)	17	1,636	96	1,282
Income statement	(325)	68	(2)	11	(1)	–	9	78	(32)	(194)
Other comprehensive income	–	–	–	6	(8)	114	–	(3)	(2)	107
Recognised directly in equity	–	–	–	–	–	(5)	–	–	–	(5)
Exchange movements and other	(8)	–	–	–	–	15	–	10	(9)	8
Balance at 31 December 2023	(1,013)	24	7	214	45	121	26	1,721	53	1,198

1 Fair value gains/losses include both the Cash flow hedge reserve and the Cost of hedging reserve, of which the movement in relation to Other comprehensive income recognised in the Cash flow hedge reserve for 2024 was €40 million (2023: €104 million, see note 30d).

2 Other temporary differences include a deferred tax liability in relation to unremitted earnings of €5 million (2023: €nil).

€ million	**2024**	2023
Deferred tax asset	**754**	1,202
Deferred tax liability	**(254)**	(4)
Balance at 31 December	**500**	1,198

The deferred tax assets mainly arise in Spain and the UK and are expected to reverse in full beyond one year. Recognition of the deferred tax assets is supported by the expected reversal of deferred tax liabilities in corresponding periods and projections of operating performance laid out in the Board approved business plans and longer term forecasts, where necessary, prepared by management.

d Reconciliation of the total tax charge in the Income statement

The tax (charge)/credit is calculated at the domestic tax rates applicable to profits/(losses) in the country in which the profits/(losses) arise. The differences between the expected tax charge (2023: charge) and the actual tax charge (2023: charge) on the profit for the year to 31 December 2024 (2023: profit) are explained below:

€ million	**2024**	2023
Accounting profit before tax	**3,563**	3,056
Weighted average tax charge of the Group[1]	**(873)**	(718)
Unrecognised losses and deductible temporary differences arising in the year	**(47)**	11
Fair value movement on convertible bond	**11**	30
Effect of tax rate changes	**–**	(13)
Prior year tax assets recognised	**10**	289
Effect of lower tax rate in the Canary Islands	**8**	3
Intra-group dividends	**(26)**	–
Movement in respect of prior years	**15**	(11)
Revocation of Royal Decree-Law 3/2016 in Spain	**135**	–
Changes in accounting standards/tax legislation	**(35)**	–
Employee benefit plans accounted for net of withholding tax	**13**	22
Non-deductible expenses	**(26)**	(21)
Other items	**(16)**	7
Tax charge in the Income statement	**(831)**	(401)

1 The expected tax charge is calculated by aggregating the expected tax charges arising in each company in the Group and changes each year as tax rates and profit mix change. The 2024 corporate tax rates for the Group's main countries of operation are Spain 25% (2023: 25%), the UK 25% (2023: 23.5%) and Ireland 12.5% (2023: 12.5%).

e Payroll related taxes and UK Air Passenger Duty

The Group was also subject to other taxes paid during the year which are as follows:

€ million	**2024**	2023
Payroll related taxes	**698**	604
UK Air Passenger Duty	**1,084**	936
	1,782	1,540

f Factors that may affect future tax charges

Unrecognised deductible temporary differences and losses

€ million	**2024**	2023
Income tax losses		
Spanish corporate income tax losses	**253**	569
Openskies SASU trading losses	**405**	406
Other trading losses	**7**	13
	665	988
Other losses and temporary differences		
Spanish deductible temporary differences[1]	**361**	238
UK capital losses	**357**	341
Irish capital losses	**17**	17
	735	596

1 Included in Spanish deductible temporary differences is an amount of €93 million that originated as a tax loss and, in accordance with the Nineteenth Amendment of Law 27/2014, can be deducted in ten equal annual instalments.

None of the unrecognised temporary differences have an expiry date.

Notes to the accounts *continued*

Unrecognised temporary differences - investment in subsidiaries and associates
There are temporary differences of €1,495 million (2023: €1,910 million) associated with investments in subsidiaries and associates for which deferred tax liabilities have not been recognised.

Pillar Two minimum effective tax rate reform
In 2021, the Organisation for Economic Co-operation and Development (OECD) released the Two Pillar solution to address the tax challenges arising from the digitalisation of the economy. This reform to the international tax system addresses the geographical allocation of profits for the purposes of taxation and is designed to ensure that multinational enterprises will be subject to a minimum 15% effective tax rate. On 11 July 2023, the UK enacted Finance (No. 2) Act 2023, which introduced the Multinational Top-up Tax and the Domestic Top-up Tax. On 18 December 2023,Ireland enacted Finance (No. 2) Act 2023, which, pursuant to the EU Minimum Tax Directive 2022/2523, provided for a Qualified Domestic Top-up Tax when an in-scope group's Irish operations have an effective rate of less than 15%. On 20 December 2024, the Spanish parliament enacted Law 7/2024, which became effective on 22 December 2024, and implemented the OECD's Pillar Two global minimum tax. All the aforementioned legislation is effective to the Group from 1 January 2024.

The predominant jurisdiction in which the Group operates with an effective tax rate of less than 15% is Ireland through Aer Lingus. In 2024, Aer Lingus recorded a current tax expense of €24 million relating to its Irish operations, which included a Domestic Top-up Tax of €2 million.

Spain tax law changes
Revocation of Royal Decree-Law 3/2016 (RDL 3/2016)
Prior to the introduction of RDL 3/2016, the Company and the Spanish subsidiaries of the Group were permitted to offset up to 70% of their taxable profits with historical accumulated losses (to the extent there were sufficient tax losses to do so), and the impairment of subsidiaries was treated as deductible for tax purposes. With the introduction of RDL 3/2016, this limitation of tax losses applied to taxable profits was reduced to 25% and the deductibility for tax purposes of historical impairments of subsidiaries that had occurred prior to 2013 was reversed. The revocation by the *Tribunal Constitucional* (Constitutional Court) in January 2024 principally meant that the limitation reversed to 70% and historical impairments in subsidiaries reverted to being deductible for tax purposes, giving rise to a net tax credit of €135 million, being a current tax credit of €190 million, net of a deferred tax charge of €55 million.

Enactment of Law 7/2024
On 20 December 2024, the Spanish parliament enacted Law 7/2024, which included the tax measures that had previously been declared unconstitutional by the *Tribunal Constitucional*. It is effective for the Group from 1 January 2024 and permits the Group's Spanish companies to offset only up to 25% of their taxable profits with historical accumulated losses (to the extent that there are sufficient losses to do so) and requires historical impairments in subsidiaries to be treated as non-deductible. This gave rise to a tax charge of €35 million, being a deferred tax charge of €25 million and a current tax charge of €10 million.

Engagement with tax authorities
The Group is subject to audit and enquiry by tax authorities in the territories in which it operates and engages with those tax authorities in a cooperative manner.

g Tax-related contingent liabilities
The Group has certain contingent liabilities that could be reliably estimated, across all taxes, but excluding the IAG Loyalty VAT matter detailed below, at 31 December 2024 amounting to €128 million (31 December 2023: €110 million). While the Group does not consider it more likely than not that there will be material losses on these matters, given the inherent uncertainty associated with tax litigation and tax audits, there can be no guarantee that material losses will not eventuate. As the Group considers that its chances of success in each of these matters is more probable than not, it is not appropriate to make a provision for these amounts. Included in the tax-related contingent liabilities are the following:

Merger gain
Following tax audits covering the period 2011 to 2014, the Spanish Tax Authorities issued a corporate income tax assessment to the Company regarding the merger in 2011 between British Airways and Iberia ('the Merger'). The maximum exposure in this case is €104 million (31 December 2023: €100 million), being the amount in the tax assessment with an estimate of the interest accrued on that assessment through to 31 December 2024.

The Company appealed the assessment to the *Tribunal Económico-Administrativo Central* (TEAC) (Central Administrative Tax Tribunal). On 23 October 2019, the TEAC ruled in favour of the Spanish Tax Authorities. The Company subsequently appealed this ruling to the *Audiencia Nacional* (National High Court) on 20 December 2019, and, on 24 July 2020, filed submissions in support of its case. To assist it in its deliberations as to whether a gain arose from the Merger, on 15 September 2023, the *Audiencia Nacional* commissioned an independent accounting expert to provide a report on the appropriate basis of accounting. As at 31 December 2024 and through to the date of these financial statements, the *Audiencia Nacional* has not ruled on whether a gain arose from the Merger. The Company does not expect a judgment at the *Audiencia Nacional* on this case until the first half of 2026 at the earliest.

The Company disputes the technical merits of the assessment and ruling of the TEAC. Based on legal advice and an external accounting expert's opinion, the Company believes that it has strong arguments to support its appeal. The Company does not consider it appropriate to make a provision for these amounts and, accordingly, has classified this matter as a contingent liability.

Should the Company be unsuccessful in its appeal to the *Audiencia Nacional*, it would reassess its position and the associated accounting treatment accordingly.

Within the context of the aforementioned tax audits, the Spanish tax authorities concluded on the value of Iberia's business within the Merger. This valuation was contested by the Company in a separate case, where no tax liability is due. The Company believes there are technical merits for a higher value, something that would indirectly reduce the quantum of the Merger gain assessed in the dispute described above. On 18 January 2024, the *Audiencia Nacional* served notice on its judgment issued on 13 December 2023, whereby it ruled in favour of the Spanish tax authorities in respect of the valuation of Iberia's business within the Merger. On 28 February 2024, the Company submitted a request for an appeal of the judgment to the Supreme Court in Spain. The Company does not expect to receive a decision from the Supreme Court on its request for an appeal until the end of 2025. If an appeal on this matter was ultimately successful, it would reduce the exposure of the Merger gain described above.

IAG Loyalty VAT

As reported in the 2023 Annual report and accounts, and during the course of 2024, His Majesty's Revenue and Customs (HMRC) in the UK has been considering: (i) the appropriate VAT accounting to be applied by Avios Group (AGL) Limited, a controlled undertaking of the Group trading as IAG Loyalty; and (ii) the validity of a historical ruling ('the Ruling') issued by HMRC to the Group.

On 29 October 2024, HMRC issued the Group its decision letter with its view of the appropriate VAT accounting to be applied by IAG Loyalty. HMRC's decision letter asserts that the charges made by IAG Loyalty are for developing, administering and maintaining a loyalty scheme with the result that VAT arises at 20% on the issuance of Avios irrespective of the redemption product. By implication, HMRC's decision letter confirmed its view that IAG Loyalty was not entitled to rely on the Ruling during the relevant assessed periods. The decision letter differs to the VAT accounting approach applied by IAG Loyalty, which was based on both the Ruling issued by HMRC and existing case law precedent. Historically, IAG Loyalty has accounted for VAT depending on the nature of the redemption products for which Avios are redeemed, the vast majority of which are flights which are zero-rated.

The Group has reviewed HMRC's decision letter with its legal and tax advisers and strongly disagrees with HMRC's view. The Group considers that not accounting for VAT on the issuance of Avios, but accounting for VAT depending on the nature of the redemption products for which Avios are redeemed, remains appropriate. Accordingly, subsequent to 31 December 2024 and prior to the date of this report, the Group appealed the case to the First-tier Tribunal (Tax) in the UK and expects a hearing in 2026.

In addition, the Group, having reviewed its position with its legal and tax advisers, considers that it has a legitimate expectation that it should have been able to rely upon the Ruling. Accordingly, subsequent to 31 December 2024 and prior to the date of this report, the Group applied to the High Court in the UK for a judicial review of whether IAG Loyalty had a legitimate expectation that it could rely upon the Ruling and whether HMRC acted lawfully in asserting that the Ruling was defunct with retrospective effect. The application also sought to stay the hearing pending the outcome of the appeal to the First-tier Tribunal (Tax). As at the date of this report, the Group is awaiting confirmation as to whether its application for a judicial review has been accepted.

As previously reported, HMRC has been issuing assessments for periods commencing in March 2018 and as at 31 December 2024, HMRC has issued assessments totalling €673 million (£557 million) of VAT. The Group expects interest on these assessments to total €121 million (£100 million) as at 31 December 2024. During the course of 2024 and prior to HMRC issuing its decision letter, in order to avoid incurring potential interest and penalties, the Group commenced accounting and paying to HMRC, without admission of liability, VAT on the issuance of Avios in accordance with HMRC's view. This has resulted in payments, that the Group does not consider it can recover from its partners, totalling €88 million (£73 million) having been made in the year to 31 December 2024 excluding the aforementioned assessed amounts of €673 million (£557 million).

Of these assessed VAT amounts, the Group expects €260 million (£215 million) to be recoverable as input VAT for certain subsidiaries of the Group, predominantly by British Airways.

Subsequent to 31 December 2024 and prior to the date of this report, in order to advance the case to the aforementioned First-tier Tribunal (Tax), the Group paid to HMRC, without admission of liability, the total of the aforementioned VAT of €673 million (£557 million) that it had not previously paid. The aforementioned interest of €121 million (£100 million) as at 31 December 2024 would be payable only in the event of an adverse judgment against the Group.

In January 2019, the IFRS Interpretations Committee (IFRIC) issued an agenda decision, which states that deposits made to tax authorities for taxes, other than income tax, for which the entity and the tax authorities are in dispute and in respect of which the entity considers it more likely than not that the matter will be resolved in its favour, should be recorded as an asset. Accordingly, for payments made to HMRC for periods prior to its decision letter on 29 October 2024, including the €673 million (£557 million) paid subsequent to 31 December 2024, are classified as an asset on the Balance sheet.

For payments made to HMRC for periods subsequent to its decision letter on 29 October 2024, the IFRIC agenda decision does not apply, and while the Group considers it more likely than not that the matter will be resolved in its favour, it is not possible to assert that such payments are virtually certain of being refundable to the Group and accordingly no asset on the Balance sheet is recognised.

Conclusion and impact on financial statements

The Group, having reviewed HMRC's decision with its legal and tax advisers, considers it more likely than not that a favourable outcome from the judicial process will eventuate. Accordingly, for those assessed amounts that the Group had not paid as at 31 December 2024, the Group considers it appropriate not to record any provision for the assessed amounts but to disclose such amounts as a contingent liability.

For the €88 million (£73 million) paid to HMRC during 2024 prior to HMRC issuing its decision letter on 29 October 2024, the Group has recorded such amounts within Other non-current assets in the Balance sheet. The €673 million (£557 million) paid to HMRC subsequent to 31 December 2024 and prior to the date of this report, in relation to the assessed periods, as detailed in note 38, has also been classified on the same basis as a post balance sheet event.

For payments made to HMRC for periods subsequent to its decision letter on 29 October 2024, it is not possible to assert that such payments are virtually certain of being refundable to the Group. Accordingly, a proportion of the payments made to HMRC reduce the amounts, which would have previously been recognised within Deferred revenue in the Balance sheet upon issuance of the Avios and subsequently within Passenger revenue in the Income statement when the Avios are redeemed.

11 Earnings per share

€ million	2024	2023
Earnings attributable to equity holders of the parent for basic earnings per share	**2,732**	2,655
Income statement impact of convertible bonds	**185**	15
Diluted earnings attributable to equity holders of the parent for diluted earnings per share	**2,917**	2,670

	2024 Number '000	2023 Number '000
Weighted average number of ordinary shares in issue used for basic earnings per share[1]	**4,903,453**	4,932,631
Assumed conversion on convertible bonds	**245,944**	244,851
Dilutive employee share schemes outstanding	**110,261**	99,093
Weighted average number of ordinary shares used for diluted earnings per share	**5,259,658**	5,276,575

€ cents	2024	2023
Basic earnings per share	**55.7**	53.8
Diluted earnings per share	**55.5**	50.6

1 Includes 19 million as the weighted average impact for 47,854 thousand treasury shares purchased in the share buyback programme (note 31).

The assumed conversion of the €825 million convertible bond 2028 and outstanding employee share schemes have a dilutive impact on the earnings per share for the years to 31 December 2024 and 31 December 2023 due to the reported profit after tax for the respective years.

For information relating to Adjusted earnings per share, refer to the Alternative performance measures section.

12 Dividends

€ million	2024	2023
Cash dividend declared		
Interim cash dividend declared for 2024 of €0.03 per share paid in 2024	**147**	–
Proposed cash dividend		
Final dividend for 2024 of €0.06 per share	**288**	–

The proposed dividend will be distributed from net profit for the year to 31 December 2024.

Proposed dividends on ordinary shares are subject to approval at the annual general meeting and, subject to approval, are recognised as a liability on that date.

The future dividend capacity of the Group is dependent on the liquidity requirements and the distributable reserves of the Group's main operating companies and their capacity to pay dividends to the Company, together with the Company's distributable reserves and liquidity.

As at 31 December 2024, the Group had no restrictions on the payment of dividends from the Group's main operating companies to the Company, other than for British Airways, which agreed with the Trustee of its main UK defined benefit pension scheme (NAPS) as part of the triennial valuation as at 31 March 2021 that, subject to the scheme being in technical deficit, any dividends paid to IAG from 1 January 2024 through to 31 December 2024 will trigger a pension contribution of 50% of the amount of the dividend. For the period of 1 January 2025 to 30 September 2025, any dividend in excess of 50% of British Airways' profit after tax will trigger a pension contribution of 50% of the amount of the dividend in excess of the 50% of profit after tax. At 31 December 2024, NAPS was in technical surplus, and any dividend that British Airways was to pay to IAG, would not trigger a payment into NAPS unless NAPS were to move back into technical deficit. Further details on the British Airways dividend restrictions agreed with NAPS are given in note 34a.

13 Property, plant and equipment

€ million	Fleet	Property	Equipment	Total
Cost				
Balance at 1 January 2023	27,702	2,836	1,400	31,938
Additions	3,543	47	163	3,753
Modification of leases	224	204	1	429
Disposals	(1,360)	(35)	(40)	(1,435)
Reclassifications	(2)	(1)	(7)	(10)
Exchange movements	264	35	15	314
Balance at 31 December 2023	30,371	3,086	1,532	34,989
Additions	2,779	67	240	**3,086**
Modification of leases	286	110	–	**396**
Disposals	(871)	(39)	(85)	**(995)**
Reclassifications	(1)	3	(1)	**1**
Transfers to Non-current assets held for sale (note 16)	(28)	–	–	**(28)**
Exchange movements	915	120	52	**1,087**
Balance at 31 December 2024	**33,451**	**3,347**	**1,738**	**38,536**
Depreciation and impairment				
Balance at 1 January 2023	11,385	1,206	1,001	13,592
Depreciation charge for the year	1,676	122	72	1,870
Disposals	(331)	(34)	(34)	(399)
Exchange movements	121	16	13	150
Balance at 31 December 2023	12,851	1,310	1,052	15,213
Depreciation charge for the year	1,891	152	82	**2,125**
Disposals	(304)	(35)	(81)	**(420)**
Modification of leases	(2)	(4)	–	**(6)**
Reclassifications	(23)	3	(3)	**(23)**
Exchange movements	423	52	40	**515**
Balance at 31 December 2024	**14,836**	**1,478**	**1,090**	**17,404**
Net book values				
31 December 2024	**18,615**	**1,869**	**648**	**21,132**
31 December 2023	17,520	1,776	480	19,776

€ million	Fleet	Property	Equipment	Total
Analysis at 31 December 2024				
Owned	10,139	886	441	**11,466**
Right of use assets (note 14)	7,111	901	6	**8,018**
Assets under construction (including progress payments)[1,2]	1,278	78	189	**1,545**
Assets not in current use	87	4	12	**103**
Property, plant and equipment	**18,615**	**1,869**	**648**	**21,132**
Analysis at 31 December 2023				
Owned[1]	8,475	904	328	9,707
Right of use assets (note 14)	7,681	838	15	8,534
Assets under construction (including progress payments)[1,2]	1,267	34	135	1,436
Assets not in current use	97	–	2	99
Property, plant and equipment	17,520	1,776	480	19,776

1 In 2024 the Group has disclosed assets under construction (previously included within owned assets) in addition to those amounts relating to progress payments. Accordingly, the prior year figures have been restated by €412 million to conform with the current year presentation.

2 Included in the fleet assets under construction are progress payments of €870 million (2023: €914 million).

Notes to the accounts *continued*

The net book value of property comprises:

€ million	**2024**	2023
Freehold	**485**	482
Right of use assets (note 14)	**901**	838
Long leasehold improvements with a contractual life in excess of 50 years	**337**	308
Short leasehold improvements with a contractual life of less than 50 years	**146**	148
Property	**1,869**	1,776

At 31 December 2024, bank and other loans of the Group are secured on owned fleet assets with a net book value of €5,958 million (2023: €4,736 million).

14 Leases

Significant accounting judgement applied - Determining the lease term of contracts with renewal and termination options
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. Such judgement includes consideration of fleet plans, which underpin approved business plans and historical experience regarding the extension of leases. After the commencement date, the Group re-assesses the lease term if there is a significant event or change in circumstances that affects the Group's ability to exercise or not to exercise the option to renew or to terminate.

a Amounts recognised in the Balance sheet – right of use assets

Property, plant and equipment includes the following amounts relating to right of use assets:

€ million	Fleet	Property	Equipment	**Total**
Cost				
Balance at 1 January 2023	13,750	911	49	14,710
Additions	853	17	–	870
Modifications of leases	224	204	1	429
Disposals	(117)	(5)	(6)	(128)
Reclassifications[1]	(831)	–	(1)	(832)
Exchange movements	104	13	–	117
31 December 2023	13,983	1,140	43	15,166
Additions	622	11	–	**633**
Modification of leases	286	110	–	**396**
Disposals	(131)	(21)	–	**(152)**
Reclassifications[1]	(1,240)	–	(32)	**(1,272)**
Exchange movements	301	46	1	**348**
31 December 2024	**13,821**	**1,286**	**12**	**15,119**
Depreciation and impairment				
Balance at 1 January 2023	5,757	227	29	6,013
Depreciation charge for the year	996	76	5	1,077
Disposals	(117)	(4)	(6)	(127)
Reclassifications[1]	(380)	–	–	(380)
Exchange movements	46	3	–	49
31 December 2023	6,302	302	28	6,632
Depreciation charge for the year	1,036	96	2	**1,134**
Disposals	(128)	(21)	–	**(149)**
Modification of leases	(2)	(4)	–	**(6)**
Reclassifications[1]	(644)	–	(24)	**(668)**
Exchange movements	146	12	–	**158**
31 December 2024	**6,710**	**385**	**6**	**7,101**
Net book value				
31 December 2024	**7,111**	**901**	**6**	**8,018**
31 December 2023	7,681	838	15	8,534

1 Amounts with a net book value of €604 million (2023: €452 million) were reclassified from ROU assets to owned Property, plant and equipment at the cessation of the respective leases. The assets reclassified relate to leases with purchase options that were grandfathered as ROU assets upon transition to IFRS 16, for which the Group had been depreciating over the expected useful life of the aircraft, incorporating the purchase option.

b Amounts recognised in the Balance sheet – lease liabilities and asset financed liabilities

The following table provides supplemental information regarding the Group's total contractual lease obligations, split between operating and finance leases that are reported within Lease liabilities and those contractual lease arrangements reported as Asset financed liabilities that do not meet the definition of a lease liability under IFRS. While the distinction between operating and finance leases is not applied for lessees under IFRS, the table below disaggregates operating and financing leases based on their contractual definitions and is consistent with the definitions applied for lessors under IFRS. The Group believes that this disaggregation of Lease liabilities is useful to the users of the financial statements in understanding the financing structure the Group has entered into.

€ million	Operating leases	Finance leases	**Total lease liabilities[1]**	Asset financed liabilities	**Total**
1 January 2024	6,460	2,507	**8,967**	4,427	**13,394**
Additions	587	–	**587**	1,473	**2,060**
Modifications	390	11	**401**	–	**401**
Repayments	(1,325)	(887)	**(2,212)**	(525)	**(2,737)**
Interest expense	406	79	**485**	198	**683**
Disposals	(4)	–	**(4)**	–	**(4)**
Exchange movements	392	30	**422**	215	**637**
31 December 2024	**6,906**	**1,740**	**8,646**	**5,788**	**14,434**
Depreciation expense	922	212	**1,134**	238	**1,372**
Interest expense	406	79	**485**	198	**683**
Total amounts recorded in the Income statement	**1,328**	**291**	**1,619**	**436**	**2,055**
Repayment of principal within financing activities	923	814	**1,737**	347	**2,084**
Repayment of interest within operating activities	404	68	**472**	177	**649**
Total repayments in the Cash flow statement[2,3]	**1,327**	**882**	**2,209**	**524**	**2,733**

€ million	Operating leases	Finance leases	Total lease liabilities[1]	Asset financed liabilities	Total
1 January 2023	6,204	3,415	9,619	3,819	13,438
Additions	876	–	876	999	1,875
Modifications	422	17	439	–	439
Repayments	(1,274)	(942)	(2,216)	(417)	(2,633)
Interest expense	391	117	508	170	678
Exchange movements	(159)	(100)	(259)	(144)	(403)
31 December 2023	6,460	2,507	8,967	4,427	13,394
Depreciation expense	814	263	1,077	202	1,279
Interest expense	391	117	508	170	678
Total amounts recorded in the Income statement	1,205	380	1,585	372	1,957
Repayment of principal within financing activities	883	848	1,731	264	1,995
Repayment of interest within operating activities	389	83	472	152	624
Total repayments in the Cash flow statement[2,3]	1,272	931	2,203	416	2,619

1 Upon transition to IFRS 16 on 1 January 2019, all finance leases were grandfathered as Lease liabilities.

2 Includes both the repayment of principal and interest.

3 Excludes cash flows associated with low-value leases and variable lease payments, which the Group does not recognise within lease liabilities.

Interest-bearing long-term borrowings includes the following amount relating to lease liabilities:

€ million	**2024**	2023
Current	**1,477**	1,826
Non-current	**7,169**	7,141

Notes to the accounts *continued*

c Amounts recognised in the Income statement

€ million	**2024**	2023
Amounts not included in the measurement of lease liabilities		
Variable lease payments	**2**	1
Expenses relating to short-term leases	**60**	24
Amounts expensed as a result of the recognition of ROU assets and lease liabilities		
Interest expense on lease liabilities	**485**	508
Gains arising from sale and leaseback transactions	**–**	(7)
Depreciation charge for the year	**1,134**	1,077

d Amounts recognised in the Cash flow statement

The following table details the amounts recognised in the Cash flow statement for the years to 31 December 2024 and 31 December 2023.

€ million	**2024**	2023
Cash flows arising from transactions giving rise to lease liabilities		
Total cash outflows arising from lease liabilities – aircraft	**(2,101)**	(2,076)
Total cash outflows arising from lease liabilities – other	**(108)**	(127)
Total cash inflows arising from sale and leaseback transactions – aircraft	**567**	826
Cash flows arising from transactions that do not give rise to the recognition of lease liabilities		
Total cash outflows arising from short-term leases, low-value assets and variable lease payments	**(62)**	(25)
Total cash inflows arising from the recognition of asset financed liabilities	**1,473**	999
Total cash outflows arising from asset financed liabilities	**(524)**	(416)

The Group is exposed to future cash outflows (on an undiscounted basis) at 31 December 2024, for which an amount of €89 million (2023: €36 million) has been recognised in relation to leases not yet commenced to which the Group is committed.

e Maturity profile of lease liabilities and asset financed liabilities

The following table analyses the Group's outflows in respect of operating leases, finance leases and asset financed liabilities into relevant maturity groupings based on the remaining period at 31 December to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows and include interest.

€ million	Operating leases	Finance leases	**Total lease liabilities**	Asset financed liabilities	**Total**
Within 1 year	1,183	423	**1,606**	528	**2,134**
1-2 years	1,139	411	**1,550**	524	**2,074**
2-3 years	1,059	332	**1,391**	529	**1,920**
3-4 years	911	327	**1,238**	552	**1,790**
4-5 years	679	160	**839**	714	**1,553**
More than 5 years	4,589	194	**4,783**	3,901	**8,684**
31 December 2024	**9,560**	**1,847**	**11,407**	**6,748**	**18,155**

€ million	Operating leases	Finance leases	Total lease liabilities	Asset financed liabilities	Total
Within 1 year	1,227	941	2,168	471	2,639
1-2 years	1,106	440	1,546	448	1,994
2-3 years	1,023	455	1,478	441	1,919
3-4 years	881	385	1,266	434	1,700
4-5 years	728	326	1,054	442	1,496
More than 5 years	4,679	337	5,016	3,195	8,211
31 December 2023	9,644	2,884	12,528	5,431	17,959

f Extension options

The Group has certain leases that contain extension options exercisable by the Group prior to the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options.

The Group is exposed to future cash outflows (on an undiscounted basis) at 31 December 2024, for which no amount has been recognised, for potential extension options of €1,115 million (2023: €979 million) due to it not being reasonably certain that these leases will be extended.

g Lessor accounting

The Group leases out certain of its property, plant and equipment. The Group has classified those leases that transfer substantially all of the risks and rewards of ownership to the lessee as finance leases and those leases that do not transfer substantially all of the risks and rewards of ownership to the lessee as operating leases.

Finance leases

Rental income from finance leases recognised by the Group in 2024 was €4 million (2023: €2 million). Rental income is recorded within Property, IT and other within the Income statement.

The following table sets out a maturity analysis of finance lease receipts, showing the undiscounted lease receipts to be received after the balance sheet date:

€ million	**2024**	2023
Within 1 year	**4**	6
1-2 years	**4**	5
2-5 years	**–**	3
More than five years	**–**	–
Total undiscounted lease receipts	**8**	14
Less finance income	**(4)**	(1)
Net investment in finance leases	**4**	13

15 Capital expenditure commitments

Capital expenditure authorised and contracted but not provided for in the accounts, including outstanding aircraft commitments, at 31 December 2024 amounted to €12,634 million (31 December 2023: €12,706 million). The outstanding aircraft commitments including the expected delivery timeframes, totalling €11,436 million (2023: €11,966 million), are as follows:

Aircraft future deliveries at 31 December	**2024**[1]	2023[1]
Airbus A320 (from 2025 to 2029)	**47**	49
Airbus A321 (from 2025 to 2029)	**35**	33
Airbus A321XLR (from 2025 to 2026)	**11**	14
Airbus A350-900 (from 2025 to 2027)	**3**	2
Airbus A350-1000 (in 2024)	**–**	1
Boeing 777-9 (from 2027 to 2029)	**18**	18
Boeing 787-10 (from 2025 to 2027)	**7**	11
Boeing 737-8200 (from 2026 to 2028)	**25**	25
Boeing 737-10 (from 2028 to 2029)	**25**	25
Total	**171**	178

1 Capital commitments exclude options to purchase additional aircraft.

The majority of these commitments are denominated in US dollars translated at the closing exchange rate at the balance sheet date and include escalation clauses dependent on the timing of aircraft deliveries. Under the terms of the committed purchase agreements, the Group is required to make periodic progress payments towards the purchase price, with the commitments above stated net of progress payments that have been made at the balance sheet date.

The Group has certain rights to defer aircraft deliveries and to cancel commitments in the event of significant delays to aircraft deliveries caused by the aircraft manufacturers. No such rights had been exercised as at 31 December 2024.

16 Non-current assets held for sale

As at 31 December 2024, the non-current assets held for sale of €5 million represented one Airbus A320 aircraft. No gain or loss was recognised on classification as non-current assets held for sale. This aircraft was reported within the Aer Lingus segment and is expected to exit the business during 2025.

As at 31 December 2023, there were no non-current assets held for sale.

17 Intangible assets and impairment review

a Intangible assets

€ million	Goodwill	Brand	Customer loyalty programmes	Landing rights[1]	Software	Other	Total[2]
Cost							
Balance at 1 January 2023	595	451	253	1,588	1,806	88	4,781
Additions	–	–	–	–	365	1	366
Disposals	–	–	–	(6)	(49)	–	(55)
Reclassifications	–	–	–	–	23	(15)	8
Exchange movements	1	–	–	11	18	–	30
Balance at 31 December 2023	596	451	253	1,593	2,163	74	5,130
Additions	–	–	–	–	493	1	494
Disposals	–	–	–	–	(69)	–	(69)
Reclassifications	–	–	–	–	(1)	–	(1)
Exchange movements	2	–	–	37	66	–	105
31 December 2024	**598**	**451**	**253**	**1,630**	**2,652**	**75**	**5,659**
Amortisation and impairment							
Balance at 1 January 2023	249	–	–	146	1,169	68	1,632
Amortisation charge for the year	–	–	–	6	185	2	193
Disposals	–	–	–	–	(39)	–	(39)
Exchange movements	–	–	–	1	11	–	12
Balance at 31 December 2023	249	–	–	153	1,326	70	1,798
Amortisation charge for the year	–	–	–	6	225	1	232
Impairment charge for the year	–	–	–	–	7	–	7
Disposals	–	–	–	–	(63)	(1)	(64)
Exchange movements	–	–	–	2	42	–	44
31 December 2024	**249**	**–**	**–**	**161**	**1,537**	**70**	**2,017**
Net book values							
31 December 2024	**349**	**451**	**253**	**1,469**	**1,115**	**5**	**3,642**
31 December 2023	347	451	253	1,440	837	4	3,332

1 The net book value includes non-UK and non-EU based landing rights of €57 million (2023: €63 million) that have a definite life. The remaining average life of these landing rights is 11 years.

2 The results for 2023 include a reclassification of ETS allowances from Intangible assets to Carbon-related and other assets. Amounts of €577 million and €407 million at 1 January 2024 and 1 January 2023, respectively, have been reclassified from Intangible assets. See notes 2 and 4 for further details.

b Impairment review

The carrying amounts of intangible assets with indefinite life and goodwill allocated to cash generating units (CGUs) of the Group are:

€ million	Goodwill	Brand	Customer loyalty programmes	Landing rights	Total
2024					
Iberia					
1 January and 31 December 2024	–	306	–	423	**729**
British Airways					
1 January 2024	47	–	–	798	**845**
Exchange movements	2	–	–	35	**37**
31 December 2024	49	–	–	833	**882**
Vueling					
1 January and 31 December 2024	28	35	–	94	**157**
Aer Lingus					
1 January and 31 December 2024	272	110	–	62	**444**
IAG Loyalty					
1 January and 31 December 2024	–	–	253	–	**253**
31 December 2024	**349**	**451**	**253**	**1,412**	**2,465**

€ million	Goodwill	Brand	Customer loyalty programmes	Landing rights	Total
2023					
Iberia					
1 January and 31 December 2023	–	306	–	423	729
British Airways					
1 January 2023	46	–	–	794	840
Disposals	–	–	–	(6)	(6)
Exchange movements	1	–	–	10	11
31 December 2023	47	–	–	798	845
Vueling					
1 January and 31 December 2023	28	35	–	94	157
Aer Lingus					
1 January and 31 December 2023	272	110	–	62	444
IAG Loyalty					
1 January and 31 December 2023	–	–	253	–	253
31 December 2023	347	451	253	1,377	2,428

Notes to the accounts *continued*

Basis for calculating recoverable amounts

The recoverable amounts of the Group's CGUs have been measured based on their value-in-use, which utilises a weighted average multi-scenario discounted cash flow model. The details of these scenarios are given in the going concern section of note 2, with a weighting of 70% to the Base Case and 30% to the Downside Case. Cash flow projections are based on the business plans approved by the relevant operating companies covering a three-year period. Cash flows extrapolated beyond the three-year period are projected to increase based on long-term growth rates. Cash flow projections are discounted using each CGU's pre-tax discount rate.

Annually, the relevant operating companies prepare and their respective boards approve three-year business plans, and the IAG Board approves the Group three-year business plan in the fourth quarter of the year. Adjustments have been made to the final year of the business plan cash flows to incorporate the impacts of climate change that the Group can reliably estimate at the balance sheet date. However, given the long-term nature of the Group's sustainability commitments, there are other aspects of these commitments that cannot be reliably estimated and, accordingly, have been excluded from the value-in-use calculations (see note 4). The business plan cash flows used in the value-in-use calculations also reflect all restructuring of the business where relevant that has been approved by the Board and which can be executed by management under existing labour agreements.

Key assumptions

The value-in-use calculations for each CGU reflect the wider economic and geopolitical environments, including updated projected cash flows for activity from 2025 through to the end of 2027. For each of the Group's CGUs, the key assumptions used in the value-in-use calculations are as follows:

	2024				
Per cent	**British Airways**	**Iberia**	**Vueling**	**Aer Lingus**	**IAG Loyalty**
Operating margin[1]	**12-16**	**11-13**	**8-10**	**8-13**	**20-21**
Average ASK growth per annum[1]	**0-8**	**2-7**	**1-8**	**2-3**	**n/a**
Long-term growth rate	**1.8**	**1.4**	**1.0**	**1.3**	**1.6**
Pre-tax discount rate	**11.3**	**11.6**	**13.7**	**10.7**	**15.5**

	2023				
Per cent	British Airways	Iberia	Vueling	Aer Lingus	IAG Loyalty
Operating margin[1]	7-14	7-14	4-12	6-14	23
Average ASK growth per annum[1]	3-9	4-10	1-6	2-16	n/a
Long-term growth rate	1.7	1.5	0.9	1.3	1.5
Pre-tax discount rate	11.2	12.2	14.3	10.9	14.8

1 Operating margin and average ASK growth per annum are stated as the weighted average derived from the multi-scenario discounted cash flow model.

Jet fuel price ($ per MT)	Within 12 months	1-2 years	2-3 years	3 years and thereafter
2024	**704**	**715**	**717**	**717**
2023	895	829	800	800

Forecast ASKs in the current year modelling represent the range of average annual increases in capacity over the forecast period, based on planned network growth and taking into account management's expectation of the market.

The long-term growth rate is calculated for each CGU, considering a number of data points: (i) industry publications; (ii) forecast weighted average exposure in each primary market using gross domestic product (GDP); and (iii) internal analysis regarding the long-term changes in consumer preferences and the effects on demand from the increased costs to the Group of climate change. The calculation of the long-term growth rate utilises a Base Case and a Downside Case growth rate, which is then weighted on the same basis as the cash flows detailed above of 70% to the Base Case and 30% to the Downside Case. The terminal value cash flows and long-term growth rate incorporate the impacts of climate change insofar as they can be determined (see note 4). The airlines' network plans and the IAG Loyalty forecasts are reviewed annually as part of the three-year business plan preparation and reflect management's plans in response to specific market risk or opportunity.

Pre-tax discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and underlying risks of its primary market. The discount rate calculations are based on the circumstances of the airline industry, the loyalty scheme industry, the Group and the CGU. These rates are derived from the weighted average cost of capital (WACC). The WACC takes into consideration both debt and equity available to airlines and loyalty schemes. The cost of equity is derived from the expected return on investment by airline and loyalty scheme investors and the cost of debt is derived from both market data and industry gearing levels derived from comparable companies. CGU-specific risk is incorporated by applying individual beta factors, which are evaluated annually based on available market data. The pre-tax discount rate reflects the timing of future tax flows. The Group engages an external valuation expert as at the valuation date to assist in the determination of the post-tax discount rate.

Jet fuel price assumptions are derived from forward price curves in the fourth quarter of each year and sourced externally from readily available market data at the valuation date. The cash flow forecasts reflect these price increases after taking into consideration the level of fuel derivatives and their associated prices that the Group has in place and the incremental price differentials expected for the purchase of SAF.

As detailed above, the Group adjusts the final year of the three-year business plans to incorporate the medium-term impacts of climate change from the Group's Flightpath net zero climate strategy through to 2030. These adjustments include the following key assumptions: (i) a 10% level of SAF consumption out of the overall fuel mix with an assumed price of €7,000 per metric tonne; (ii) a kerosene tax of €526 per metric tonne on all intra-EU flights; (iii) for costs of carbon, prices of €120, €120, €179 and €42 for EU ETS allowances, Swiss ETS allowances, UK ETS allowances and CORSIA allowances, respectively, per tonne of CO_2 equivalents emitted; and (iv) the removal of all free ETS and CORSIA allowances.

Summary of results

At 31 December 2024 and 31 December 2023 management reviewed the recoverable amount of each of the CGUs and concluded the recoverable amounts exceeded the carrying values.

Reasonably possible changes in key assumptions, both individually and in combination, have been considered for each CGU, where applicable, which include reducing the operating margin by 2 percentage points in each year, reducing ASKs by 5 percentage points in each year, reducing long-term growth rates in the terminal value calculation to zero, increasing pre-tax discount rates by 2.5 percentage points and increasing the fuel price (both jet fuel and SAF) by 40%, both with cost recovery consistent with that experienced historically and with no assumed cost recovery. Given the inherent uncertainty associated with the impact of climate change, these sensitivities represent a reasonably possible impact of climate change on the CGUs greater than that included in the impairment models.

For the British Airways, Iberia, Vueling and Aer Lingus CGUs, while the recoverable amounts are estimated to exceed the carrying amounts by €17,647 million, €6,130 million, €2,300 million and €1,490 million (2023: €15,752 million, €4,736 million, €1,271 million and €1,884 million), respectively, the recoverable amounts would be equal the carrying amounts when applying reasonably possible but not probable changes, over the forecast period, in assumptions in each of the following scenarios:

- *British Airways:* (i) if ASKs had been 5% lower combined with a fuel price increase without cost recovery of 32% (2023: 24%); and (ii) if the fuel price had been 41% (2023: 29%) higher without cost recovery;
- *Iberia:* (i) if ASKs had been 5% lower combined with a fuel price increase without cost recovery of 32% (2023: 21%); and (ii) if the fuel price had been 35% (2023: 24%) higher without cost recovery;
- *Vueling:* (i) if ASKs had been 5% lower combined with a fuel price increase without cost recovery of 30% (2023: 12%); and (ii) if the fuel price had been 37% (2023: 18%) higher without cost recovery; and
- *Aer Lingus:* (i) if ASKs had been 5% lower combined with a fuel price increase without cost recovery of 13% (2023: 16%); and (ii) if the fuel price had been 21% (2023: 23%) higher without cost recovery.

For the remainder of the reasonably possible changes in key assumptions applied to the British Airways, Iberia, Vueling and Aer Lingus CGUs and for all the reasonably possible changes in key assumptions applied to the IAG Loyalty CGU, no impairment arises.

18 Investments

a Investments in subsidiaries

The Group's subsidiaries at 31 December 2024 are listed in the Group investments section.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly do not differ from the proportion of ordinary shares held. There have been no significant changes in ownership interests of subsidiaries during the year.

The total non-controlling interest at 31 December 2024 is €6 million (2023: €6 million).

b Investments in associates and joint ventures

The share of assets, liabilities, revenue and profit of the Group's associates and joint ventures, which are included in the Group's financial statements, are as follows:

€ million	**2024**	2023
Total assets	**166**	166
Total liabilities	**(127)**	(119)
Revenue	**96**	107
Profit for the year	**–**	6

The detail of the movement in investment in associates and joint ventures is shown as follows:

€ million	**2024**	2023
At beginning of year	**47**	43
Additions	**1**	–
Share of retained profits	**–**	6
Dividends received	**(5)**	(2)
Exchange movements	**1**	–
	44	47

At 31 December 2024 there are no restrictions on the ability of associates or joint ventures to transfer funds to the parent, and there are no related contingent liabilities.

At both 31 December 2024 and 31 December 2023, the investment in Sociedad Conjunta para la Emisión y Gestión de Medios de Pago EFC, S.A. exceeded 50% ownership by the Group (50.5%). The entity is treated as a joint venture as decisions regarding its strategy and operations require the unanimous consent of the parties who share control, including IAG.

19 Other equity investments

Significant accounting judgement applied – Determining whether the Group has significant influence over Air Europa Holdings
The Group applies judgement in the determination as to whether it has the power with which to participate in the decision-making of, and as a result significant influence over, Air Europa Holdings, S.L. (Air Europa Holdings). Such judgement includes the consideration as to the ability of the Group to: have representation on the board of Air Europa Holdings; participate in the policy-making processes, including participation in decisions regarding dividends and other distributions; the existence of material transactions between Air Europa Holdings and the Group; and enable the interchange of management personnel and provide essential technical information.

In forming its judgement, the Group notes that: it does not have the ability to have representation on the board of Air Europa Holdings; it does not have the ability to participate in the policy-making processes; it has not entered into material transactions outside of the normal course of business, with those transactions arising in the normal course of business being immaterial in nature; it does not have the ability to enable the interchange of management personnel; and it does not have the ability to provide essential technical information. The Group has, therefore, concluded that it does not have significant influence over Air Europa Holdings.

Accordingly, the Group accounts for its shareholding in Air Europa Holdings as an Other equity investment and measures it at fair value through Other comprehensive income. Had the Group concluded that it does have significant influence over Air Europa Holdings, then the shareholding would have been classified as an associate, measured at cost on inception and subsequently measured using the equity method.

Other equity investments include the following:

€ million	**2024**	2023
Unlisted securities	**190**	188
	190	188

The credit relating to Other equity investments was €7 million (2023: credit of €3 million).

Investment in Air Europa Holdings
On 15 June 2022, the Group entered into a financing arrangement with Globalia Corporación Empresarial, S,A, ('Globalia'), whereby, the Group provided a €100 million seven-year unsecured loan, which was convertible for a period of two years from inception into a fixed number of the shares of Air Europa Holdings, a wholly owned subsidiary of Globalia. Subsequently, on 16 August 2022, the Group exercised its exchange option with Globalia and converted the aforementioned loan into an investment in 20% of the share capital of Air Europa Holdings, which is recorded as an Other equity investment.

On 23 February 2023, the Group entered into an agreement to acquire the remaining 80% of the share capital of Air Europa Holdings that it had not previously owned. On 1 August 2024 the Group withdrew from the agreement. Up until the Group withdrew from the agreement, the recognition criteria of IFRS 3 Business combinations had not been met.

As a result of the Group withdrawing from the agreement with Globalia, the Group was required to pay a break-fee to Globalia of €50 million, which has been recognised as a charge to Other non-operating credits (note 3).

At 31 December 2024, the fair value of the investment in Air Europa Holdings was €139 million, representing an increase of €10 million from the €129 million recorded at 31 December 2023, with the fair value movement having been recorded within Other comprehensive income.

The Group, with its external valuation advisors, determined the fair value of the investment in Air Europa Holdings at 31 December 2024 using the market comparison approach (31 December 2023, both the market comparison approach and the income approach), whereby the Group used both observable market data and unobservable inputs. The fair value was determined based on market-multiples derived from quoted prices of comparable airline companies to Air Europa Holdings. These quoted prices were subsequently adjusted for the effect of the non-marketability of the equity held and the revenue and EBITDA of Air Europa Holdings. The range of market-multiples applied in determining the fair value of the investment in Air Europa Holdings at 31 December 2024 was between 1 and 6.

20 Trade and other receivables

€ million	2024	2023[1]
Amounts falling due within one year		
Trade receivables	**1,885**	1,673
Provision for expected credit loss	**(111)**	(114)
Net trade receivables	**1,774**	1,559
Prepayments	**887**	750
Accrued income[2]	**511**	495
Carbon-related assets[1,3]	**323**	247
Other non-trade receivables	**615**	329
Carbon-related and other current assets	**2,336**	1,821
Amounts falling due after one year		
Prepayments	**515**	401
Accrued income[2]	**10**	9
Carbon-related assets[1,3]	**275**	330
Other non-trade receivables	**116**	22
Carbon-related and other assets due after one year	**916**	762

1 For the year ended 31 December 2024, the Group has elected to present carbon-related assets as a component of Carbon-related and other assets having previously presented such amounts within Intangible assets. Accordingly figures for the comparative year to 31 December 2023 have been reclassified to conform with the current year presentation.

2 The accrued income balance (representing contract assets) predominantly relates to revenue earned from ongoing maintenance and overhaul services, where the balances vary depending on the number of ongoing activities at the balance sheet date.

3 The disaggregation of Carbon-related assets by underlying scheme is presented in note 4f.

Movements in the provision for expected credit loss were as follows:

€ million	2024	2023
At beginning of year	**114**	114
Provided during the year	**6**	4
Released during the year	**(4)**	(3)
Receivables written off during the year	**(7)**	(1)
Exchange movements	**2**	–
	111	114

Trade receivables are generally non-interest-bearing and on 30-day terms (2023: 30 days).

The credit risk exposure on the Group's trade receivables is set out below:

31 December 2024

€ million	Current	<30 days	30-180 days	180-365 days	> 365 days
Trade receivables	**1,224**	**188**	**284**	**49**	**140**
Expected credit loss rate	**0.1%**	**0.1%**	**0.7%**	**6.1%**	**75.7%**
Provision for expected credit loss	**–**	**–**	**2**	**3**	**106**

31 December 2023

€ million	Current	<30 days	30-180 days	180-365 days	> 365 days
Trade receivables	959	296	241	53	124
Expected credit loss rate	0.1%	0.1%	1.7%	7.5%	85.2%
Provision for expected credit loss	–	–	4	4	106

21 Inventories

€ million	2024	2023
Engineering expendables	**534**	417
Catering consumables	**44**	43
Other inventories	**39**	34
	617	494

22 Cash, cash equivalents and other current interest-bearing deposits

a Cash

€ million	2024	2023
Cash at bank and in hand	**2,975**	1,531
Short-term deposits maturing within three months	**5,214**	3,910
Cash and cash equivalents	**8,189**	5,441
Current interest-bearing deposits maturing after three months	**1,639**	1,396
Cash, cash equivalents and other interest-bearing deposits	**9,828**	6,837

Cash at bank is primarily held in AAA money market funds and bank deposits. Short-term deposits are for periods up to three months and earn interest based on the floating deposit rates.

At 31 December 2024, the Group had no outstanding bank overdrafts (2023: €nil).

Current interest-bearing deposits have maturities in excess of three months and typically within 12 months of the balance sheet date and earn interest based on the market rates available at the time the deposit was made.

At 31 December 2024, Aer Lingus held €29 million of restricted cash (2023: €31 million) in interest-bearing deposits maturing after more than three months to be used for employee-related obligations.

b Net debt

Movements in net debt were as follows:

€ million	Balance at 1 January 2024	Cash flows	Exchange movements	New leases and modifications	Other items	**Balance at 31 December 2024**
Bank, other loans, convertible bond and asset financed liabilities	7,115	1,064	217	–	303	**8,699**
Lease liabilities	8,967	(1,737)	422	988	6	**8,646**
Cash and cash equivalents	(5,441)	(2,695)	(53)	–	–	**(8,189)**
Current interest-bearing deposits	(1,396)	(215)	(28)	–	–	**(1,639)**
	9,245	**(3,583)**	**558**	**988**	**309**	**7,517**

€ million	Balance at 1 January 2023	Cash flows	Exchange movements	New leases and modifications	Other items	Balance at 31 December 2023
Bank, other loans, convertible bond and asset financed liabilities	10,365	(3,267)	(102)	–	119	7,115
Lease liabilities	9,619	(1,731)	(259)	1,315	23	8,967
Cash and cash equivalents	(9,196)	3,753	2	–	–	(5,441)
Current interest-bearing deposits	(403)	(985)	(8)	–	–	(1,396)
	10,385	(2,230)	(367)	1,315	142	9,245

23 Trade and other payables

€ million	2024	2023
Trade creditors	**3,350**	3,177
Other creditors	**1,481**	1,244
Other taxation and social security	**280**	262
Accruals	**847**	683
Deferred income relating to non-flight activity	**191**	224
	6,149	5,590

Average payment days to suppliers – Spanish Group companies

Days	2024	2023
Average payment days for payment to suppliers	**25**	25
Ratio of transactions paid	**26**	25
Ratio of transactions outstanding for payment	**19**	17

€ million	2024	2023
Total payments made	**9,606**	10,966
Total payments outstanding	**152**	158

Information on invoices paid in a period shorter than the maximum period established in the late payment regulations – Spanish Group companies

	2024	2023
Total payments made (€ million)	**8,523**	10,002
Percentage share of total payments to suppliers	**89%**	91%
Number of invoices paid (thousand)	**218**	213
Percentage share of total number of invoices paid	**77%**	76%

24 Deferred revenue

Significant accounting estimates applied - Revenue recognition: breakage assumptions applied to passenger revenue, customer loyalty programmes and unredeemed vouchers
At 31 December 2024 the Group recognised €8,536 million (2023: €8,023 million) in respect of deferred revenue of which €2,888 million (2023: €2,712 million) related to customer loyalty programmes.

Passenger revenue

Passenger revenue is recognised when the transportation service is provided. At the time of intended transportation, revenue is also recognised in respect of estimated unused tickets breakage and is estimated based on the terms and conditions of the tickets and historical experience. The Group considers that there is no reasonably possible change to unused ticket assumptions that would have a material impact on passenger revenue recorded in the year. A two percentage point increase in the level of unused ticket breakage of the sales in advance of carriage balance (excluding vouchers) at 31 December 2024 would result in an adjustment to Deferred revenue of €101 million (2023: €93 million), with an offsetting adjustment to increase revenue and operating profit recognised in the year.

Customer loyalty schemes

Revenue associated with the issuance of Avios under customer loyalty programmes is based on the relative standalone selling prices of the related performance obligations (brand, marketing and Avios), determined using estimation techniques. The transaction price of brand and marketing services is determined using specific brand valuation methodologies. The transaction price of an Avios is determined as the price of the rewards against which they can be redeemed and is reduced to take account of the proportion of Avios that are not expected to be redeemed by customers.

The Group estimates the number of Avios not expected to be redeemed using statistical modelling based on historical experience and expected future trends in customer behaviour. The Group considers historical redemption activity representative of long-term behavioural trends. A five percentage point increase in the assumption of Avios not expected to be redeemed would result in an adjustment to Deferred revenue of €99 million (2023: €94 million), with an offsetting adjustment to increase revenue and operating profit recognised in the year.

Unredeemed vouchers liability

At 31 December 2024, the Group recognised €587 million in respect of unredeemed vouchers, including associated taxes (2023: €645 million) within Deferred revenue. Of the €587 million, €100 million (2023: €139 million) relates to vouchers issued due to COVID-19 pandemic flight cancellations, referred to as 'disrupted flights' and €487 million (2023: €506 million) relates to non-disrupted voucher issuance, such as the British Airways 'Book with Confidence' policy (where customers were provided the flexibility to change their destination and/or date of travel on non-disrupted flights), certain other flexible fare options, non-air partner companion vouchers and gift vouchers.

The jurisdiction in which a voucher is issued dictates the period over which a customer can redeem the voucher, which ranges up to six years from the point of issuance. This period of time is also influenced by whether the voucher was issued for disrupted flights or non-disrupted issuance and whether statutory or commercial expiry policies prevail. The Group expects the majority of the total voucher liability to mature within 12 months of the balance sheet date.

Historically, where a voucher has been issued to a customer in the event of a flight cancellation, the Group estimated, based on historical experience, the level of such vouchers not expected to be used prior to expiry and recognised revenue accordingly. During 2020 and 2021, due to the significant level of flight cancellations arising from the COVID-19 pandemic, the Group issued a greater volume of vouchers than it would have otherwise done. In addition, given the uncertainty as to the timing of customers redeeming these vouchers, the Group was unable to estimate with a high degree of probability that there would not be a significant reversal of revenue in the future had it applied the historical expiry trends over the period of the pandemic. Accordingly, for the years to 31 December 2022, 31 December 2021 and 31 December 2020, the Group did not recognise revenue arising from those vouchers issued due to COVID-19 pandemic-related cancellations until either the voucher was redeemed or it expired.

During 2024 and 2023, the Group considered historical redemption activity, including customers' more recent behaviours following the COVID-19 pandemic, representative of the redemption trends expected through to expiry of the vouchers, such that the Group considers that the risk of a significant reversal of revenue to be sufficiently low. Accordingly, the Group has updated its estimated level of redemption activity to incorporate current customer behaviour.

A five percentage point increase in the assumption of the number of vouchers outstanding at 31 December 2024 and not expected to be redeemed prior to expiry would result in a reduction to Deferred revenue of €29 million (2023: €32 million), with an offsetting adjustment to increase Passenger revenue and Operating profit recognised in the year.

Notes to the accounts *continued*

€ million	Customer loyalty programmes	Sales in advance of carriage	**Total**
Balance at 1 January 2024	2,712	5,311	**8,023**
Cash received from customers[1]	–	26,241	**26,241**
Revenue recognised in the Income statement[2, 3]	(1,397)	(26,248)	**(27,645)**
Financing charge recognised in the Income statement	13	–	**13**
Loyalty points issued to customers[4]	1,453	207	**1,660**
Exchange movements	107	137	**244**
Balance at 31 December 2024	**2,888**	**5,648**	**8,536**
Analysis:			
Current	2,685	5,648	**8,333**
Non-current	203	–	**203**
	2,888	**5,648**	**8,536**

€ million	Customer loyalty programmes	Sales in advance of carriage[5]	Total
Balance at 1 January 2023	2,630	5,014	7,644
Cash received from customers[1, 5]	–	24,405	24,405
Revenue recognised in the Income statement[2, 3, 5]	(1,052)	(24,313)	(25,365)
Financing charge recognised in the Income statement	15	–	15
Loyalty points issued to customers[4]	1,085	161	1,246
Exchange movements	34	44	78
Balance at 31 December 2023	2,712	5,311	8,023
Analysis:			
Current	2,455	5,311	7,766
Non-current	257	–	257
	2,712	5,311	8,023

1 Cash received from customers is net of refunds.

2 Where the Group acts as an agent in the provision of redemption products and services to customers through loyalty programmes, or in the provision of interline flights to passengers, revenue is recognised in the Income statement net of the related costs.

3 Included within revenue recognised in the Income statement during 2024 is an amount of €4,924 million previously held as deferred revenue at 1 January 2024 (recognised during 2023 and previously held as deferred revenue at 1 January 2023: €3,914 million).

4 Included within loyalty points issued to customers at 31 December 2024 is an amount of €207 million (31 December 2023: €161 million) classified within Sales in advance of carriage representing the cash component of the consideration paid by customers, where such consideration comprises both cash and the redemption of Avios.

5 The 2023 figures include a restatement to increase both Cash received from customers and Revenue recognised in the Income statement by €3,298 million. There is no change to total deferred revenue.

The unsatisfied performance obligation under the Group's customer loyalty programmes that is classified as non-current was €203 million at 31 December 2024 (31 December 2023: €241 million), all of which is expected to be recognised as revenue within one to five years from the balance sheet date.

Deferred revenue relating to customer loyalty programmes consists primarily of consideration allocated to performance obligations associated with Avios. Avios are issued by the Group's airlines through their loyalty programmes, or are sold to third parties such as credit card providers, who issue them as part of their loyalty programmes. While Avios do not have an expiry date and can be redeemed at any time in the future, a customer's membership account is closed if there is a period of 36 months of inactivity in terms of both issuances and redemptions. Revenue may, therefore, be recognised at any time in the future.

25 Other long-term liabilities

€ million	**2024**	2023
Non-current other creditors	**343**	164
Accruals and deferred income	**58**	55
	401	219

26 Long-term borrowings

a Total borrowings

€ million	2024 Current	2024 Non-current	2024 Total	2023 Current	2023 Non-current	2023 Total
Bank and other loans[1]	**601**	**1,294**	**1,895**	113	1,840	1,953
Convertible bond[1]	**1,016**	**–**	**1,016**	735	–	735
Asset financed liabilities	**381**	**5,407**	**5,788**	303	4,124	4,427
Lease liabilities	**1,477**	**7,169**	**8,646**	1,826	7,141	8,967
Interest-bearing long-term borrowings	**3,475**	**13,870**	**17,345**	2,977	13,105	16,082

1 The 31 December 2023 total borrowings include a reclassification to conform with the current basis of presentation, where the non-current portion of the 2028 convertible bond, amounting to €726 million at 31 December 2023, has been reclassified as a current liability. Further information is given in notes 1 and 19.

Long-term borrowings of the Group amounting to €5,853 million (31 December 2023: €4,516 million) are secured on owned fleet assets with a net book value of €5,958 million (31 December 2023: €4,736 million). All asset financed liabilities, included in long-term borrowings, are all secured on the associated aircraft or other property, plant and equipment.

b Bank, other loans and convertible bond

€ million	2024	2023
€825 million fixed rate 1.125% convertible bond 2028[1]	**1,016**	735
€700 million fixed rate 3.75% unsecured bond 2029[2]	**718**	717
€500 million fixed rate 2.75% unsecured bond 2025[2]	**510**	510
€500 million fixed rate 1.50% bond 2027[3]	**501**	500
Floating rate euro mortgage loans secured on aircraft[4]	**66**	114
Fixed rate secured bonds[5]	**56**	56
Fixed rate unsecured US dollar mortgage loan[6]	**35**	46
Fixed rate unsecured euro loans with the Spanish State (Department of Industry)[7]	**9**	10
Total bank, other loans and convertible bond	**2,911**	2,688
Less: current instalments due on bank, other loans and convertible bond	**(1,617)**	(848)
Total non-current bank, other loans and convertible bond	**1,294**	1,840

1 See details of the 2028 convertible bond below.

2 On 25 March 2021, the Group issued two tranches of senior unsecured bonds for an aggregate principal amount of €1.2 billion, €500 million due 25 March 2025 and €700 million due 25 March 2029. The bonds bear a fixed rate of interest of 2.75% and 3.75% per annum, payable in arrears, respectively. The bonds were issued at 100% of their principal amount, respectively, and, unless previously redeemed or purchased and cancelled, will be redeemed at 100% of their principal amount on their respective maturity dates.

3 In July 2019, the Group issued two tranches of senior unsecured bonds for an aggregate principal amount of €1 billion, €500 million due 4 July 2023 and €500 million due 4 July 2027. The 2023 bond bore a fixed rate of interest of 0.5% per annum and was redeemed in full at maturity on 4 July 2023. The 2027 bond bears a fixed rate of interest of 1.5% per annum annually payable in arrears. The 2027 bond was issued at 98.803% of its principal amount, and, unless previously redeemed or purchased and cancelled, will be redeemed at 100% of its principal amount on its maturity date.

4 Floating rate euro mortgage loans are secured on specific aircraft assets of the Group and bear interest of between 4.34% and 4.52%. The loans are repayable in 2027.

5 Fixed rate secured bonds with 3.75% coupon repayable in 2027.

6 Fixed rate unsecured US dollar mortgage loan bearing interest between 1.38% and 2.86%. The loan is repayable between 2025 and 2026.

7 Fixed rate unsecured euro loans with the Spanish State (Department of Industry) bear nil interest and are repayable in 2031.

In addition, on 14 June 2024, the Group entered into a five-year $3.0 billion, sustainability-linked, secured Revolving Credit Facility, with two one-year extension options available subject to the approval of lenders, accessible by British Airways, Iberia and Aer Lingus, each of which has separate limits. At 31 December 2024 no amounts had been drawn under the facility. While the Group does not forecast drawing down on the Revolving Credit Facility, should it do so, the resultant debt would be secured, in the respective operating companies, against: (i) specific landing rights; or (ii) aircraft; or (iii) or a combination of both. Concurrent to entering into the facility, the Group extinguished its $1,755 million secured Revolving Credit Facility, which was due to mature, in part, in March 2025, with the remainder maturing in March 2026.

On 28 June 2024, as a result of securing the aforementioned Revolving Credit Facility, British Airways extinguished its two £1.0 billion Export Development Guarantee Facilities that were partially guaranteed by the UK Export Finance, which were undrawn at the time of extinguishment and were due to mature in equal amounts in November 2026 and September 2028.

Notes to the accounts *continued*

Details of the 2028 convertible bond

On 11 May 2021, the Group issued the €825 million fixed rate 1.125% senior unsecured bond convertible into ordinary shares of IAG. The convertible bond raised net proceeds of €818 million and matures in 2028. The Group holds an option to redeem the convertible bond at its principal amount, together with accrued interest, no earlier than two years prior to the final maturity date.

The convertible bond provides bondholders with dividend protection and included a total of 244,850,715 options at inception and following the 2024 interim dividend, includes 248,269,636 options at 31 December 2024 to convert into ordinary shares of IAG. The Group also holds an option to redeem the convertible bond, in full or in part, in cash in the event that bondholders exercise their right to convert the bond into ordinary shares of IAG. The bondholders conversion right is currently exercisable.

The convertible bond is recorded at its fair value, which at 31 December 2024 was €1,016 million (2023: €735 million), representing an increase of €281 million since 1 January 2024. Of this increase, the charge recorded in Other comprehensive income arising from credit risk of the convertible bonds was €44 million and a charge recorded within Finance costs in the Income statement attributable to changes in market conditions of €237 million.

Transactions with unconsolidated entities

The Group has entered into asset financing transactions with unconsolidated entities as follows:

- the British Airways Pass Through Certificates, Series 2019-1 were entered into in the third quarter of 2019, recognising Asset financed liabilities of €725 million for eight aircraft that mature between 2029 and 2034;
- the British Airways Pass Through Certificates, Series 2020-1 were entered into in the fourth quarter of 2020, recognising Asset financed liabilities of €472 million for nine aircraft that mature between 2028 and 2032;
- the British Airways Pass Through Certificates, Series 2021-1 were entered into in the third quarter of 2021, recognising Asset financed liabilities of €204 million for seven aircraft that mature between 2031 and 2035;
- the Iberia Pass Through Certificates, Series 2022-1 were entered into in April 2022, recognising Asset financed liabilities of €680 million for five aircraft that mature between 2032 and 2036;
- the British Airways Pass Through Certificates, Series 2022-1 were entered into in October 2022, recognising Asset financed liabilities of €159 million for four aircraft that mature between 2032 and 2036; and
- there have been no asset financing transactions with unconsolidated entities during the years to 31 December 2024 and 31 December 2023.

As at 31 December 2024, Asset financed liabilities include cumulative amounts of €2,956 million (2023: €2,948 million) and the associated assets recorded within Property, plant and equipment include cumulative amounts of €2,076 million (2023: €2,757 million) associated with transactions with unconsolidated structured entities having issued EETCs.

c Total loans, convertible bond, asset financed liabilities and lease liabilities

Million	**2024**	2023
Loans		
Bank:		
US dollar	**$38**	$50
Euro	**€75**	€124
	€110	€170
Fixed rate bonds:		
Euro	**€1,785**	€1,783
	€1,785	€1,783
Convertible bond		
Euro	**€1,016**	€735
	€1,016	€735
Asset financed liabilities		
US dollar	**$3,977**	$3,849
Euro	**€1,730**	€746
Japanese yen	**¥35,051**	¥28,432
	€5,788	€4,427
Lease liabilities		
US dollar	**$6,873**	$7,399
Euro	**€799**	€1,008
Japanese yen	**¥58,881**	¥68,998
Pound sterling	**£696**	£690
	€8,646	€8,967
Total interest-bearing borrowings	**€17,345**	€16,082

27 Provisions

Significant accounting estimate applied – Restoration and handback provisions: key assumptions underlying the carrying value of the provisions

At 31 December 2024, the Group recognised €3,014 million in respect of maintenance, restoration and handback provisions, principally in respect of leased aircraft (31 December 2023: €2,529 million).

The Group has a number of contracts with service providers to replace or repair engine parts and for other maintenance checks. These agreements are complex and generally cover a number of years. Provisions for maintenance, restoration and handback are made based on the best estimate of the likely committed cash outflow. In determining this best estimate, the Group applies significant judgement as to the level of forecast costs expected to be incurred when the major maintenance event occurs. Other assumptions not considered to be significant include aircraft utilisation, expected maintenance intervals and the aircraft's condition. The associated forecast costs are discounted to their present value. While the Group considers that there are no reasonably possible changes to any of the individual assumptions that would have a material impact on the provisions, a combination of changes in several assumptions may. The Group considers that a reasonably possible change in the inflation rate and discount rate assumptions of a 100 basis point increase would give rise to an increase of €62 million (2023: €53 million) and a decrease of €70 million (2023: €59 million), respectively, in the provisions balance when applied in isolation to one another.

Significant accounting judgement applied – Restoration and handback provisions: determination of accounting policy for leased aircraft

IFRS 16 does not address the accounting for maintenance, restoration and handback provisions that arise through the usage of the underlying asset and, accordingly, the Group has applied judgement in applying an accounting policy with regard to the recognition and subsequent measurement of such provisions for leased aircraft. The Group's accounting policy for provisions that arise through usage or through the passage of time is to recognise the associated estimated costs in the Income statement as the underlying asset is used or through the passage of time. The approach applied by the Group is consistent with the majority of major airlines that prepare their financial statements under IFRS. Were the Group to apply an alternative accounting policy, the financial impact would be materially different at the balance sheet date. An alternative accounting policy that the Group could have applied was the components approach, where the Group would capitalise the estimated costs of major maintenance events and depreciate them until the subsequent maintenance event (or to the end of lease term) and providing over the lease term for any expected cash compensation for maintenance obligations at the end of the lease. The Group considers that the current accounting policy for maintenance, restoration and handback activities reflects the obligations under its lease arrangements.

€ million	Restoration and handback provisions	Restructuring provisions	Employee leaving indemnities and other employee related provisions	Legal claims and contractual disputes provisions	Carbon-related obligations[1]	Other provisions	Total
Net book value 1 January 2024	2,529	94	735	82	247	53	**3,740**
Provisions recorded during the year	609	162	34	26	314	32	**1,177**
Reclassifications	(18)	–	–	1	–	–	**(17)**
Utilised during the year	(276)	(39)	(42)	(22)	–	(32)	**(411)**
Extinguished during the year	–	–	–	–	(236)	–	**(236)**
Release of unused amounts	(97)	(18)	–	(14)	(13)	–	**(142)**
Unwinding of discount	107	1	22	–	–	–	**130**
Remeasurements	20	–	93	–	–	–	**113**
Exchange differences	140	1	–	2	4	–	**147**
Net book value 31 December 2024	**3,014**	**201**	**842**	**75**	**316**	**53**	**4,501**
Analysis:							
Current	691	63	85	45	307	8	**1,199**
Non-current	2,323	138	757	30	9	45	**3,302**
	3,014	201	842	75	316	53	**4,501**

1 The disaggregation of Carbon-related obligations by underlying scheme is presented in note 4f.

Restoration and handback provisions

Provisions for restoration and handback costs are recognised to meet the contractual major maintenance and return conditions on aircraft held under lease. For those obligations arising on inception of an aircraft lease, the associated estimated cost is capitalised within the ROU asset. For those obligations that arise through usage or through the passage of time, the associated estimated costs are recognised in the Income statement as the associated asset is used or through the passage of time. The provision is long-term in nature, typically covering the leased asset term, which for aircraft is up to 12 years.

The provisions also include an amount relating to leased land and buildings where restoration costs are contractually required at the end of the lease. Such costs are capitalised within ROU assets.

The provisions are determined by discounting the future cash flows using pre-tax risk-free rates specific to the tenor of the provision and the currency in which it arises. The unwinding of the discounting of the provisions is recorded as a Finance cost in the Income statement (see note 9a).

Remeasurements arising from changes in estimates relating to the effects of both discounting and inflation are recorded in the Income statement to the extent they relate to avoidable provisions or are recorded as an adjustment to the right of use asset (see note 14) for those unavoidable provisions.

Where amounts are finalised and the uncertainty relating to these provisions removed, the associated liability is reclassified to either current or non-current Other creditors, dependent on the expected timing of settlement.

Restructuring provisions

The restructuring provision includes provisions for voluntary redundancies including the collective redundancy programme for Iberia's Transformation Plan implemented prior to 2023 and Iberia's ground handling restructuring programme implemented in 2024, which provides for payments to affected employees until they reach the statutory retirement age. The amounts provided for have been determined by actuarial valuations made by independent actuaries and were based on the same assumptions as those made to determine the provisions for obligations to flight crew below, with the exception of the discount rate, which in this case was 3.2% and 2.7%, respectively. The payments related to these provisions are expected to continue through to 2032.

At 31 December 2024, €199 million of this provision related to collective redundancy programmes (2023: €88 million).

Employee leaving indemnities and other employee related provisions

This provision includes employee leaving indemnities relating to staff under various contractual arrangements. As part of these provisions, the Group recognises provisions relating to the Iberia flight crew (both pilots and cabin crew):

- pilots – under the relevant collective bargaining agreement, pilots have the option at the age of 60 to elect to: continue in full-time employment; being placed on reserve and retaining their employment relationship until reaching the statutory retirement age (referred to as 'active'); or, alternatively, taking early retirement (referred to as 'inactive'). Additionally, and in certain cases, those pilots from the age of 55, may apply for retaining their employment relationship, but with reduced activity (referred to as 'special leave'); and
- cabin crew – under the relevant collective bargaining agreement, cabin crew have the option at the age of 62 to elect to: continue in full-time employment; being transferred to active status; or being transferred to inactive status. Additionally, and in certain cases, cabin crew employees from the age of 57, may apply for 'special leave'.

The Group is required to remunerate these employees until they reach the statutory retirement age. In determining the provision to be recognised for the proportion of employees that will elect either special leave or to be inactive, the Group estimates a number of financial assumptions, including, but not limited to: (i) medium- to long-term salary growth and inflation; (ii) the discount rate to apply; (iii) the rate of public social security growth; (iv) mortality rates; and (v) staff turnover.

The provision was re-assessed at 31 December 2024 with the use of independent actuaries using the projected unit credit method, based on a discount rate consistent with the iBoxx index of 3.24% for active employees and 2.80% for inactive employees (2023: iBoxx index of 3.17% and 2.98%, respectively), the PER_Col_2020.1er.orden. mortality tables, and assuming contractual salary increases of up to 2.8% in 2025 and 2.0% in 2026 and then 2.0% per annum thereafter derived from increases in the Consumer Price Index (CPI). At 31 December 2024, there were a total of 5,594 flight crew (31 December 2023: 5,179) eligible for making such elections when they reach the age of 60. At 31 December 2024, there were 638 employees who had not reached the age of retirement, and eligible to elect for early retirement ('special leave') who had elected to become inactive (31 December 2023: 479). In addition, at 31 December 2024, there were 23 employees having reached the age of retirement and had elected to become inactive (31 December 2023: 25).

At 31 December 2024, the average length of employment of the eligible flight crew was 16 years (31 December 2023: 17 years). This is mainly a long-term provision. Remeasurements in the valuation of this provision are recorded in Other comprehensive income. The amount relating to this provision was €780 million at 31 December 2024 (2023: €677 million).

Legal claims and contractual disputes provisions

Legal claims and contractual disputes provisions include:

- amounts for multi-party claims from groups of employees on a number of matters related to their employment, including claims for additional holiday pay and for age discrimination;
- amounts related to ongoing contractual disputes arising from the Group's operations; and
- amounts related to investigations by a number of competition authorities in connection with alleged anti-competitive activity concerning the Group's passenger and cargo businesses.

The final amount required to settle the remaining claims and fines is subject to uncertainty.

Carbon-related obligations

Carbon-related obligations relate to the Emissions Trading Systems/Schemes and the CORSIA scheme for CO_2 equivalent emitted on flights within the EU, Switzerland, the UK and globally and are due to be extinguished in the year subsequent to the balance sheet date through settlement with the relevant authorities. See notes 2 and 4 for further information.

28 Contingent liabilities

There are a number of legal and regulatory proceedings against the Group in a number of jurisdictions, which at 31 December 2024, where they could be reliably estimated, amounted to €42 million (31 December 2023: €58 million). The Group does not consider it probable that there will be an outflow of economic resources with regard to these proceedings and, accordingly, no provisions have been recorded.

Included in contingent liabilities is the following:

Vueling commercial hand luggage policy

During 2023, Vueling received a number of information requests from the *Ministerio de Consumo* (Ministry of Consumer Affairs) in Spain, with regard to its commercial hand luggage policy.

On 12 January 2024, the *Ministerio de Consumo* issued Vueling with a List of Charges asserting that the Vueling commercial hand luggage policy infringes consumers' rights under Article 47.1 of the Royal Legislative Decree 1/2007 in Spain and Regulation (EC) No 1008/2008 of the European Parliament on the common rules for the operation of air services. Subsequently, on 14 May 2024, the *Ministerio de Consumo* issued Vueling with a Sanctioning Resolution, which reconfirmed the details of the List of Charges and

fined Vueling €39 million and sought rectification of the alleged infringements. On 14 June 2024, Vueling appealed the Sanctioning Resolution to the *Ministerio de Consumo*. On 1 December 2024, the *Ministerio de Consumo* confirmed the aforementioned Sanctioning Resolution. On 29 January 2025, Vueling filed a contentious administrative appeal, in relation to the Sanctioning Resolution, with the *Audiencia Nacional* (National High Court) in Spain. Concurrently, Vueling filed a precautionary measure to suspend the sanction until such time as a final judgment is issued. The Group expects a resolution of the precautionary measure around mid-2025 and a hearing with the *Audiencia Nacional* in 2026, at the earliest.

The Group, with its advisors, has reviewed the Sanctioning Resolution and considers it has strong legal arguments to support its commercial hand luggage policy and does not consider it probable that an adverse outcome will result in the future. As such, the Group does not consider it appropriate to record any provision.

Contingent liabilities associated with income taxes, deferred taxes and indirect taxes are presented in note 10.

29 Financial risk management objectives and policies

The Group is exposed to a variety of financial risks: market risk (including fuel price risk, foreign currency risk, interest rate risk), credit risk and liquidity risk. The principal impacts of these on the financial statements are discussed below:

a Fuel price risk

The Group is exposed to fuel price risk. In order to mitigate such risk, under the Group's fuel price risk management strategy, a variety of over the counter derivative instruments are entered into. The Group strategy is to hedge a proportion of fuel consumption up to two years within the approved hedging profile.

The following table demonstrates the sensitivity of the Group's principal exposure to a reasonable possible change in the fuel price, based on current market volatility, with all other variables held constant on the profit before tax and equity[1]. The sensitivity analysis has been performed on fuel derivatives (both those designated in hedge relationships and those not designated in hedge relationships) at the balance sheet date only and is not reflective of the impact had the sensitised rates been applied through the duration of the years to 31 December 2024 and 2023.

2024			2023		
Increase/(decrease) in fuel price %	**Effect on profit before tax € million**	**Effect on equity € million**	Increase/(decrease) in fuel price %	Effect on profit before tax € million	Effect on equity € million
40	**–**	**2,079**	40	–	1,497
(40)	**–**	**(1,865)**	(40)	–	(1,526)

1 The sensitivity analysis on equity excludes the sensitivity amounts recognised in the profit before tax.

During 2024, following a substantial recovery in the global price of crude oil and jet fuel, which continues to be impacted by geopolitical events, the fair value of such net liability derivative instruments was €189 million at 31 December 2024 (2023: net liability of €115 million), representing an increase of €74 million since 1 January 2024. Of the carrying amount of the net liability at 31 December 2024, all (2023: all) of the associated derivatives were designated within hedge relationships.

b Foreign currency risk

The Group is exposed to foreign currency risk on revenue, purchases and borrowings that are denominated in a currency other than the functional currency of each of the Group's operating companies, being pound sterling and the euro. The currencies in which these transactions are denominated are primarily US dollar, pound sterling and the euro. The Group has a number of strategies to hedge foreign currency risk including hedging a proportion of its foreign currency sales and purchases for up to three years.

The following table demonstrates the sensitivity of the Group's principal foreign exchange exposure to a reasonable possible change in the US dollar, pound sterling and Japanese yen exchange rates, based on current market volatility, with all other variables held constant on the profit before tax and equity[1]. The sensitivity analysis has been performed on interest-bearing liabilities, lease liabilities and derivatives (both those designated in hedge relationships and those not designated in hedge relationships) denominated in foreign currencies at the balance sheet date only and is not reflective of the impact had the sensitised rates been applied through the duration of the years to 31 December 2024 and 2023.

	Strengthening/ (weakening) in US dollar rate %	Effect on profit before tax € million	Effect on equity € million	Strengthening/ (weakening) in pound sterling rate %	Effect on profit before tax € million	Effect on equity € million	Strengthening/ (weakening) in Japanese yen rate %	Effect on profit before tax € million	Effect on equity € million
2024	**20**	**404**	**975**	**20**	**(13)**	**394**	**20**	**(1)**	**(21)**
	(20)	**(404)**	**(969)**	**(20)**	**13**	**(394)**	**(20)**	**1**	**21**
2023	20	343	1,005	20	6	262	20	(50)	(64)
	(20)	(346)	(1,159)	(20)	(8)	(262)	(20)	50	64

1 The sensitivity analysis on equity excludes the sensitivity amounts recognised in the profit before tax.

At 31 December 2024, the fair value of foreign currency net asset derivative instruments was €505 million (2023: net liability of €357 million), representing an increase of €862 million since 1 January 2024. These comprise both derivatives designated in hedge relationships and those derivatives that are not designated in a hedge relationship at inception. Of the carrying amount of the net asset at 31 December 2024, €191 million (2023: net liability of €151 million) of the associated derivatives were designated within hedge relationships. Those derivatives not designated in a hedge relationship on inception have their mark-to-market movements recorded directly in the Income statement and recognised within Net currency retranslation (charges)/credits.

Notes to the accounts *continued*

c Interest rate risk

The Group is exposed to changes in interest rates on debt and on cash deposits. In order to mitigate the interest rate risk, the Group's policies allow a variety of over the counter derivative instruments to be entered into.

The following table demonstrates the sensitivity of the Group's interest rate exposure to a reasonable possible change in the euro interest rates, based on expectations regarding forward rate movements, on the profit before tax and equity[1]. The sensitivity analysis has been performed on interest rate derivatives (both those designated in hedge relationships and those not designated in hedge relationships) at the balance sheet date only and is not reflective of the impact had the sensitised rates been applied through the duration of the years to 31 December 2024 and 2023.

2024			2023		
Strengthening/ (weakening) in euro interest rate Basis points	**Effect on profit before tax € million**	**Effect on equity € million**	Strengthening/ (weakening) in euro interest rate Basis points	Effect on profit before tax € million	Effect on equity € million
100	**(17)**	**9**	100	(12)	16
(100)	**17**	**(7)**	(100)	12	(16)

1 The sensitivity analysis on equity excludes the sensitivity amounts recognised in the profit before tax.

At 31 December 2024, the fair value of interest rate net asset derivative instruments was €12 million (2023: net asset of €28 million), representing a decrease of €16 million since 1 January 2024. Of the carrying amount of net asset at 31 December 2024, all (2023: all) of the associated derivatives were designated within hedge relationships.

d Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group has policies and procedures to monitor the risk by assigning limits to each counterparty by underlying exposure and by operating company and by only entering into transactions with counterparties with a very low credit risk.

At each period end, the Group assesses the effect of counterparties' and the Group's own credit risk on the fair value of derivatives and any ineffectiveness arising is immediately recognised in the Income statement within Other non-operating credits.

e Counterparty risk

The Group is exposed to the non-performance by its counterparties in respect of financial assets receivable. The Group has policies and procedures to monitor the risk by assigning limits to each counterparty by underlying exposure and by operating company. The underlying exposures are monitored on a daily basis and the overall exposure limit by counterparty is periodically reviewed by using available market information.

The financial assets recognised in the financial statements, net of impairment losses (if any), represent the Group's maximum exposure to credit risk, without taking into account any guarantees in place or other credit enhancements.

At 31 December 2024 the Group's credit risk position, allocated by region, in respect of treasury managed cash and derivatives was as follows:

	Mark-to-market of treasury controlled financial instruments allocated by geography	
Region	**2024**	2023
United Kingdom	**39 %**	55 %
Spain	**2 %**	– %
Ireland	**25 %**	16 %
Rest of eurozone	**27 %**	24 %
Rest of world	**7 %**	5 %

f Liquidity risk

The Group invests cash in interest-bearing accounts, time deposits and money market funds, choosing instruments with appropriate maturities or liquidity to retain sufficient headroom to readily generate cash inflows required to manage liquidity risk. The Group has also committed revolving credit facilities.

The Group held the following committed undrawn general and committed aircraft financing facilities:

	2024	
Million	**Currency**	**€ equivalent**
Committed general facilities[1]		
Euro facilities expiring between March and April 2025	**€120**	**120**
Euro facility expiring March 2025[2]	**€350**	**350**
US dollar facilities expiring June 2029[2]	**$3,000**	**2,874**
		3,344
Committed aircraft facilities		
US dollar facilities expiring between May and June 2025[3]	**$140**	**134**
		134

	2023	
Million	Currency	€ equivalent
Committed general facilities[1]		
Euro facilities expiring between March and May 2024	€87	87
Euro facility expiring March 2025[2]	€350	350
US dollar facilities expiring March 2025 and March 2026[2]	$1,755	1,605
Pound sterling facilities expiring November 2026 and September 2028[2]	£2,000	2,317
		4,359
Committed aircraft facilities		
US dollar facilities expiring between June and July 2024[3]	$410	375
		375

1 The general facilities can be drawn at any time at the discretion of the Group subject to the provision of up to three days' notice of the intended utilisation, depending on the facility.

2 Further information regarding these facilities is given in note 26b.

3 At 31 December 2024, the Group had available committed aircraft facilities maturing between May and June 2025 (2023: maturing between June and July 2024) for specific committed aircraft deliveries.

In addition, at 31 December 2024, the Group had undrawn overdraft facilities of €56 million (2023: €53 million).

The following table analyses the Group's (outflows) and inflows in respect of financial liabilities and derivative financial instruments into relevant maturity groupings based on the remaining period at 31 December to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows and include interest.

€ million	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years	**Total 2024**
Interest-bearing loans and borrowings:						
Asset financing liabilities	(266)	(262)	(524)	(1,795)	(3,901)	**(6,748)**
Lease liabilities	(801)	(805)	(1,550)	(3,468)	(4,783)	**(11,407)**
Fixed rate borrowings	(576)	(14)	(56)	(2,186)	–	**(2,832)**
Floating rate borrowings	(14)	(13)	(26)	(16)	–	**(69)**
Trade and other payables	(6,149)	–	(401)	–	–	**(6,550)**
Derivative financial instruments (assets):						
Interest rate derivatives	6	3	4	1	–	**14**
Foreign exchange contracts	203	174	201	20	–	**598**
Fuel derivatives	5	9	13	1	–	**28**
Derivative financial instruments (liabilities):						
Interest rate derivatives	(1)	–	(1)	–	–	**(2)**
Foreign exchange contracts	(56)	(12)	(13)	–	–	**(81)**
Fuel derivatives	(64)	(64)	(61)	(36)	–	**(225)**
31 December 2024	**(7,713)**	**(984)**	**(2,414)**	**(7,479)**	**(8,684)**	**(27,274)**

Notes to the accounts *continued*

€ million	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years	Total 2023
Interest-bearing loans and borrowings:						
Asset financing liabilities	(241)	(230)	(448)	(1,317)	(3,195)	(5,431)
Lease liabilities	(1,303)	(864)	(1,546)	(3,798)	(5,017)	(12,528)
Fixed rate borrowings	(59)	(16)	(588)	(1,513)	(726)	(2,902)
Floating rate borrowings	(15)	(38)	(27)	(42)	–	(122)
Trade and other payables	(5,590)	–	(219)	–	–	(5,809)
Derivative financial instruments (assets):						
Interest rate derivatives	12	9	8	4	1	34
Foreign exchange contracts	35	17	6	–	–	58
Fuel derivatives	5	4	26	–	–	35
Derivative financial instruments (liabilities):						
Interest rate derivatives	(1)	(1)	(1)	(1)	–	(4)
Foreign exchange contracts	(206)	(179)	(38)	–	–	(423)
Fuel derivatives	(42)	(43)	(35)	(39)	–	(159)
31 December 2023	(7,405)	(1,341)	(2,862)	(6,706)	(8,937)	(27,251)

g Offsetting financial assets and liabilities

The Group enters into derivative transactions under ISDA (International Swaps and Derivatives Association) documentation. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding are aggregated into a single net amount that is payable by one party to the other.

The following financial assets and liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements.

31 December 2024

€ million	Gross value of financial instruments	Gross amounts set off in the Balance sheet[1]	Net amounts of financial instruments in the Balance sheet	Related amounts not offset in the Balance sheet[1]	**Net amount**
Financial assets					
Derivative financial assets	679	(55)	624	(6)	**618**
Financial liabilities					
Derivative financial liabilities	351	(55)	296	(6)	**290**

1 The Group has pledged cash and cash equivalents as collateral against certain of its derivative financial liabilities. As at 31 December 2024, the Group recognised €55 million of collateral (2023: €28 million) offset in the balance sheet and €6 million (2023: €2 million) not offset in the Balance sheet.

31 December 2023

€ million	Gross value of financial instruments	Gross amounts set off in the Balance sheet	Net amounts of financial instruments in the Balance sheet	Related amounts not offset in the Balance sheet	Net amount
Financial assets					
Derivative financial assets	151	(28)	123	(2)	121
Financial liabilities					
Derivative financial liabilities	595	(28)	567	(2)	565

h Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to maintain an optimal capital structure, to reduce the cost of capital and to provide returns to shareholders.

The Group monitors capital on the basis of both the Gross debt to EBITDA before exceptional items ratio and the Net debt to EBITDA before exceptional items ratio. For the year to 31 December 2024, the Gross debt to EBITDA before exceptional items was 2.5 times (2023: 2.9 times) and the Net debt to EBITDA before exceptional items was 1.1 times (2023: 1.7 times). The definition and calculation for these performance measures are included in the Alternative performance measures section.

Further detail on liquidity and capital resources and capital risk management is disclosed in the going concern section in note 2.

30 Financial instruments

a Financial assets and liabilities by category

The detail of the Group's financial instruments at 31 December 2024 and 31 December 2023 by nature and classification for measurement purposes is as follows:

31 December 2024

	Financial assets				
€ million	Amortised cost	Fair value through Other comprehensive income	Fair value through Income statement	Non-financial assets	**Total carrying amount by balance sheet item**
Non-current assets					
Other equity investments	–	190	–	–	**190**
Derivative financial instruments	–	–	229	–	**229**
Other non-current assets	225	–	4	687	**916**
Current assets					
Trade receivables	1,774	–	–	–	**1,774**
Other current assets	699	–	–	1,637	**2,336**
Derivative financial instruments	–	–	395	–	**395**
Other current interest-bearing deposits	1,639	–	–	–	**1,639**
Cash and cash equivalents	8,189	–	–	–	**8,189**

	Financial liabilities			
€ million	Amortised cost	Fair value through Income statement	Non-financial liabilities	**Total carrying amount by balance sheet item**
Non-current liabilities				
Lease liabilities	7,169	–	–	**7,169**
Interest-bearing long-term borrowings	6,701	–	–	**6,701**
Derivative financial instruments	–	102	–	**102**
Other long-term liabilities	171	–	230	**401**
Current liabilities				
Lease liabilities	1,477	–	–	**1,477**
Current portion of long-term borrowings	982	1,016	–	**1,998**
Trade and other payables	4,746	–	1,403	**6,149**
Derivative financial instruments	–	194	–	**194**

Notes to the accounts *continued*

31 December 2023

€ million	Financial assets: Amortised cost	Financial assets: Fair value through Other comprehensive income	Financial assets: Fair value through Income statement	Non-financial assets	Total carrying amount by balance sheet item
Non-current assets					
Other equity investments	–	188	–	–	188
Derivative financial instruments	–	–	42	–	42
Other non-current assets[1]	211	–	–	551	762
Current assets					
Trade receivables	1,559	–	–	–	1,559
Other current assets[1]	545	–	–	1,276	1,821
Derivative financial instruments	–	–	81	–	81
Other current interest-bearing deposits	1,396	–	–	–	1,396
Cash and cash equivalents	5,441	–	–	–	5,441

€ million	Financial liabilities: Amortised cost	Financial liabilities: Fair value through Income statement	Non-financial liabilities	Total carrying amount by balance sheet item
Non-current liabilities				
Lease liabilities	7,141	–	–	7,141
Interest-bearing long-term borrowings[2]	5,964	–	–	5,964
Derivative financial instruments	–	106	–	106
Other long-term liabilities	151	–	68	219
Current liabilities				
Lease liabilities	1,826	–	–	1,826
Current portion of long-term borrowings[2]	416	735	–	1,151
Trade and other payables	5,198	–	392	5,590
Derivative financial instruments	–	461	–	461

1 The results for 2023 include a reclassification of ETS allowances from Intangible assets to Carbon-related and other assets. Amounts of €330 million and €247 million at 31 December 2023 have been reclassified to Other non-current assets and Other current assets, respectively. Further information is given in notes 2 and 37.

2 The 2023 total borrowings include a reclassification to conform with the current basis of presentation, where the non-current portion of the 2028 convertible bond, amounting to €726 million at 31 December 2023, has been reclassified as a current liability. Further information is given in notes 2 and 37.

b Fair value of financial assets and financial liabilities

The fair values of the Group's financial instruments are disclosed in hierarchy levels depending on the nature of the inputs used in determining the fair values and using the following methods and assumptions:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Level 1 methodologies (market values at the balance sheet date) were used to determine the fair value of listed asset investments classified as equity investments and listed interest-bearing borrowings. The fair value of financial liabilities and financial assets incorporates own credit risk and counterparty credit risk, respectively.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of financial instruments that are not traded in an active market is determined by valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates.

Derivative instruments are measured based on the market value of instruments with similar terms and conditions using forward pricing models, which include forward exchange rates, forward interest rates, forward fuel curves and corresponding volatility surface data at the balance sheet date. The fair value of the principal derivative financial assets and liabilities is determined as follows, incorporating adjustments for own credit risk and counterparty credit risk:

- commodity reference contracts including swaps and options transactions, referenced to: (i) CIF NWE cargoes jet fuel; (ii) ICE Gasoil; (iii) ICE Brent; (iv) ICE Gasoil Brent crack; (v) Jet Differential; and (vi) Jet fuel Brent crack – the mark-to-market valuation prices are determined by reference to current forward curve and standard option pricing valuation models, values are discounted to the balance sheet date based on the corresponding interest rate;
- currency forward and option contracts – by reference to current forward prices and standard option pricing valuation models, values are discounted to the balance sheet date based on the corresponding interest rate; and
- interest rate swap contracts – by discounting the future cash flows of the swap contracts at market interest rate valued with the current forward curve.

The fair value of the Group's interest-bearing borrowings, excluding lease liabilities, is determined by discounting the remaining contractual cash flows at the relevant market interest rates at the balance sheet date. The fair value of the Group's interest-bearing borrowings is adjusted for own credit risk.

Level 3: Inputs for the asset or liability that are not based on observable market data. The principal method of such valuation is performed using a valuation model that considers the present value of the dividend cash flows expected to be generated by the associated assets. For other equity investments where cash flow information is not available, an adjusted net asset method is applied. For the methodology in the determination of the fair value of the investment in Air Europa Holdings, see note 19.

The fair value of cash and cash equivalents, other current interest-bearing deposits, trade receivables, other current assets and trade and other payables approximate their carrying value largely due to the short-term maturities of these instruments.

The carrying amounts and fair values of the Group's financial assets and liabilities at 31 December 2024 are as follows:

	Fair value				**Carrying value**
€ million	Level 1	Level 2	Level 3	Total	**Total**
Financial assets					
Other equity investments	1	–	189	190	**190**
Other non-current financial assets	–	22	4	26	**23**
Derivative financial assets:					
Interest rate swaps[1]	–	14	–	14	**14**
Foreign exchange contracts[1]	–	583	–	583	**583**
Fuel derivatives[1]	–	27	–	27	**27**
Financial liabilities					
Interest-bearing loans and borrowings:					
Asset financed liabilities	–	5,400	–	5,400	**5,788**
Fixed rate borrowings	2,762	45	–	2,807	**2,845**
Floating rate borrowings	–	66	–	66	**66**
Derivative financial liabilities:					
Interest rate derivatives[2]	–	2	–	2	**2**
Foreign exchange contracts[2]	–	78	–	78	**78**
Fuel derivatives[2]	–	216	–	216	**216**

1 Current portion of derivative financial assets is €395 million.

2 Current portion of derivative financial liabilities is €194 million.

The carrying amounts and fair values of the Group's financial assets and liabilities at 31 December 2023 are set out below:

	Fair value				Carrying value
€ million	Level 1	Level 2	Level 3	Total	Total
Financial assets					
Other equity investments	1	–	187	188	188
Other non-current financial assets	–	12	–	12	25
Derivative financial assets:					
Interest rate swaps[1]	–	32	–	32	32
Foreign exchange contracts[1]	–	58	–	58	58
Fuel derivatives[1]	–	33	–	33	33
Financial liabilities					
Interest-bearing loans and borrowings:					
Asset financed liabilities	–	3,900	–	3,900	4,427
Fixed rate borrowings	2,429	53	–	2,482	2,574
Floating rate borrowings	–	111	–	111	114
Derivative financial liabilities:					
Interest rate derivatives[2]	–	4	–	4	4
Foreign exchange contracts[2]	–	415	–	415	415
Fuel derivatives[2]	–	148	–	148	148

1 Current portion of derivative financial assets is €81 million.

2 Current portion of derivative financial liabilities is €461 million.

There have been no transfers between levels of fair value hierarchy during the year.

Financial assets, other equity instruments, financial liabilities and derivative financial assets and liabilities are all measured at fair value in the consolidated financial statements. Interest-bearing borrowings, with the exception of the €825 million convertible bond due 2028, which is measured at fair value, are measured at amortised cost.

Notes to the accounts *continued*

c Level 3 financial assets reconciliation

The following table summarises key movements in Level 3 financial assets:

€ million	2024	2023
Opening balance for the year	**187**	55
Additions	**20**	5
Transfers to Level 1 financial assets	**–**	(1)
Net (losses)/gains recognised in Other comprehensive income	**(19)**	128
Exchange movement	**1**	–
Closing balance for the year	**189**	187

d Hedges

Cash flow hedges

At 31 December 2024, the Group's principal risk management activities that were hedging future forecast transactions were:

- foreign exchange contracts, hedging foreign currency exchange risk on cash inflows and certain operational payments. Remeasurement gains and losses on the derivatives are (i) recognised in equity and transferred to the Income statement, where the hedged item is recorded directly in the Income statement, to the same caption as the underlying hedged item is classified; (ii) recognised in equity and transferred to the Balance sheet, where the hedged item is a non-financial asset or liability, and recorded to the Balance sheet to the same caption as the hedged item is recognised; and (iii) recognised in equity and transferred to the Income statement, where the hedged item is a financial asset or liability, at the same time as the financial asset or liability is recorded in the Income statement. Reclassification gains and losses on derivatives, arising from the discontinuance of hedge accounting, are recognised in the Income statement when the future transaction is no longer expected to occur and recorded in the relevant Income statement caption to which the hedged item is classified;
- crude, gas oil and jet kerosene derivative contracts, hedging price risk on fuel expenditure. Remeasurement gains and losses on the derivatives are: (i) recognised in equity and transferred to the Income statement within Fuel costs and emissions charges to match against the related fuel cash outflow, where the underlying hedged item does not give rise to the recognition of fuel inventory; and (ii) recognised in equity and transferred to the Balance sheet within Inventory, where the underlying hedged item is fuel inventory. Gains and losses recorded within Inventory are recognised in the Income statement when the underlying fuel inventory is consumed, within Fuel, oil costs and emission charges. Reclassification gains and losses on derivatives, arising from the discontinuance of hedge accounting, are recognised in the Income statement within Fuel costs and emissions charges when the future transaction is no longer expected to occur;
- interest rate contracts, hedging interest rate risk on floating rate debt and certain operational payments. Remeasurement gains and losses on the derivatives are recognised in equity and transferred to the Income statement within Interest expense; and
- future loan repayments denominated in foreign currency are designated in a hedge relationship hedging foreign exchange fluctuations on revenue cash inflows. Remeasurement gains and losses on the associated loans are recognised in equity and transferred to the Balance sheet, where the hedged item is a non-financial asset or liability when the loan repayments are made (generally in instalments over the life of the loan).

The amounts included in equity are summarised below:

Losses in respect of cash flow hedges included within equity

€ million	2024	2023
Loan repayments to hedge future revenue	**(42)**	22
Foreign exchange contracts to hedge future revenue and expenditure[1]	**(169)**	94
Crude, gas oil and jet kerosene derivative contracts[1]	**229**	67
Derivatives used to hedge interest rates[1]	**11**	(1)
Instruments for which hedge accounting no longer applies[1, 2]	**40**	123
	69	305
Related deferred tax credit	**(17)**	(75)
Total amount included within equity	**52**	230

1 The carrying value of derivative instruments recognised in assets and liabilities is analysed in parts a and b of this note.

2 Relates to previously terminated hedge relationships for which the underlying forecast transactions remain expected to occur.

Notional amounts of significant financial instruments used as cash flow hedging instruments:

Notional principal amounts € million	Average hedge rate	Hedge range	Within 1 year	1-2 years	2-5 years	5+ years	**Total 31 December 2024**
Foreign exchange contracts to hedge future revenue and expenditure from US dollars to pound sterling[1]	1.26	1.16 to 1.34	3,716	1,352	206	–	**5,274**
Foreign exchange contracts to hedge future revenue and expenditure from US dollars to euros[1]	1.11	1.04 to 1.19	1,907	959	295	–	**3,161**
Foreign exchange contracts to hedge future revenue and expenditure from euros to pound sterling[1]	1.25	1.11 to 1.42	561	386	452	731	**2,130**
Fuel commodity price contracts to hedge future US dollar fuel expenditure[2]	670	489 to 1,200	4,219	1,735	883	–	**6,837**
Interest rate contracts to hedge future interest expenditure[3, 4]	1.87	(0.06) to 3.90	2,052	509	149	–	

Notional principal amounts € million	Average hedge rate	Hedge range	Within 1 year	1-2 years	2-5 years	5+ years	Total 31 December 2023
Foreign exchange contracts to hedge future revenue and expenditure from US dollars to pound sterling[1]	1.21	1.05 to 1.35	3,147	1,239	–	–	4,386
Foreign exchange contracts to hedge future revenue and expenditure from US dollars to euros[1]	1.00	0.86 to 1.24	2,458	939	305	–	3,702
Foreign exchange contracts to hedge future revenue and expenditure from euros to pound sterling[1]	1.21	1.07 to 1.42	479	375	357	124	1,335
Fuel commodity price contracts to hedge future US dollar fuel expenditure[2]	722	489 to 1,200	5,425	1,948	980	–	8,353
Interest rate contracts to hedge future interest expenditure[3, 4]	1.83	(0.06) to 3.90	2,127	912	493	2	

1 Expenditure includes both operating and capital expenditure.

2 Notional amounts of fuel commodity price hedging instruments at 31 December 2024 represent 10.0 million metric tonnes of jet fuel equivalent (31 December 2023: 10.0 million metric tonnes), and the hedge range is expressed as the US dollar price per metric tonne, which for those products typically priced in barrels, has been determined using a conversion factor of 7.88.

3 The hedge range for interest rate contracts is expressed as a percentage.

4 The notional amount of interest rate contracts at 31 December 2024 were €1,742 million (31 December 2023: €1,354 million). Amounts included reflect the notional amortising amounts outstanding at the end of each period and align with the profiles of the underlying hedged items.

Notes to the accounts *continued*

Movements recorded in the cash flow hedge reserve

For the year to 31 December 2024 € million	Amounts recognised in the Income statement Ineffectiveness[1]	Reclassified to the Income statement	Total recognised movements	Fair value movements recognised in Other comprehensive income[2]	Amounts transferred to the Balance sheet
Foreign exchange contracts to hedge future revenue and expenditure	**1**	**(102)**	**(101)**	**(185)**	**21**
Crude, gas oil and jet kerosene derivative contracts	**1**	**(26)**	**(25)**	**190**	**(7)**
Derivatives used to hedge interest rates	**–**	**17**	**17**	**(5)**	**–**
Loan repayments to hedge future revenue	**19**	**–**	**19**	**(72)**	**(10)**
Instruments for which hedge accounting no longer applies	**–**	**–**	**–**	**–**	**(87)**
	21	**(111)**	**(90)**	**(72)**	**(83)**
Related deferred tax			**21**	**19**	**20**
Total movements recorded in the cash flow hedge reserve			**(69)**	**(53)**	**(63)**

For the year to 31 December 2023 € million	Amounts recognised in the Income statement Ineffectiveness[1]	Reclassified to the Income statement	Total recognised movements	Fair value movements recognised in Other comprehensive income[2]	Amounts transferred to the Balance sheet
Foreign exchange contracts to hedge future revenue and expenditure	(1)	31	30	234	3
Crude, gas oil and jet kerosene derivative contracts	9	99	108	71	13
Derivatives used to hedge interest rates	–	48	48	(3)	–
Loan repayments to hedge future revenue	–	–	–	(47)	(18)
Instruments for which hedge accounting no longer applies	–	–	–	–	(92)
	8	178	186	255	(94)
Related deferred tax			(44)	(60)	10
Total movements recorded in the cash flow hedge reserve			142	195	(84)

1 Ineffectiveness recognised in the Income statement is presented as Realised and Unrealised gains and losses on derivatives not qualifying for hedge accounting within non-operating items.

2 Amounts recognised in Other comprehensive income represent gains and losses on the hedging instrument.

Fair value hedges

At 31 December 2024, the Group's principal risk management activities associated with fair value hedging were related to interest rate contracts hedging the fair value risk on fixed rate lease liabilities. Remeasurement gains and losses on both the derivatives and the host financial liability are recognised in Income statement within Other non-operating credits.

The carrying values of the hedged items and hedging instruments of the Group's fair value hedges at 31 December 2024 are as follows:

€ million	**2024**	2023
Carrying value of lease liabilities to which fair value hedging has been applied (hedged items)[1]	**(54)**	(65)
Carrying amount of the interest rate derivatives (hedging instruments)	**(2)**	(4)
Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item	**(3)**	(2)
Change in value used for calculating hedge ineffectiveness	**4**	3

1 Hedged items included in the fair value hedges are presented within Borrowings in the Balance sheet and in note 26.

31 Share capital, share premium and treasury shares

Allotted, called up and fully paid	Number of shares '000s	Ordinary share capital € million	Share premium € million
31 December 2023: Ordinary shares of €0.10 each	4,971,476	497	7,770
31 December 2024: Ordinary shares of €0.10 each	**4,971,476**	**497**	**7,770**

a Treasury shares

During the year to 31 December 2024, the Group acquired treasury shares for IAG's use, which will be applied to employee share scheme requirements. In total, the Group purchased 74.9 million shares at a weighted average share price of €2.82 per share totalling €211 million, which are held as treasury shares.

In addition, during the year to 31 December 2024, the Group commenced a €350 million share buyback programme, with an expected completion date of February 2025. At 31 December 2024, as part of the total of 74.9 million shares purchased, 47.9 million shares, amounting to €156 million, related to the share buyback programme. The treasury shares acquired under the €350 million share buyback programme will be cancelled after approval at the 2025 General Shareholders Meeting.

A total of 13.1 million (2023: 3.3 million) shares were issued to employees during the year as a result of vesting of employee share schemes.

At 31 December 2024 the Group held 117.6 million treasury shares (2023: 55.8 million), which represented 2.37% (2023: 1.12%) of the issued share capital of the Company.

32 Share-based payments

The Group operates share-based payment schemes as part of the total remuneration package provided to employees. These schemes comprise both share option schemes where employees acquire shares at an option price and share award plans whereby shares are issued to employees at no cost, subject to the achievement by the Group of specified performance targets.

a IAG Performance Share Plan

The IAG Performance Share Plan (PSP) was granted to senior executives and managers of the Group who are most directly involved in shaping and delivering business success over the medium to long term. Awards made from 2015 to 2020 were nil-cost options, with a two-year holding period following the three-year performance period, before options can be exercised. All awards had three independent performance measures with equal weighting: Total Shareholder Return (TSR) relative to the STOXX Europe 600 Travel and Leisure Index (2020 awards) or MSCI European Transportation Index (prior to 2020 awards), earnings per share and Return on Invested Capital.

b IAG Restricted Share Plan

The IAG Restricted Share Plan was introduced in 2021 to increase the alignment of both interests and outcomes between the Group's senior management and shareholders through the build-up and maintenance of senior management shareholdings and an increased focus on the long-term, sustainable performance of the Group. Awards have been made as conditional awards, with a two-year holding period following the three-year vesting period. There are no performance measures associated with the awards. Vesting will be contingent on the satisfaction of a discretionary underpin, normally assessed over three financial years commencing from the financial year in which the award was granted. Approval at the end of the vesting period will be at the discretion of the Remuneration Committee, considering the Group's overall performance, including financial and non-financial performance measures over the course of the vesting period, as well as any material risk or regulatory failures identified.

c IAG Full Potential Incentive Plan

In 2021, the Group launched the Full Potential Incentive Plan, which was granted to key individuals involved in the delivery of a series of transformation projects that will enable the Group to deliver business success over the medium to long term. The awards have been made as conditional awards, vesting in 2025 and dependent on stretch performance targets for 2024 and the approval of the Board.

d IAG Incentive Award Deferral Plan

The IAG Incentive Award Deferral Plan (IADP) is granted to qualifying employees based on performance and service tests. It will be awarded when an annual incentive award is triggered subject to the employee remaining in employment with the Group for three years after the grant date. The relevant population will receive a proportion of their incentive award up front in cash, and the remaining proportion in shares after three years through the IADP.

e Share-based payment schemes summary

Number of awards '000s	Outstanding at 1 January 2024	Granted number	Lapsed number	Vested number	**Outstanding at 31 December 2024**	Exercisable 31 December 2024
Performance Share Plan	9,132	–	204	4,737	**4,191**	4,191
Restricted Share Plan	59,213	27,237	2,881	13,063	**70,506**	–
Full Potential Incentive Plan	29,600	860	1,429	–	**29,031**	–
Incentive Award Deferral Plan[1]	1,007	465	–	560	**912**	–
	98,952	**28,562**	**4,514**	**18,360**	**104,640**	**4,191**

1 The figures for the Incentive Award Deferral Plan include a restatement at 1 January 2024 to increase the balance by 149 thousand awards.

The weighted average share price at the date of exercise of options exercised during the year to 31 December 2024 was £1.66 (2023: £1.52). The weighted average contractual life for awards outstanding at 31 December 2024 was 1.1 years (2023: 1.6 years).

The Group recognised a share-based payment charge of €72 million for the year to 31 December 2024 (2023: €52 million).

33 Other reserves and non-controlling interests

For the year to 31 December 2024

	Other reserves						
€ million	Unrealised gains and losses[1]	Cost of hedging reserve[2]	Currency translation[3]	Merger reserve[4]	Capital reserves[5]	**Total other reserves**	Non-controlling interest
1 January 2024	(178)	(118)	(100)	(2,467)	867	**(1,996)**	6
Other comprehensive (loss)/income for the year							
Cash flow hedges reclassified and reported in net profit:							
Fuel costs and emission charges	93	–	–	–	–	**93**	–
Currency differences	3	–	–	–	–	**3**	–
Finance costs	(11)	–	–	–	–	**(11)**	–
Ineffectiveness recognised in other non-operating costs	(16)	–	–	–	–	**(16)**	–
Net change in fair value of cash flow hedges	53	–	–	–	–	**53**	–
Net change in fair value of other equity investments	(19)	–	–	–	–	**(19)**	–
Net change in fair value of cost of hedging	–	24	–	–	–	**24**	–
Cost of hedging reclassified and reported in net profit	–	48	–	–	–	**48**	–
Fair value movements on liabilities attributable to credit risk changes	(44)	–	–	–	–	**(44)**	–
Currency translation differences	–	–	118	–	–	**118**	–
Hedges transferred and reported in property, plant and equipment	(6)	(5)	–	–	–	**(11)**	–
Hedges transferred and reported in sales in advance of carriage	59	1	–	–	–	**60**	–
Hedges transferred and reported in inventory	10	–	–	–	–	**10**	–
31 December 2024	(56)	(50)	18	(2,467)	867	**(1,688)**	6

€ million	Other reserves						Non-controlling interest
	Unrealised gains and losses[1]	Cost of hedging reserve[2]	Currency translation[3]	Merger reserve[4]	Redeemed capital reserve[5]	Total other reserves	
1 January 2023	67	(66)	(118)	(2,467)	867	(1,717)	6
Other comprehensive (loss)/income for the year							
Cash flow hedges reclassified and reported in net profit:							
Fuel costs and emission charges	(81)	–	–	–	–	(81)	–
Currency differences	(20)	–	–	–	–	(20)	–
Finance costs	(35)	–	–	–	–	(35)	–
Ineffectiveness recognised in other non-operating costs	(6)	–	–	–	–	(6)	–
Net change in fair value of cash flow hedges	(195)	–	–	–	–	(195)	–
Net change in fair value of other equity investments	127	–	–	–	–	127	–
Net change in fair value of cost of hedging	–	(120)	–	–	–	(120)	–
Cost of hedging reclassified and reported in net profit	–	82	–	–	–	82	–
Fair value movements on liabilities attributable to credit risk changes	(119)	–	–	–	–	(119)	–
Currency translation differences	–	–	18	–	–	18	–
Hedges transferred and reported in property, plant and equipment	9	(15)	–	–	–	(6)	–
Hedges transferred and reported in sales in advance of carriage	84	1	–	–	–	85	–
Hedges transferred and reported in inventory	(9)	–	–	–	–	(9)	–
31 December 2023	(178)	(118)	(100)	(2,467)	867	(1,996)	6

1 The unrealised gains and losses reserve records fair value changes on equity investments and the portion of the amounts on hedging instruments in cash flow hedges that are determined to be effective hedges. The amounts at 31 December 2024 that relate to the fair value changes on equity instruments and to the cash flow hedge reserve were €119 million credit and €69 million charge, respectively.

2 The cost of hedging reserve records, among others, changes on the time value of options.

3 The currency translation reserve records exchange differences arising from the translation of the financial statements of non-euro functional currency subsidiaries and investments accounted for under the equity method into the Group's reporting currency of euros. The movement through this reserve is affected by the fluctuations in the pound sterling to euro foreign exchange translation rate.

4 The merger reserve originated from the merger transaction between British Airways and Iberia. The balance represents the difference between the fair value of the Group on the transaction date and the fair value of Iberia and the book value of British Airways (including its reserves).

5 Capital reserves include a Redeemed capital reserve of €70 million (2023: €70 million) associated with the decrease in share capital relating to cancelled shares and a Share capital reduction reserve of €797 million (2023: €797 million) associated with a historical reduction in the nominal value of the Company's share capital.

34 Employee benefit obligations

Significant accounting estimate applied - Employee benefit obligations: Airways Pension Scheme (APS) and New Airways Pension Scheme (NAPS) key actuarial assumptions

At 31 December 2024, the Group recognised €19,796 million in respect of employee benefit obligations (2023: €21,239 million), of which €19,275 million related to the APS and NAPS obligations (2023: €20,692 million).

The calculation of the APS and NAPS employee benefit obligations is determined using the valuation requirements of IAS 19. These valuations involve making assumptions about discount rates, mortality rates and future pension increases. Due to the long-term nature of these schemes, such assumptions are subject to significant uncertainty. The Group determines the assumptions to be adopted in discussion with qualified actuaries. Any difference between these assumptions and the actual outcome will impact future net assets and total comprehensive income. The impact of sensitising these assumptions is given below.

The Group operates a variety of post-employment benefit arrangements, covering both defined contribution and defined benefit schemes. The Group also has a scheme for flight crew who meet certain conditions and, therefore, have the option of being placed on reserve and retaining their employment relationship until reaching the statutory retirement age, or taking early retirement (see note 27).

Defined contribution schemes

The Group operates a number of defined contribution schemes for its employees.

Costs recognised in respect of defined contribution pension plans in Spain, the UK and Ireland for the year to 31 December 2024 were €292 million (2023: €279 million).

Defined benefit schemes

The principal funded defined benefit pension schemes within the Group are the APS and the NAPS, both of which are in the UK and are closed to new members.

APS has been closed to new members since 1984, but remains open to future accrual for a small group of active members. The benefits provided under APS are based on final average pensionable pay and, for the majority of members, are subject to inflationary increases in payment.

NAPS has been closed to new members since 2003 and closed to future accrual since 2018. Following closure, members' deferred pensions are increased annually by inflation up to 5% per annum (measured using the Government's annual Pension Increase (Review) Orders, which since 2011 have been based on CPI).

APS and NAPS are governed by separate Trustee Boards. Although APS and NAPS have separate Trustee Boards, certain aspects of the business of the two schemes are common. APS and NAPS have developed certain joint working groups that are attended by the Trustee Board members of each scheme although each Trustee Board reaches its decisions independently. There are sub-committees which are separately responsible for the governance, operation and investments of each scheme. British Airways Pension Trustees Limited holds the assets of both schemes on behalf of their respective Trustees. The Trustees are responsible for administering the pension benefits in line with the pension scheme rules and relevant pensions legislation including applicable case law.

Triennially, the Trustees of APS and NAPS undertake actuarial valuations, which are subsequently agreed with British Airways to determine the cash contributions and any deficit payment plans through to the next valuation date, as well as ensuring that the schemes have sufficient funds available to meet future benefit payments to members. These actuarial valuations are prepared using the principles set out in UK Pension legislation. This differs from the IAS 19 'Employee benefits' valuation, which is used for deriving the Income statement and Balance sheet positions and uses a best-estimate approach overall. The different purpose and principles lead to different assumptions being used, and, therefore, a different estimate for the liabilities and funding levels.

At 31 December 2024, the triennial valuations as at 31 March 2024 for both APS and NAPS had not been finalised and, accordingly, the latest actuarial valuations were performed as at 31 March 2021, which resulted in a technical surplus of €343 million (£295 million) for APS and a technical deficit of €1,887 million (£1,650 million) for NAPS. The actuarial valuations performed for APS and NAPS are different to the valuation performed as at 31 December 2024 under IAS 19 mainly due to timing differences of the measurement dates and to the specific scheme assumptions in the actuarial valuation performed as at 31 March 2021 compared with IAS 19 requirements used in the accounting valuation assumptions as at the balance sheet date. The actuarial valuation of neither APS nor NAPS is updated outside of the triennial valuations, making comparability between the scheme liabilities applying the principles set out in the UK Pension legislation and the requirements of IAS 19 not possible. The principal difference relates to the discount rate applied, which under the triennial actuarial valuation, aligns with a prudent estimate of the future investment returns on the assets of the respective schemes, whereas, under IAS 19, the rates are based on high-quality corporate bond yields, regardless of how the assets are invested.

The triennial valuation as at 31 March 2021 for NAPS supersedes the previous agreements reached in 2020 and 2021 between British Airways and the Trustee of NAPS relating to the deferral of deficit contributions. The deferred deficit contributions have been incorporated into the deficit payment plan agreed as part of the triennial valuation as at 31 March 2021.

As part of the triennial valuation as at 31 March 2021 for NAPS, British Airways agreed to provide certain property assets as security, which will remain in place until 30 September 2028 unless otherwise modified in the 31 March 2024 triennial valuation.

Other plans

British Airways also operates post-retirement schemes in a number of jurisdictions outside of the UK. The principal scheme is the British Airways Plc Pension Plan (USA) based in the United States and referred to as the 'US Plan'. The US Plan is considered to be a defined benefit scheme and is closed to new members and to future accrual.

The majority of British Airways' other plans are fully funded, but there are also a number of unfunded plans, for which the Group meets the benefit payment obligations as they fall due.

In addition, the IAG Loyalty and Aer Lingus operating segments operate certain defined benefit plans, both funded and unfunded.

Risk associated with the defined benefit schemes

The defined benefit schemes expose the Group to a range of risks, with the following being the most significant:

- asset volatility risk – the scheme obligations are calculated using a discount rate set with reference to high-quality corporate bond yields. If scheme assets underperform this yield, this will reduce the surplus/increase the deficit, depending on the scheme. Certain of the schemes hold a significant amount of equities, which are expected to outperform corporate bonds in the long term while creating volatility and risk in the short term;
- longevity risk – the majority of the scheme obligations are to provide benefits over the life of the scheme members. An increase in life expectancy will result in a corresponding increase in the defined benefit obligation;
- interest rate risk – a decrease in interest rates will increase plan liabilities, although this will be partially offset by an increase in the value of certain of the scheme assets;
- inflation risk – a significant proportion of the scheme obligations are linked to inflation, such that any increase in inflation will cause an increase in the obligations. While certain of the scheme assets are indexed to inflation, any expected increase in the scheme assets from inflation would be disproportionately lower than the increase in the scheme obligations; and
- currency risk – a number of scheme assets are denominated in currencies other than the pound sterling. Weakening of those currencies, or strengthening of the pound sterling, in the long term, will have the effect of reducing the value of scheme assets.

a Cash payments and funding arrangements

Cash payments in respect to pension obligations comprise normal employer contributions by the Group and deficit contributions based on the agreed deficit payment plan with NAPS. Total payments for the year to 31 December 2024, net of service costs made by the Group, were €37 million (2023: €48 million) being the employer contributions of €38 million (2023: €49 million) less the current service cost of €1 million (2023: €1 million) (note 34b,c).

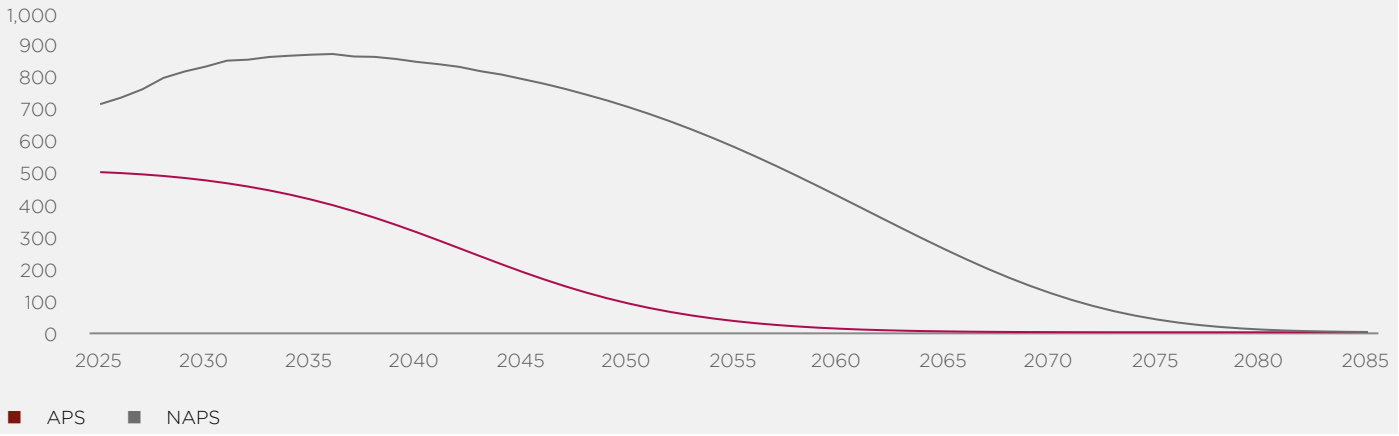
Future funding arrangements

Pension contributions for APS and NAPS were determined by actuarial valuations made at 31 March 2021, using assumptions and methodologies agreed between the Group and Trustee of each scheme.

In total, the Group expects to pay €1 million in employer contributions to APS and NAPS in 2025.

The following graph provides the undiscounted benefit payments to be made by the Trustees of APS and NAPS over the remaining expected duration of the schemes:

Projected benefit payments from the balance sheet date (€ million, unaudited)



The amounts and timing of these projected benefit payments are subject to the aforementioned risks to the schemes.

Deficit contributions

At the date of the actuarial valuation, the actuarial deficit of NAPS amounted to €1,887 million. In order to address the deficit in the scheme, the Group committed to deficit contribution payments through to 30 June 2023, amounting to approximately €58 million per year, increasing by €58 million each year up to 30 June 2026 and subsequently capped at €257 million per year through to 31 May 2032. The deficit contribution plan includes an over-funding protection mechanism, based on the triennial valuation methodology for measuring the deficit, whereby deficit contributions are suspended if the funding position reaches 100%, with a mechanism for contributions to resume if the contribution level subsequently falls below 100%, or until such point as the scheme funding level reaches 100%.

During the year ended and as at 31 December 2024, the NAPS funding position exceeded 100% and, accordingly, deficit contributions were suspended. At 31 December 2024, the valuation of the funding level incorporates significant forward-looking assumptions, such that the Group currently does not expect to make further deficit contributions. Given the long-term nature of the NAPS scheme, these assumptions are subject to uncertainty and there can be no guarantee that deficit contributions will not resume in the future or that additional deficit contributions will not need to be incorporated into future triennial actuarial valuations.

Notes to the accounts *continued*

At 31 December 2024, the Group is committed to the following undiscounted deficit payments, which are deductible for tax purposes at the statutory rate of tax:

€ million	NAPS[1]	Other schemes
Within 12 months	–	38
1-2 years	–	33
2-5 years	–	31
Greater than 5 years	–	–
Total expected deficit payments	–	102

1 Committed deficit contributions, agreed as part of the 31 March 2021 actuarial valuation, were suspended at 31 December 2024 as an effect of the over-funding protection mechanism.

Deficit payments in respect of local arrangements outside of the UK have been determined in accordance with local practice.

Under the triennial valuation of NAPS as at 31 March 2021, in the year to 31 December 2023, no dividend payment was permitted from British Airways to IAG. In the year to 31 December 2024, any dividends paid by British Airways were required to be matched by contributions to NAPS of 50% of the value of the dividends paid. In the period from 1 January to 30 September 2025, any dividend payment from British Airways to IAG that exceeds 50% of the pre-exceptional profit after tax will require additional payments to be made to NAPS if the scheme is not at least 100% funded. All dividend restrictions cease from 1 October 2025 onwards. British Airways must maintain a minimum cash level of €1,933 million (£1,600 million) as at the date of the declaration of any dividends as well as immediately following the payment of any dividends to IAG and the associated matching contributions to NAPS. The amount of any deficit contributions and dividend matching contributions in a single financial year is limited to €362 million (£300 million).

b Employee benefit scheme amounts recognised in the financial statements

i Amounts recognised on the Balance sheet

	2024			
€ million	**APS**	**NAPS**	**Other**	**Total**
Scheme assets at fair value[1,2]	5,819	15,713	417	**21,949**
Present value of scheme liabilities[1]	(5,819)	(13,456)	(521)	**(19,796)**
Net pension asset/(liability)	–	2,257	(104)	**2,153**
Effect of the asset ceiling[3]	–	(564)	(2)	**(566)**
Other employee benefit obligations	–	–	(11)	**(11)**
31 December 2024	–	1,693	(117)	**1,576**
Represented by:				
Employee benefit asset				**1,711**
Employee benefit obligation				**(135)**
Net employee benefit asset[4]				**1,576**

	2023			
€ million	APS	NAPS	Other	Total
Scheme assets at fair value[1]	6,070	16,724	393	23,187
Present value of scheme liabilities[1]	(6,048)	(14,644)	(547)	(21,239)
Net pension asset/(liability)	22	2,080	(154)	1,948
Effect of the asset ceiling[3]	(7)	(728)	–	(735)
Other employee benefit obligations	–	–	(8)	(8)
31 December 2023	15	1,352	(162)	1,205
Represented by:				
Employee benefit asset				1,380
Employee benefit obligation				(175)
Net employee benefit asset[4]				1,205

1 Includes Additional Voluntary Contributions (AVCs), which the Trustees hold as assets to secure additional benefits on a defined contribution basis for those members who elect to make such AVCs. At 31 December 2024, such assets were €317 million (2023: €322 million) with a corresponding amount recorded in the scheme liabilities.

2 Included within the fair value of scheme assets are €2,395 million of private equities and alternatives at 31 December 2024, where the fair value has been determined based on the most recent third-party valuations. The dates of these valuations typically precede the balance sheet date and have been adjusted for any cash movements between the date of the valuation and the balance sheet date. Typically, the valuation approach and inputs for these investments are not through to the balance sheet date unless there are indications of significant market movements.

3 Both APS and NAPS are in an IAS 19 accounting surplus, which would be available to the Group as a refund upon wind up of the scheme. This refund is restricted due to withholding taxes that would be payable by the Trustee arising on both the net pension asset and the future contractual minimum funding requirements.

4 The net deferred tax asset recognised on the net employee benefit asset (2023: asset) was €34 million at 31 December 2024 (2023: €48 million). The defined benefit obligation includes €20 million (2023: €20 million) arising from unfunded plans.

ii Amounts recognised in the Income statement

Pension costs charged to operating result are:

€ million	2024	2023
Defined benefit plans:		
Current service cost	**1**	1
Administrative expenses	**19**	17
	20	18
Defined contribution plans	**292**	279
Pension costs recorded as employee costs	**312**	297

€ million	2024	2023
Interest income on scheme assets	**(1,041)**	(1,117)
Interest expense on scheme liabilities	**951**	955
Interest expense on asset ceiling	**27**	59
Net financing credit relating to pensions	**(63)**	(103)

iii Amounts recognised in the Statement of other comprehensive income

€ million	2024	2023
Return on plan assets excluding interest income	**2,024**	857
Remeasurement of plan liabilities from changes in financial assumptions	**(1,592)**	314
Remeasurement of plan liabilities from changes in demographic assumptions	**(235)**	55
Remeasurement of experience losses	**(208)**	430
Remeasurement of the APS and NAPS asset ceilings	**(220)**	(583)
Pension remeasurements (charged)/credited to Other comprehensive income	**(231)**	1,073
Tax arising on pension remeasurements	**25**	3
Pension remeasurements charged to Other comprehensive income, net of tax	**(206)**	1,076

c Fair value of scheme assets

i Investment strategies

For both APS and NAPS, the Trustee has ultimate responsibility for decision-making on investments matters, including the asset-liability matching strategy. The latter is a form of investing designed to match the movement in pension plan assets with the movement in the projected benefit obligation over time. The Trustees' investment committee adopts an annual business plan which sets out investment objectives and work required to support achievement of these objectives. The committee also deals with the monitoring of performance and activities, including work on developing the strategic benchmark to improve the risk return profile of the scheme where possible, as well as having a trigger-based dynamic governance process to be able to take advantage of opportunities as they arise. The investment committee reviews the existing investment restrictions, performance benchmarks and targets, as well as continuing to develop the de-risking and liability hedging portfolio.

Both schemes use derivative instruments for investment purposes and to manage exposures to financial risks, such as interest rate, foreign exchange, longevity and liquidity risks arising in the normal course of business. Exposure to interest rate risk is managed through the use of Inflation-Linked Swap contracts. Foreign exchange forward contracts are entered into to mitigate the risk of currency fluctuations. Longevity risk is managed through the use of buy-in insurance contracts, asset swaps and longevity swaps.

Along with existing contracts with Rothesay Life (as detailed in note 34c(iii)) and following the completion of a further longevity swap in 2024, APS is 100% protected against all longevity risk and fully protected in relation to all pensions that were already being paid as at 31 March 2018. APS is nearly 90% protected against interest rates and inflation (on a Retail Price Index (RPI) basis). NAPS is 95% protected against interest rates and inflation (on a Consumer Price Index (CPI) basis).

The assets held by APS and NAPS are split between 'return seeking assets' and 'liability matching assets' depending on the maturity of each scheme. At 31 December 2024, the actual asset allocation for NAPS was 20% (2023: 19%) in return seeking assets and 80% (2023: 81%) in liability matching investments. For NAPS, the Trustee agreed an updated investment framework with British Airways as part of the Scheme's 31 March 2021 actuarial valuation agreement. The Trustee aims towards an overall asset allocation with an agreed modest expected return relative to liabilities and sufficient liquidity to manage investment risk appropriately on an ongoing basis. The actual asset allocation for APS at 31 December 2024 was 1% (2023: 1%) in return seeking assets and 99% (2023: 99%) in liability matching investments. NAPS uses Liability Driven Investments (LDIs) to effectively hedge volatility in the scheme liabilities. This is achieved through direct bond holdings as opposed to the use of derivatives and, as such, leverage is low. Accordingly, as at 31 December 2024, NAPS has not been required to raise additional cash or liquidate existing assets in order to fund derivative positions.

Notes to the accounts *continued*

ii Movement in scheme assets

A reconciliation of the opening and closing balances of the fair value of scheme assets is set out below:

€ million	2024	2023
1 January	**23,187**	23,668
Interest income	**1,041**	1,114
Administrative expenses	**(18)**	(14)
Return on plan assets excluding interest income	**(2,024)**	(857)
Employer contributions[1]	**38**	49
Employee contributions	**–**	8
Benefits paid	**(1,223)**	(1,065)
Exchange movements	**948**	284
31 December	**21,949**	23,187

1 Includes employer contributions to APS of €1 million (2023: €1 million) and to NAPS of €nil (2023: €nil) of which deficit-funding payments represented €nil for APS (2023: €nil) and €nil for NAPS (2023: €nil).

iii Composition of scheme assets

Scheme assets held by the Group at 31 December comprise:

	2024				
€ million	APS	NAPS	Other	Total	2023
Return seeking investments					
Listed equities – UK	**8**	**120**	**–**	**128**	123
Listed equities – rest of world	**1**	**912**	**160**	**1,073**	602
Private equities	**27**	**625**	**15**	**667**	721
Properties	**–**	**1,307**	**12**	**1,319**	1,591
Alternative investments	**27**	**1,702**	**–**	**1,729**	1,732
	63	**4,666**	**187**	**4,916**	4,769
Liability matching investments					
Government issued fixed bonds	**1,168**	**4,458**	**156**	**5,782**	6,120
Government issued index-linked bonds	**646**	**8,741**	**13**	**9,400**	10,320
Asset and longevity swaps	**872**	**–**	**–**	**872**	899
Insurance contract	**3,224**	**–**	**37**	**3,261**	3,391
	5,910	**13,199**	**206**	**19,315**	20,730
Other					
Cash and cash equivalents	**79**	**671**	**10**	**760**	697
Derivative financial instruments	**(233)**	**(2,852)**	**10**	**(3,075)**	(3,015)
Other investments	**–**	**29**	**4**	**33**	6
	(154)	**(2,152)**	**24**	**(2,282)**	(2,312)
Total scheme assets	**5,819**	**15,713**	**417**	**21,949**	23,187

The fair values of the Group's scheme assets, which are not derived from quoted prices on active markets, are determined depending on the nature of the inputs used in determining the fair values (see note 30b for further details) and using the following methods and assumptions:

- private equities are valued at fair value based on the most recent transaction price or third-party net asset, revenue or earnings-based valuations that generally result in the use of significant unobservable inputs. The dates of these valuations typically precede the balance sheet date and have been adjusted for any cash movements between the date of the valuation and the balance sheet date. Typically, the valuation approach and inputs for these investments are not updated through to the balance sheet date unless there are indications of significant market movements.
- properties are valued based on an analysis of recent market transactions supported by market knowledge derived from third-party professional valuers that generally result in the use of significant unobservable inputs.
- alternative investments fair values, which predominantly include holdings in investment and infrastructure funds, are determined based on the most recent available valuations applying the Net Asset Value methodology and issued by fund administrators or investment managers and adjusted for any cash movements having occurred from the date of the valuation to the balance sheet date. The dates of these valuations typically precede the balance sheet date and have been adjusted for any cash movements between the date of the valuation and the balance sheet date. Typically, the valuation approach and inputs for these investments are not updated through to the balance sheet date unless there are indications of significant market movements.
- other investments predominantly includes: interest receivable on bonds; dividends from listed and private equities that have been declared but not received at the balance sheet date; receivables from the sale of assets for which the proceeds have not been collected at the balance sheet date; and payables for the purchase of assets which have not been settled at the balance sheet date.
- derivative financial instruments are entered into predominantly to mitigate interest rate and inflation rate risks. These derivative financial instruments are stated at their fair value using pricing models and relevant market data as at the balance sheet date.

- asset and longevity swaps - APS has a contract with Rothesay Life, entered into in 2010 and extended in 2013, which covers 25% (2023: 25%) of the pensioner liabilities for an agreed list of members. Under the contract, to reduce the risk of long-term longevity risk, Rothesay Life makes benefit payments monthly in respect of the agreed list of members in return for the contractual return receivable on a portfolio of assets (made up of quoted government debt) held by the scheme and the contractual payments made by APS to Rothesay Life on the longevity swaps. The Group holds the portfolio of assets at their fair value, with the government debt held at their quoted market price and the swaps accounted for at their estimated discounted future cash flows.

  During 2011, APS entered into a longevity swap with Rothesay Life, which covers an additional 21% (2023: 21%) of the pensioner liabilities for the same agreed list of members as the 2010 contract. Under the longevity swap, to reduce the risk of long-term longevity risk, APS makes a fixed payment to Rothesay Life each month reflecting the prevailing mortality assumptions at the inception of the contract, and Rothesay Life makes a monthly payment to APS reflecting the actual monthly benefit payments to members. The cash flows are settled net each month. If pensioners live longer than expected at inception of the longevity swap, Rothesay Life will make payments to the scheme to offset the additional cost of paying pensioners and if pensioners do not live as long as expected, then the scheme will make payments to Rothesay Life. The Group holds the longevity swap at fair value, determined at the estimated discounted future cash flows.
- insurance contract – during 2018, the Trustee of APS secured a buy-in contract with Legal & General. The buy-in contract covers all members in receipt of pensions from APS at 31 March 2018, excluding dependent children, receiving a pension at that date and members in receipt of equivalent pension only benefits, who were alive on 1 October 2018. Benefits coming into payment for retirements after 31 March 2018 are not covered. The contract covers benefits payable from 1 October 2018 onwards. The policy covers approximately 60% of all benefits APS expects to pay out in future.

iv Effect of the asset ceiling

In measuring the valuation of the net defined benefit asset for each scheme, the Group limits such measurement to the lower of the surplus in each scheme and the respective asset ceiling. The asset ceiling represents the present value of the economic benefits available in the form of a refund or a reduction in future contributions after they are paid into the plan. The Group has determined that the recoverability of such surpluses, including minimum funding requirements, will be subject to withholding taxes in the UK, payable by the Trustee.

On 22 November 2023, the UK Government announced that it intended to reduce the withholding tax payable upon winding up of pension schemes from 35% to 25%. This change was substantively enacted on 11 March 2024, and hence, was not reflected in the 2023 figures.

The future committed NAPS deficit contributions, as detailed in note 34a, are treated as minimum funding requirements under IAS 19 and are not recognised as part of the scheme assets or liabilities. The Group has determined that upon the wind up of the scheme, that if the scheme is in surplus, including the incorporation of the minimum funding requirements, then the surplus will be available as a refund or a reduction in future contributions after they are paid into the scheme. The recovery of such amounts is subject to UK withholding tax payable by the Trustee. In measuring the recoverability of the surplus for each scheme, the Group limits such measurement to the lower of the surplus in each scheme and the respective asset ceiling. The asset ceiling represents the present value of the economic benefits available upon wind up of the scheme, less the application of withholding taxes in the UK, payable by the Trustee, at 25%.

A reconciliation of the effect of the asset ceiling used in calculating the IAS 19 irrecoverable surplus in APS and NAPS is set out below:

€ million	2024	2023
1 January	**735**	1,248
Interest expense	**27**	59
Remeasurements[1]	**(220)**	(583)
Exchange movements	**24**	11
31 December	**566**	735

1 Included within remeasurements of the asset ceiling is an amount of €215 million (£184 million) that arose as a result of the reduction in the UK rate of withholding tax of 35% to 25%, resulting in an increase in the net employee benefit asset.

d Present value of scheme liabilities

i Movement in scheme liabilities

A reconciliation of the opening and closing balances of the present value of the defined benefit obligations is set out below:

€ million	2024	2023
1 January	**21,239**	20,292
Current service cost	**1**	1
Interest expense	**950**	952
Remeasurements – financial assumptions[1]	**(1,592)**	314
Remeasurements – demographic assumptions	**(235)**	55
Remeasurements of experience losses	**(208)**	430
Benefits paid	**(1,223)**	(1,065)
Employee contributions	**–**	8
Exchange movements	**864**	252
31 December	**19,796**	21,239

1 Included in the remeasurements from financial assumptions is an amount of €1,959 million (2023: increase of €670 million) that reduces the scheme liabilities relating to changes in the discount rates and €367 million (2023: reduction of €356 million) that increases the scheme liabilities relating to changes in inflation rates.

Notes to the accounts *continued*

ii Scheme liability assumptions

The principal assumptions used for the purposes of the IAS 19 valuations were as follows:

	2024			2023		
% per annum	**APS**	**NAPS**	**Other schemes**	APS	NAPS	Other schemes
Discount rate[1]	**5.30**	**5.45**	**1.5 - 6.7**	4.50	4.55	1.0 - 7.1
Rate of increase in pensionable pay[2]	**3.30**	**–**	**2.0 - 5.0**	3.20	–	2.0 - 5.0
Rate of increase of pensions in payment[3]	**3.30**	**2.80**	**1.0 - 3.4**	3.20	2.65	0.7 - 3.4
RPI rate of inflation	**3.30**	**3.10**	**2.0 - 2.5**	3.20	3.00	2.2 - 2.9
CPI rate of inflation	**2.85**	**2.80**	**2.0 - 2.5**	2.65	2.65	2.0 - 2.5

1 Discount rate is determined by reference to the yield on high quality corporate bonds of currency and term consistent with the scheme liabilities.

2 Rate of increase in pensionable pay, which reflects inflationary increases, is assumed to be in line with increases in RPI.

3 It has been assumed that the rate of increase of pensions in payment, which reflects inflationary increases, will be in line with CPI for NAPS and RPI for APS as at 31 December 2024.

The current longevities underlying the values of the scheme liabilities were as follows:

Mortality assumptions	**2024**	2023
Life expectancy at age 60 for a:		
• male currently aged 60	**27.6**	27.5
• male currently aged 40	**29.0**	28.8
• female currently aged 60	**29.2**	29.0
• female currently aged 40	**31.3**	31.2

For APS, the base mortality tables are based on the Agreed Valuation Basis (AVB) as agreed between British Airways and the trustees of APS. For NAPS, the base mortality tables are based on analysis undertaken for the purpose of the triennial valuation dated 31 March 2021. Future mortality improvements reflect the most recent model published by the UK actuarial profession's Continuous Mortality Investigation (CMI), being its 2023 model. These standard mortality tables, for both APS and NAPS, incorporate adjustments specific to the demographics of scheme members, including a long-term improvement parameter of 1.00% per annum (2023: 1.00%).

For schemes in the United States, mortality rates were based on the Agreed Valuation Basis (AVB) mortality tables incorporating adjustments for the long-term impact COVID-19 is expected to have on mortality.

At 31 December 2024, the weighted average duration of the defined benefit obligation was 9 years for APS (2023: 9 years) and 13 years for NAPS (2023: 14 years). The weighted average duration of the defined benefit obligations was 1 to 16 years for other schemes (2023: 2 to 16 years). The weighted average duration represents a single figure for the average number of years over which the employee benefit liability discounted cash flows is extinguished and is highly dependent on movements in the aforementioned discount rates.

iii Sensitivity analysis

Reasonable possible changes at the balance sheet date to significant valuation assumptions, holding other assumptions constant, would have affected the present value of scheme liabilities by the amounts shown:

	2024 Increase in scheme liabilities			2023 Increase in scheme liabilities		
€ million	**APS**	**NAPS**	**Other schemes**	APS	NAPS	Other schemes
Discount rate (decrease of 50 basis points)[1]	**242**	**858**	**25**	278	1,020	29
Future pension growth (increase of 50 basis points)[1]	**217**	**822**	**2**	243	973	5
Future mortality rate (one year increase in life expectancy)	**290**	**338**	**21**	301	394	22

1 Sensitivities smaller than those disclosed can be approximately interpolated from those sensitivities above.

Although the analysis does not take into account the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

35 Supplemental cash flow information

a Reconciliation of movements of liabilities to cash flows arising from financing activities

€ million	Bank, other loans and asset financed liabilities	Convertible bond	Lease liabilities	Derivatives to mitigate volatility in financial liabilities	Total
Balance at 1 January 2024	6,380	735	8,967	180	16,262
Proceeds from borrowings	1,474	–	–	–	1,474
Repayment of borrowings	(410)	–	–	–	(410)
Repayment of lease liabilities	–	–	(1,737)	–	(1,737)
Settlement of derivative financial instruments	–	–	–	(151)	(151)
Total changes from financing cash flows	**1,064**	**–**	**(1,737)**	**(151)**	**(824)**
Interest paid	(233)	(9)	(472)	23	(691)
Interest expense	255	9	485	–	749
New leases and lease modifications	–	–	988	–	988
Fair value movements	–	281	–	(380)	(99)
Other non-cash movements	–	–	(7)	–	(7)
Exchange movements	217	–	422	2	641
Balance at 31 December 2024	**7,683**	**1,016**	**8,646**	**(326)**	**17,019**

€ million	Bank, other loans and asset financed liabilities	Convertible bond	Lease liabilities	Derivatives to mitigate volatility in financial liabilities	Total
Balance at 1 January 2023	9,760	605	9,619	(71)	19,913
Proceeds from borrowings	1,001	–	–	–	1,001
Repayment of borrowings	(4,268)	–	–	–	(4,268)
Repayment of lease liabilities	–	–	(1,731)	–	(1,731)
Settlement of derivative financial instruments	–	–	–	(119)	(119)
Total changes from financing cash flows	(3,267)	–	(1,731)	(119)	(5,117)
Interest paid	(488)	(9)	(472)	44	(925)
Interest expense	476	9	508	–	993
New leases and lease modifications	–	–	1,315	–	1,315
Fair value movements	–	130	–	322	452
Other non-cash movements	1	–	(13)	(2)	(14)
Exchange movements	(102)	–	(259)	6	(355)
Balance at 31 December 2023	**6,380**	**735**	**8,967**	**180**	**16,262**

b Reconciliation of movement in provisions included within Net cash flows from operating activities

€ million	2024	2023
Opening provisions	**3,740**	3,548
Non-cash additions recorded in operating profit	**1,121**	862
Non-cash releases of unused provisions recorded in operating profit	**(142)**	(133)
Other non-cash amounts recorded within operating profit	**18**	4
Cash settlements relating to operating provisions	**(411)**	(496)
Less non-cash carbon-related obligations reported in operating profit (note 35c)	**(304)**	(212)
Movements in provisions recorded within net cash flows from operating activities	**282**	25
Movements in provisions recorded within Other comprehensive income	**93**	24
Movements elsewhere within the Balance sheet	**41**	(6)
Unrealised currency differences arising on provisions recorded within operating profit	**147**	(68)
Non-cash extinguishment of Carbon-related obligations	**(236)**	(98)
Add non-cash carbon-related obligations reported in operating profit (note 35c)	**304**	212
Movements in provisions recorded in the Income statement outside of operating profit	**130**	103
Closing provisions (note 27)	**4,501**	3,740

1 For the year to 31 December 2024, the Group has elected to disaggregate the impact of Carbon-related obligations from the Movement in provisions included within Net cash flows from operating activities within the Cash flow statement. The figures for the comparative year to 31 December 2023 have been updated accordingly.

Notes to the accounts *continued*

c Reconciliation of movement in carbon assets and obligations included within Net cash flows from operating activities

€ million	2024	2023
Non-cash carbon-related obligations recorded in operating profit	**304**	212
Purchase of carbon-related assets	**(242)**	(262)
Movements in carbon-related assets and obligations recorded within net cash flows from operating activities	**62**	(50)

d Other items included within Net cash flows from operating activities

€ million	2024	2023
Non-cash equity settled share-based payments	**61**	50
Ineffectiveness arising on hedge accounting	**–**	6
Non-cash movements on derivative and non-derivative financial instruments	**30**	16
Settlement of interest rate derivatives	**22**	44
Other	**(6)**	(5)
	107	111

e Details of Acquisition of property, plant and equipment and intangible assets within Net cash flows from investing activities

€ million	2024	2023
Purchase of property, plant and equipment – fleet	**2,035**	2,715
Purchase of property, plant and equipment – other	**296**	193
Purchase of intangible assets	**485**	374
	2,816	3,282

1 During the year to 31 December 2024, the Group has presented Carbon-related assets separately from Intangible assets and now includes these amounts within Carbon-related and other assets (note 20) with the associated cash flows now presented within Net cash flows from operating activities (see note 35c). The 2023 details have been updated accordingly. Refer to notes 2 and 37 for further information.

36 Related party transactions

The following transactions took place with related parties for the financial years to 31 December:

€ million	2024	2023
Sales of goods and services		
Sales to associates[1]	**6**	5
Sales to significant shareholders[2]	**246**	261
Purchases of goods and services		
Purchases from associates[3]	**76**	72
Purchases from significant shareholders[2]	**181**	131
Receivables from related parties		
Amounts owed by associates[4]	**20**	18
Amounts owed by significant shareholders[5]	**91**	136
Payables to related parties		
Amounts owed to associates[6]	**10**	6
Amounts owed to significant shareholders[5]	**15**	12

1 Sales to associates: Consisted primarily of sales for airline-related services to Dunwoody Airline Services (Holding) Limited ('Dunwoody') of €5 million (2023: €4 million) and €1 million (2023: €1 million) to Serpista, S.A., Multiservicios Aeroportuarios, S.A., Empresa Hispano Cubana de Mantenimiento de Aeronaves, Ibeca, S.A. and Sociedad Conjunta para la Emisión y Gestión de Medios de Pago, EFC, S.A.

2 Sales to and purchases from significant shareholders principally relates to interline services, the purchase of cargo capacity, the provision of maintenance services and the income from licensing of the Avios brand with Qatar Airways (Q.C.S.C.).

3 Purchases from associates: Consisted primarily of €50 million of airport auxiliary services purchased from Multiservicios Aeroportuarios, S.A. (2023: €41 million), €15 million of maintenance services received from Serpista, S.A. (2023: €17 million) and €11 million of handling services provided by Dunwoody (2023: €13 million).

4 Amounts owed by associates: Consisted primarily of €19 million from a long-term loan provided to LanzaJet, Inc. (2023: €17 million) and €1 million of services provided to Multiservicios Aeroportuarios, S.A., Serpista, S.A., Dunwoody, Empresa Hispano Cubana de Mantenimiento de Aeronaves, Ibeca, S.A., Empresa Logística de Carga Aérea, S.A., Sociedad Conjunta para la Emisión y Gestión de Medios de Pago, EFC, S.A., Viajes AME, S.A.U. and Mundiplan Turismo y Ocio, S.L. (2023: €1 million).

5 Amounts owed by and to significant shareholders related to Qatar Airways (Q.C.S.C.).

6 Amounts owed to associates: Consisted primarily of €7 million of auxiliary airport services to Multiservicios Aeroportuarios, S.A. and Dunwoody (2023: €3 million) and €3 million of maintenance of airport equipment to Serpista, S.A. (2023: €2 million).

During the year to 31 December 2024 British Airways met certain costs of administering its retirement benefit plans, including the provision of support services to the Trustees. Costs borne on behalf of the retirement benefit plans amounted to €nil (2023: €1 million) in relation to the costs of the Pension Protection Fund levy.

The Group has transactions with related parties that are conducted in the normal course of the airline and loyalty operating companies, which include the provision of airline and related services and loyalty services. All such transactions are carried out on an arm's length basis.

For the year to 31 December 2024, the Group has not made any provision for expected credit loss arising relating to amounts owed by related parties (2023: €nil).

Significant shareholders

In this instance, significant shareholders are those parties who have the power to participate in the financial and operating policy decisions of the Group, as a result of their shareholdings in the Group, but who do not have control over these policies. At 31 December 2024, the only significant shareholder of the Group was Qatar Airways (Q.C.S.C.).

At 31 December 2024 the Group had no cash deposit balances with shareholders, who were not significant shareholders, holding a participation of more than 3% (2023: none).

Board of Directors and Management Committee remuneration

Compensation received by the Group's Board of Directors and Management Committee, in 2024 and 2023 is as follows:

	Year to 31 December	
€ million	**2024**	2023
Base salary, fees and benefits		
Board of Directors		
Short-term benefits	**5**	4
Share-based payments	**–**	1
Management Committee		
Short-term benefits	**17**	15
Share-based payments	**3**	–

For the year to 31 December 2024, the Board of Directors includes remuneration for one executive director (31 December 2023: one executive director). The Management Committee includes remuneration for 11 members (31 December 2023: 14 members) and excludes remuneration for the one executive director.

The Company provides life insurance for the executive director and all members of the Management Committee. For the year to 31 December 2024, the Company's obligation was €47,000 (2023: €45,000).

At 31 December 2024 the transfer value of accrued pensions covered under defined benefit pension obligation schemes, relating to the current members of the Management Committee, totalled €4 million (2023: €4 million).

No loan or credit transactions were outstanding with directors or officers of the Group at 31 December 2024 (2023: €nil).

37 Change in accounting policies

The Group has applied the amendments to IAS 1 for the first for the year to 31 December 2024 with the year to 31 December 2023 restated to conform with the current presentation of the Balance sheet. Further information is given in note 2.

In addition, while the Group has maintained its accounting policy for emissions allowances, it has, during the year to 31 December 2024, changed how it presents the associated assets and liabilities in the Balance sheet and associated classification in the Cash flow statement. Further information is given in note 2.

The following tables summarise the impacts of these changes on the Balance sheet as at 31 December 2023 and on the Cash flow statement for the year to 31 December 2023:

Consolidated balance sheet (extract as at 31 December 2023)

€ million	As reported	IAS 1 amendments	Carbon-related adjustments	Restated
Non-current assets				
Intangible assets	3,909	–	(577)	3,332
Carbon-related and other non-current assets	432	–	330	762
Other	22,635	–	–	22,635
	26,976	**–**	**(247)**	**26,729**
Current assets				
Carbon-related and other current assets	1,574	–	247	1,821
Other	9,130	–	–	9,130
	10,704	**–**	**247**	**10,951**
Total assets	**37,680**	**–**	**–**	**37,680**
Total equity	**3,278**	**–**	**–**	**3,278**
Non-current liabilities				
Borrowings	13,831	(726)	–	13,105
Other non-current liabilities	3,592	–	–	3,592
	17,423	**(726)**	**–**	**16,697**
Current liabilities				
Borrowings	2,251	726	–	2,977
Other current liabilities	14,728	–	–	14,728
	16,979	**726**	**–**	**17,705**
Total liabilities	**34,402**	**–**	**–**	**34,402**
Total equity and liabilities	**37,680**	**–**	**–**	**37,680**

Consolidated cash flow statement (extract for the year to 31 December 2023)

	Year to 31 December		
€ million	As reported	Carbon-related adjustments	Restated
Cash flows from operating activities			
Operating profit	3,507	–	3,507
Increase in provisions (excluding carbon-related obligations)	237	(212)	25
Purchase of carbon-related assets net of the change in carbon-related obligations	–	(50)	(50)
Other cash flows from operating activities	1,120	–	1,120
Net cash flows from operating activities	**4,864**	**(262)**	**4,602**
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets	(3,544)	262	(3,282)
Other cash flows from investing activities	121	–	121
Net cash flows from investing activities	**(3,423)**	**262**	**(3,161)**
Net cash flows from financing activities	**(5,194)**	**–**	**(5,194)**
Net decrease in cash and cash equivalents	(3,753)	–	(3,753)
Net foreign exchange differences	(2)	–	(2)
Cash and cash equivalents at 1 January	9,196	–	9,196
Cash and cash equivalents at year end	**5,441**	**–**	**5,441**

38 Post balance sheet events

Partial redemption of 2027 and 2029 bonds

On 17 January 2025, the Group paid €574 million to redeem, at a net discount, €577 million of the notional value of its unsecured bonds in advance of maturity. The notional value of the bonds redeemed amounted to €277 million of the €500 million fixed rate bond 2027 and €300 million of the €700 million fixed rate bond 2029. In addition, the Group paid accrued interest for the bonds that were redeemed amounting to €11 million. Further information relating to these two bonds is given in note 26b.

Completion of share buyback programme

As detailed in notes 3 and 31, on 8 November 2024 the Group announced a €350 million share buyback programme, with an expected completion date of February 2025. The shares purchased under the programme will be cancelled at the Annual General Meeting in June 2025.

IAG Loyalty payment of historical VAT to HMRC in the UK

As detailed in note 10g and reported in prior years, HMRC in the UK has been considering the appropriate VAT accounting that should be applied by IAG Loyalty. In October 2024, HMRC issued the Group with its decision letter relating to the appropriate VAT accounting, which differs to the accounting approach applied by IAG Loyalty. Subsequent to 31 December 2024 and prior to the date of this report, the Group appealed this matter to the First-tier Tribunal (Tax) in the UK. In order to advance the case to the First-tier Tribunal (Tax), without admission of liability, the Group paid to HMRC €673 million (£557 million). Of these amounts, the Group expects to recover €260 million (£215 million) through input VAT for certain of its subsidiaries, with the residual €413 million (£342 million), being refunded if the matter is resolved in the Group's favour.

In addition, subsequent to 31 December 2024 and prior to the date of this report, the Group applied to the High Court in the UK for a judicial review of whether IAG Loyalty had a legitimate expectation that it could rely on a historical ruling issued by HMRC. As at the date of this report, the Group is awaiting confirmation as to whether its application for a judicial review has been accepted.

Final dividend

A final dividend of €0.06 per share was proposed by the Board of Directors on 27 February 2025 (31 December 2023: €nil). It is payable from 30 June 2025 to shareholders who are on the register at 27 June 2025. The final dividend amounting to €288 million, calculated based on the number of shares in issue less treasury shares at the close of trading on 27 February 2025, has not been recognised as a liability in these consolidated financial statements. It will be recognised in total equity in the year to 31 December 2025.

Share buyback programme

On 27 February 2025 the Board approved a share buyback programme of up to €1,000 million (31 December 2023: €nil) to be completed in up to 12 months from the date of this report.

Alternative performance measures

The performance of the Group is assessed using a number of alternative performance measures (APMs), some of which have been identified as key performance indicators of the Group. These measures are not defined under International Financial Reporting Standards (IFRS), should be considered in addition to IFRS measurements, may differ to definitions given by regulatory bodies applicable to the Group and may differ to similarly titled measures presented by other companies. They are used to measure the outcome of the Group's strategy based on the Group's strategic imperatives of: strengthening our core; driving earnings growth through asset-light businesses; and operating under a strengthened financial and sustainability framework.

During 2024, the Group has introduced the Gross debt to EBITDA before exceptional items measure. This measure is used by the Group, in conjunction with the Net debt to EBITDA before exceptional items measure, in monitoring the Group's leverage and to enable users to supplement their assessment of the Group's financial headroom and performance against its peers. Other than the aforementioned change, the Group has made no changes to its pre-existing disclosures and treatments of APMs compared to those disclosed in the Annual report and accounts for the year to 31 December 2023.

The definition of each APM, together with a reconciliation to the nearest measure prepared in accordance with IFRS is presented below.

a Profit after tax before exceptional items

Exceptional items are those that in the Board's and management's view need to be separately disclosed by virtue of their size or incidence to supplement the understanding of the entity's financial performance. The Management Committee of the Group uses financial performance on a pre-exceptional basis to evaluate operating performance and to make strategic, financial and operational decisions, and externally because it is widely used by security analysts and investors in evaluating the performance of the Group between reporting periods and against other companies.

While there have been four exceptional items recorded in 2024, there were no exceptional items recorded in 2023.

The table below reconciles the statutory Income statement to the Income statement before exceptional items of the Group:

	Year to 31 December					
€ million	**Statutory 2024**	**Exceptional items**	**Before exceptional items 2024**	Statutory 2023	Exceptional items	Before exceptional items 2023
Passenger revenue	**28,274**	**–**	**28,274**	25,810	–	25,810
Cargo revenue	**1,234**	**–**	**1,234**	1,156	–	1,156
Other revenue	**2,592**	**–**	**2,592**	2,487	–	2,487
Total revenue	**32,100**	**–**	**32,100**	29,453	–	29,453
Employee costs[1]	**6,356**	**160**	**6,196**	5,423	–	5,423
Fuel costs and emissions charges	**7,608**	**–**	**7,608**	7,557	–	7,557
Handling, catering and other operating costs	**4,135**	**–**	**4,135**	3,849	–	3,849
Landing fees and en-route charges	**2,405**	**–**	**2,405**	2,308	–	2,308
Engineering and other aircraft costs	**2,729**	**–**	**2,729**	2,509	–	2,509
Property, IT and other costs	**1,120**	**–**	**1,120**	1,058	–	1,058
Selling costs	**1,082**	**–**	**1,082**	1,155	–	1,155
Depreciation, amortisation and impairment	**2,364**	**–**	**2,364**	2,063	–	2,063
Net gain on sale of property, plant and equipment	**(14)**	**–**	**(14)**	(2)	–	(2)
Currency differences	**32**	**–**	**32**	26	–	26
Total expenditure on operations	**27,817**	**160**	**27,657**	25,946	–	25,946
Operating profit	**4,283**	**(160)**	**4,443**	3,507	–	3,507
Finance costs	**(917)**	**–**	**(917)**	(1,113)	–	(1,113)
Finance income	**404**	**–**	**404**	386	–	386
Net change in fair value of financial instruments	**(237)**	**–**	**(237)**	(11)	–	(11)
Net financing credit relating to pensions	**63**	**–**	**63**	103	–	103
Net currency retranslation (charges)/credits	**(127)**	**–**	**(127)**	176	–	176
Other non-operating credits[2]	**94**	**(50)**	**144**	8	–	8
Total net non-operating costs	**(720)**	**(50)**	**(670)**	(451)	–	(451)
Profit before tax	**3,563**	**(210)**	**3,773**	3,056	–	3,056
Tax[3]	**(831)**	**140**	**(971)**	(401)	–	(401)
Profit after tax	**2,732**	**(70)**	**2,802**	2,655	–	2,655

The rationale for each exceptional item is given below.

1 Restructuring costs
The exceptional charge of €160 million is attributable to the Iberia ground handling restructuring programme, which right-sizes the Group's ground handling function for the near term. The exceptional charge has been recorded within Employee costs in the Income statement.

During 2024, the Group incurred cash outflows associated with the Iberia ground handling restructuring programme of €3 million, with the remaining amounts expected to be paid through to 2032, dependent on the age of each individual that is part of the Iberia ground handing restructuring programme.

The related tax credit was €40 million.

2 Termination of the agreement with Globalia to purchase Air Europa Holdings
The exceptional charge of €50 million represents the amount agreed with Globalia to terminate the agreement, signed on 23 February 2023, to purchase the remaining 80% of the share capital of Air Europa Holdings that the Group had not previously owned. On 1 August 2024, the Group exercised its right to withdraw from the acquisition and, as such, the agreement was terminated. The exceptional charge has been recorded within Other non-operating credits in the Income statement. There was no related tax impact in the Income statement. The Group recognised the cash outflow impact of the termination agreement during 2024, recorded within cash flows from investing activities within the Cash flow statement.

3 Changes to Spanish tax legislation
The exceptional tax credit of €100 million recorded in the year to 31 December 2024, relates to the revocation of Royal Decree-Law 3/2016 (RDL 3/2016) amounting to a net credit of €135 million, and the enactment of Law 7/2024 amounting to a charge of €35 million. These two items are described below:

(i) Revocation of RDL 3/2016
RDL 3/2016 for fiscal years 2016 to 2023 was revoked by the *Tribunal Constitucional* (Constitutional Court) in Spain on 18 January 2024.

Prior to the introduction of RDL 3/2016, the Company and the Spanish subsidiaries of the Group were permitted to offset up to 70% of their taxable profits with historical accumulated tax losses (to the extent there were sufficient tax losses to do so) and the impairment of subsidiaries was treated as deductible for tax purposes. With the introduction of the RDL 3/2016, this limitation of tax losses applied to taxable profits was reduced to 25% and the deductibility for tax purposes of historical impairments of subsidiaries that had occurred prior to 2013 was reversed. The revocation by the *Tribunal Constitucional* in January 2024 principally meant that the loss limitation reverted to 70% and historical impairments in subsidiaries reverted to being deductible for tax purposes, giving rise to the aforementioned net exceptional tax credit. The combination of the above gave rise to an exceptional current tax credit, which has been partially offset by a net deferred tax charge.

During the year to 31 December 2024, the Group received €101 million from the Spanish tax authorities relating to fiscal years 2021 to 2023 as a result of a refund of current taxes. During the remainder of 2025, at the earliest, the Group expects to receive a further €88 million of the claims relating to fiscal years 2016 to 2023.

(ii) Enactment of Law 7/2024
On 20 December 2024, the Spanish parliament enacted Law 7/2024, which reinstates the aforementioned tax measures that had been previously declared unconstitutional by the *Tribunal Constitucional* (Constitutional Court). Law 7/2024 is effective from 1 January 2024, whereby the Spanish subsidiaries of the Group are permitted to offset only up to 25% of their taxable profits with historical accumulated losses (to the extent there are sufficient tax losses to do so). In addition to the change in the loss limitation rate, the non-deductibility of historical impairments in subsidiaries that occurred prior to 1 January 2013 has been reintroduced. There was no cash flow impact in 2024 as a result of the enactment of Law 7/2024.

Alternative performance measures *continued*

The table below provides a reconciliation of the statutory to pre-exceptional condensed alternative income statement by operating segment for the years to 31 December 2024 and 2023:

	Year to 31 December 2024														
	British Airways (£)			British Airways (€)			Iberia			Vueling			Aer Lingus		
Million	Statutory	Exceptional items	Before exceptional items	Statutory	Exceptional items	Before exceptional items	Statutory	Exceptional items	Before exceptional items	Statutory	Exceptional items	Before exceptional items	Statutory	Exceptional items	Before exceptional items
Passenger revenue	13,466	–	13,466	15,871	–	15,871	5,862	–	5,862	3,244	–	3,244	2,304	–	2,304
Cargo revenue	789	–	789	931	–	931	305	–	305	–	–	–	55	–	55
Other revenue	153	–	153	185	–	185	1,375	–	1,375	17	–	17	17	–	17
Total revenue	**14,408**	**–**	**14,408**	**16,987**	**–**	**16,987**	**7,542**	**–**	**7,542**	**3,261**	**–**	**3,261**	**2,376**	**–**	**2,376**
Employee costs	2,871	–	2,871	3,386	–	3,386	1,618	160	1,458	427	–	427	514	–	514
Fuel costs and emissions charges	3,676	–	3,676	4,328	–	4,328	1,611	–	1,611	895	–	895	638	–	638
Ownership costs	1,134	–	1,134	1,337	–	1,337	461	–	461	279	–	279	164	–	164
Supplier costs	4,679	–	4,679	5,514	–	5,514	2,985	–	2,985	1,260	–	1,260	855	–	855
Total expenditure on operations	12,360	–	12,360	14,565	–	14,565	6,675	160	6,515	2,861	–	2,861	2,171	–	2,171
Operating profit	**2,048**	**–**	**2,048**	**2,422**	**–**	**2,422**	**867**	**(160)**	**1,027**	**400**	**–**	**400**	**205**	**–**	**205**
Operating margin (%)	**14.2%**		**14.2%**				**11.5%**		**13.6%**	**12.3%**		**12.3%**	**8.6%**		**8.6%**

	Year to 31 December 2024					
	IAG Loyalty (£)			IAG Loyalty (€)		
Million	Statutory	Exceptional items	Before exceptional items	Statutory	Exceptional items	Before exceptional items
Passenger revenue	1,247	–	1,247	1,470	–	1,470
Other revenue	1,183	–	1,183	1,392	–	1,392
Total revenue	**2,430**	**–**	**2,430**	**2,862**	**–**	**2,862**
Employee costs	88	–	88	104	–	104
Ownership costs	19	–	19	23	–	23
Supplier costs	1,903	–	1,903	2,240	–	2,240
Total expenditure on operations	2,010	–	2,010	2,367	–	2,367
Operating profit/(loss)	**420**	**–**	**420**	**495**	**–**	**495**
Operating margin (%)	**17.3%**		**17.3%**			

Million	British Airways (£)[1] Statutory	British Airways (£)[1] Exceptional items	British Airways (£)[1] Before exceptional items	British Airways (€)[1] Statutory	British Airways (€)[1] Exceptional items	British Airways (€)[1] Before exceptional items	Iberia Statutory	Iberia Exceptional items	Iberia Before exceptional items	Vueling Statutory	Vueling Exceptional items	Vueling Before exceptional items	Aer Lingus Statutory	Aer Lingus Exceptional items	Aer Lingus Before exceptional items
	Year to 31 December 2023														
Passenger revenue	12,668	–	12,668	14,558	–	14,558	5,262	–	5,262	3,181	–	3,181	2,209	–	2,209
Cargo revenue	757	–	757	869	–	869	275	–	275	–	–	–	55	–	55
Other revenue	141	–	141	161	–	161	1,421	–	1,421	17	–	17	10	–	10
Total revenue	13,566	–	13,566	15,588	–	15,588	6,958	–	6,958	3,198	–	3,198	2,274	–	2,274
						–			–			–			–
Employee costs	2,559	–	2,559	2,939	–	2,939	1,284	–	1,284	399	–	399	471	–	471
Fuel costs and emissions charges	3,825	–	3,825	4,394	–	4,394	1,496	–	1,496	907	–	907	639	–	639
Ownership costs	1,009	–	1,009	1,159	–	1,159	411	–	411	256	–	256	150	–	150
Supplier costs	4,829	–	4,829	5,546	–	5,546	2,827	–	2,827	1,240	–	1,240	789	–	789
Total expenditure on operations	12,222	–	12,222	14,038	–	14,038	6,018	–	6,018	2,802	–	2,802	2,049	–	2,049
Operating profit	1,344	–	1,344	1,550	–	1,550	940	–	940	396	–	396	225	–	225
Operating margin (%)	9.9%		9.9%				13.5%		13.5%	12.4%		12.4%	9.9%		9.9%

Million	IAG Loyalty (£)[1] Statutory	IAG Loyalty (£)[1] Exceptional items	IAG Loyalty (£)[1] Before exceptional items	IAG Loyalty (€)[1] Statutory	IAG Loyalty (€)[1] Exceptional items	IAG Loyalty (€)[1] Before exceptional items
	Year to 31 December 2023					
Passenger revenue	844	–	844	961	–	961
Other revenue	1,209	–	1,209	1,395	–	1,395
Total revenue	2,053	–	2,053	2,356	–	2,356
Employee costs	79	–	79	89	–	89
Ownership costs	12	–	12	18	–	18
Supplier costs	1,595	–	1,595	1,828	–	1,828
Total expenditure on operations	1,686	–	1,686	1,935	–	1,935
Operating profit	367	–	367	421	–	421
Operating margin (%)	17.9%		17.9%			

1 During the year 2024, the Group changed its internal organisation, resulting in BA Holidays, a previously fully owned and consolidated subsidiary of British Airways Plc, being transferred from the British Airways segment to the IAG Loyalty segment, which aligns with the revised reporting to the IAG MC. Accordingly, the Group has restated its previously reported segmental information for 2023. There is no change to the total segmental results of the Group.

Alternative performance measures *continued*

b Adjusted earnings per share (KPI)

Adjusted earnings are based on results before exceptional items after tax and adjusted for earnings attributable to equity holders and interest on convertible bonds, divided by the weighted average number of ordinary shares, adjusted for the dilutive impact, when applicable, of the assumed conversion of the bonds and employee share schemes outstanding.

€ million	Note	2024	2023
Profit after tax attributable to equity holders of the parent	a	**2,732**	2,655
Exceptional items	a	**(70)**	–
Profit after tax attributable to equity holders of the parent before exceptional items		**2,802**	2,655
Income statement impact of convertible bonds	11	**185**	15
Adjusted profit		**2,987**	2,670
Weighted average number of ordinary shares in issue used for basic earnings per share	11	**4,903**	4,933
Weighted average number of ordinary shares used for diluted earnings per share	11	**5,260**	5,277
Basic earnings per share (€ cents)		**55.7**	53.8
Basic earnings per share before exceptional items (€ cents)		**57.1**	53.8
Adjusted earnings per share before exceptional items (€ cents)		**56.8**	50.6

c Ownership costs

Ownership costs represents the income statement impact of the historical purchase of capital assets and is defined as depreciation, amortisation and impairment, arising on both property, plant and equipment and intangible assets, and the Net gain on sale of property, plant and equipment. The Group believes that this measure is useful to the users of the financial statements in understanding the impact of capital assets in deriving the operating result of the Group.

€ million	2024	2023
Depreciation, amortisation and impairment	**2,364**	2,063
Net gain on sale of property, plant and equipment	**(14)**	(2)
Ownership costs	**2,350**	2,061

d Airline non-fuel costs per ASK

The Group monitors airline unit costs (per available seat kilometre (ASK), a standard airline measure of capacity) as a means of tracking operating efficiency of the core airline business. As fuel costs can vary with commodity prices, the Group monitors fuel and non-fuel costs individually. Within non-fuel costs are the costs associated with generating Other revenue, which typically do not represent the costs of transporting passengers or cargo and instead represent the costs of handling and maintenance for other airlines, non-flight products in BA Holidays and costs associated with other miscellaneous non-flight revenue streams. Airline non-fuel costs per ASK is defined as total operating expenditure before exceptional items, less fuel costs and emission charges and less non-flight specific costs divided by total ASKs, and is shown on a constant currency basis (abbreviated to 'ccy').

€ million	Note	2024 Reported	Constant currency adjustment	2024 ccy	2023
Total expenditure on operations	a	**27,817**	(326)	**27,491**	25,946
Less: exceptional items in operating expenditure	a	**160**	–	**160**	–
Less: fuel costs and emission charges	a	**7,608**	(78)	**7,530**	7,557
Non-fuel costs		**20,049**	(248)	**19,801**	18,389
Less: non-flight specific costs		**2,232**	(43)	**2,189**	2,141
Airline non-fuel costs		**17,817**	(205)	**17,612**	16,248
ASKs (millions)		**343,253**	–	**343,253**	323,111
Airline non-fuel unit costs per ASK (€ cents)		**5.19**	–	**5.13**	5.03

e Free cash flow (KPI)

Free cash flow represents the cash generated by the businesses and is defined as the net cash flows from operating activities taken from the Cash flow statement, less the cash flows associated with the acquisition of property, plant and equipment and intangible assets reported in net cash flows from investing activities from the Cash flow statement. The Group believes that this measure is useful to the users of the financial statements in understanding the cash generating ability of the Group to support operations and maintain its capital assets.

€ million	2024	2023[1]
Net cash flows from operating activities	**6,372**	4,602
Acquisition of property, plant and equipment and intangible assets	**(2,816)**	(3,282)
Free cash flow	**3,556**	1,320

1 The 2023 results include reclassifications to conform with the current period presentation for Carbon-related assets. There is no change in the total 2023 reported Free cash flow. Further information is given in notes 2 and 37.

f Gross and Net debt to EBITDA before exceptional items (KPI)

To supplement total borrowings as presented in accordance with IFRS, the Group reviews both Gross debt to EBITDA before exceptional items and Net debt to EBITDA before exceptional items to assess its level of gross and net debt in comparison to the underlying earnings generated by the Group in order to evaluate the underlying business performance of the Group. These measures are used to monitor the Group's leverage and to assess financial headroom against internal and external security analyst and investor benchmarks and their long-term industry expectations.

Gross debt is defined as long-term borrowings (both current and non-current). Net debt is defined as Gross debt, less cash, cash equivalents and current interest-bearing deposits.

EBITDA before exceptional items is defined as operating result before exceptional items, interest, taxation, depreciation, amortisation and impairment.

The Group believes that this additional measure, which is used internally to assess the Group's financial capacity, is useful to the users of the financial statements in helping them to see how the Group's financial capacity has changed over the year. It is a measure of the profitability of the Group and of the core operating cash flows generated by the business model.

€ million	Note	2024	2023
Gross debt: interest-bearing long-term borrowings	26	**17,345**	16,082
Less: Cash and cash equivalents	22	**8,189**	5,441
Less: Other current interest-bearing deposits	22	**1,639**	1,396
Net debt		**7,517**	9,245
Operating profit	a	**4,283**	3,507
Add: Depreciation, amortisation and impairment	a	**2,364**	2,063
EBITDA		**6,647**	5,570
Add: Exceptional items	a	**160**	–
EBITDA before exceptional items		**6,807**	5,570
Gross debt to EBITDA before exceptional items (times)		**2.5**	2.9
Net debt to EBITDA before exceptional items (times)		**1.1**	1.7

g Return on invested capital (KPI)

The Group monitors return on invested capital (RoIC) as it gives an indication of the Group's capital efficiency relative to the capital invested, as well as the ability to fund growth and to pay dividends. RoIC is defined as EBITDA before exceptional items, less fleet depreciation adjusted for inflation, depreciation of other property, plant and equipment, and amortisation of software intangibles, divided by average invested capital and is expressed as a percentage.

Invested capital is defined as the average of property, plant and equipment and software intangible assets over a 12-month period between the opening and closing net book values. The fleet aspect of property, plant and equipment is inflated over the average age of the fleet to approximate the replacement cost of the associated assets.

Alternative performance measures *continued*

€ million	Note	2024	2023
EBITDA before exceptional items	f	**6,807**	5,570
Less: Fleet depreciation multiplied by inflation adjustment		**(2,246)**	(1,976)
Less: Other property, plant and equipment depreciation		**(234)**	(194)
Less: Software intangible amortisation		**(232)**	(185)
		4,095	3,215
Invested capital			
Average fleet value[1]	13	**18,068**	16,919
Less: Average progress payments[2]	13	**(892)**	(993)
Fleet book value less progress payments		**17,176**	15,926
Inflation adjustment[3]		**1.18**	1.18
		20,326	18,811
Average net book value of other property, plant and equipment[4]	13	**2,387**	2,143
Average net book value of software intangible assets[5]	17	**976**	737
Total invested capital		**23,689**	21,691
Return on invested capital		**17.3%**	14.8%

1 The average net book value of aircraft is calculated from an amount of €18,615 million at 31 December 2024 and €17,520 million at 31 December 2023.

2 The average net book value of progress payments is calculated from an amount of €870 million at 31 December 2024 and €914 million at 31 December 2023.

3 Presented to two decimal places and calculated using a 1.5% inflation (31 December 2023: 1.5% inflation) rate over the weighted average age of the fleet at 31 December 2024: 11.6 years (31 December 2023: 11.0 years).

4 The average net book value of other property, plant and equipment is calculated from an amount of €2,517 million at 31 December 2024 and €2,256 million at 31 December 2023.

5 The average net book value of software intangible assets is calculated from an amount of €1,115 million at 31 December 2024 and €837 million at 31 December 2023.

h Results on a constant currency basis

Movements in foreign exchange rates impact the Group's financial results. The IAG Board and Management Committee review the results, including revenue and operating costs at constant rates of exchange. These financial measures are calculated at constant rates of exchange based on a retranslation, at prior year exchange rates, of the current year's results of the Group. Although the Board and Management Committee do not believe that these measures are a substitute for IFRS measures, the Board and Management Committee do believe that such results excluding the impact of currency fluctuations year-on-year provide additional useful information to investors regarding the Group's operating performance on a constant currency basis. Accordingly, the financial measures at constant currency within the discussion of the Group Financial review should be read in conjunction with the information provided in the consolidated financial statements.

The following table represents the main average and closing exchange rates for the reporting periods. Where 2024 figures are stated at a constant currency basis, the 2023 rates stated below have been applied:

Foreign exchange rates

	Weighted average		Closing	
	2024	2023	**2024**	2023
Pound sterling to euro	**1.18**	1.15	**1.21**	1.16
Euro to US dollar	**1.09**	1.09	**1.04**	1.09
Pound sterling to US dollar	**1.28**	1.26	**1.26**	1.27

i Liquidity

The Board and the Management Committee monitor liquidity in order to assess the resilience of the Group to adverse events and uncertainty and develop funding initiatives to maintain this resilience.

Liquidity is used by analysts, investors and other users of the financial statements as a measure of the financial health and resilience of the Group.

Liquidity is defined as Cash and cash equivalents plus Current interest-bearing deposits, plus Committed general undrawn facilities and Committed aircraft undrawn facilities.

€ million	Note	2024	2023
Cash and cash equivalents	22	**8,189**	5,441
Current interest-bearing deposits	22	**1,639**	1,396
Committed and undrawn general facilities	29f	**3,344**	4,359
Committed and undrawn aircraft facilities	29f	**134**	375
Overdrafts and other facilities	29f	**56**	53
Total liquidity		**13,362**	11,624

Subsidiaries

British Airways

Name and address	Principal activity	Country of incorporation	Percentage of equity owned
BA and AA Holdings Limited* Waterside, PO Box 365, Harmondsworth, UB7 0GB	Holding company	England	100%
BA Call Centre India Private Limited (callBA) F-42, East of Kailash, New Delhi, 110065	Call centre	India	100%
BA Cityflyer Limited* Waterside, PO Box 365, Harmondsworth, UB7 0GB	Airline operations	England	100%
BA Euroflyer Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Airline operations	England	100%
BA European Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Holding company	England	100%
BA Excepted Group Life Scheme Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Life insurance	England	100%
BA Healthcare Trust Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Dormant	England	100%
BA Holdco Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Dormant	England	100%
BA Number One Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Holding company	England	100%
BA Number Two Limited IFC 5, St Helier, JE1 1ST	Holding company	Jersey	100%
Bealine Plc Waterside, PO Box 365, Harmondsworth, UB7 0GB	Dormant	England	100%
BritAir Holdings Limited* Waterside, PO Box 365, Harmondsworth, UB7 0GB	Holding company	England	100%
British Airways (BA) Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Dormant	England	100%
British Airways 777 Leasing Limited* Waterside, PO Box 365, Harmondsworth, UB7 0GB	Aircraft leasing	England	100%
British Airways Associated Companies Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Holding company	England	100%
British Airways Avionic Engineering Limited* Waterside, PO Box 365, Harmondsworth, UB7 0GB	Aircraft maintenance	England	100%
British Airways Capital Limited Queensway House, Hilgrove Street, St Helier, JE1 1ES	Aircraft financing	Jersey	100%
British Airways Holdings B.V. Strawinskylaan 3105, Atrium, Amsterdam, 1077ZX	Holding company	Netherlands	100%
British Airways Interior Engineering Limited* Waterside, PO Box 365, Harmondsworth, UB7 0GB	Aircraft maintenance	England	100%
British Airways Leasing Limited* Waterside, PO Box 365, Harmondsworth, UB7 0GB	Aircraft leasing	England	100%
British Airways Maintenance Cardiff Limited* Waterside, PO Box 365, Harmondsworth, UB7 0GB	Aircraft maintenance	England	100%
British Airways Pension Trustees (No 2) Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Trustee company	England	100%
British Midland Airways Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Dormant	England	100%
British Midland Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Holding company	England	100%
Gatwick Ground Services Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Ground services	England	100%
Speedbird Insurance Company Limited* Canon's Court, 22 Victoria Street, Hamilton, HM 12	Insurance	Bermuda	100%
British Airways Engineering Gatwick Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Aircraft maintenance	England	100%
Avios Group (AGL) Limited* Waterside, PO Box 365, Harmondsworth, UB7 0GB	Management of airline loyalty reward currency	England	86%[1]

Group investments *continued*

Iberia

Name and address	Principal activity	Country of incorporation	Percentage of equity owned
Compañía Operadora de Corto y Medio Radio Iberia Express, S.A.* Calle Alcañiz 23, Madrid, 28006	Airline operations	Spain	100%
Compañía Explotación Aviones Cargueros Cargosur, S.A. Calle Martínez Villergas 49, Madrid, 28027	Cargo transport	Spain	100%
Iberia LAE México SA de CV Xochicalco 174, Col. Narvarte, Alcaldía Benito Juárez, Mexico City, 03020	Aircraft technical assistance	Mexico	100%
Iberia Líneas Aéreas de España, S.A. Operadora* Calle Martínez Villergas 49, Madrid, 28027	Airline operations and maintenance	Spain	100%[2]
Iberia Operadora UK Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Holding company	England	100%[1]
Iberia Tecnología, S.A.* Calle Martínez Villergas 49, Madrid, 28027	Aircraft maintenance	Spain	100%
South Europe Ground Services, S.L. Avenida de la Hispanidad 6, Madrid, 28042	Ground handling services	Spain	100%
Iberia Desarrollo Barcelona, S.L.* Avenida de les Garrigues 38-44, Edificio B, El Prat de Llobregat, Barcelona, 08220	Airport infrastructure development	Spain	75%
Fly Level Barcelona LH, S.L. Calle Catalunya 83, Viladecans, Barcelona, 08840	Airline operations	Spain	50%
Avios Group (AGL) Limited* Waterside, PO Box 365, Harmondsworth, UB7 0GB	Management of airline loyalty reward currency	England	14%[1]

Aer Lingus

Name and address	Principal activity	Country of incorporation	Percentage of equity owned
Aer Lingus (Ireland) Limited Dublin Airport, Dublin	Provision of human resources support to fellow group companies	Republic of Ireland	100%
Aer Lingus 2009 DCS Trustee Limited Dublin Airport, Dublin	Trustee	Republic of Ireland	100%
Aer Lingus Beachey Limited Penthouse Suite, Analyst House, Peel Road, Douglas, IM1 4LZ	Dormant	Isle of Man	100%
Aer Lingus Group DAC* Dublin Airport, Dublin	Holding company	Republic of Ireland	100%[3]
Aer Lingus Limited* Dublin Airport, Dublin	Airline operations	Republic of Ireland	100%
Aer Lingus (UK) Limited Victoria House, 15-17 Gloucester Street, Belfast, BT1 4LS	Airline operations	Northern Ireland	100%
ALG Trustee Limited 33-37 Athol Street, Douglas, IM1 1LB	Trustee	Isle of Man	100%
Dirnan Insurance Company Limited Canon's Court, 22 Victoria Street, Hamilton, HM 12	Insurance	Bermuda	100%
Santain Developments Limited Dublin Airport, Dublin	Dormant	Republic of Ireland	100%

IAG Loyalty

Name and address	Principal activity	Country of incorporation	Percentage of equity owned
Avios South Africa Proprietary Limited Block C, 1 Marignane Drive, Bonaero Park, Gauteng, 1619	Dormant	South Africa	100%
IAG Loyalty Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Dormant	England	100%
IAG Loyalty Retail Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Retail services	England	100%
British Airways Holidays Waterside, PO Box 365, Harmondsworth, UB7 0GB	Tour operator	England	100%
Overseas Air Travel Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Flight procurement	England	100%

IAG Cargo

Name and address	Principal activity	Country of incorporation	Percentage of equity owned
Cargo Innovations Limited Carrus Cargo Centre, PO Box 99, Sealand Road, London Heathrow Airport, Hounslow, Middlesex, TW6 2JS	Dormant	England	100%
Zenda Group Limited Carrus Cargo Centre, PO Box 99, Sealand Road, London Heathrow Airport, Hounslow, Middlesex, TW6 2JS	Dormant	England	100%

Vueling

Name and address	Principal activity	Country of incorporation	Percentage of equity owned
Yellow Handling, S.L.U Calle Catalunya 83, Viladecans, Barcelona, 08840	Ground handling services	Spain	100%

LEVEL

Name and address	Principal activity	Country of incorporation	Percentage of equity owned
Fly Level UK Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Dormant	England	100%
Openskies SASU 3 Rue le Corbusier, Rungis, 94150	Airline operations	France	100%

International Consolidated Airlines Group, S.A.

Name and address	Principal activity	Country of incorporation	Percentage of equity owned
AERL Holding Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	Holding company	England	100%
British Airways Plc* Waterside, PO Box 365, Harmondsworth, UB7 0GB	Airline operations	England	100%[4]
Fly Level Barcelona LH, S.L. Calle Catalunya 83, Viladecans, Barcelona, 08840	Airline operations	Spain	100%[5]
Fly Level, S.L. El Caserío, Iberia Zona Industrial 2 (La Muñoza), Camino de la Muñoza s/n, Madrid, 28042	Airline operations	Spain	100%
IAG Cargo Limited* Carrus Cargo Centre, PO Box 99, Sealand Road, London Heathrow Airport, Hounslow, TW6 2JS	Air freight operations	England	100%
IAG Connect Limited Waterside, PO Box 365, Harmondsworth, UB7 0GB	In-flight eCommerce platform	Republic of Ireland	100%
IAG GBS Limited* Waterside, PO Box 365, Harmondsworth, UB7 0GB	IT, finance, procurement services	England	100%
IAG GBS Poland sp z.o.o.* Ul. Opolska 114, Krakow, 31-323	IT, finance, procurement services	Poland	100%
IB Opco Holding, S.L. Calle Martínez Villergas 49, Madrid, 28027	Holding company	Spain	100%[2]
Vueling Airlines, S.A.* Calle Catalunya 83, Viladecans, Barcelona, 08840	Airline operations	Spain	99.5%[6]

* Principal subsidiaries

1 The Group holds 100% of both the nominal share capital and economic rights in Avios Group (AGL) Limited, held directly by British Airways Plc, which owns 86% and Iberia Operadora UK Limited, which owns 14%.

2 The Group holds 49.9% of both the total nominal share capital and the total number of voting rights in IB Opco Holding, S.L. (and thus, indirectly, in Iberia Líneas Aéreas de España, S.A. Operadora), such stake having almost 100% of the economic rights in these companies. The remaining shares, representing 50.1% of the total nominal share capital and the total number of voting rights belong to a Spanish company incorporated for the purposes of implementing the Iberia nationality structure.

3 The Group holds 49.75% of the total number of voting rights and the majority of the economic rights in Aer Lingus Group DAC. The remaining voting rights, representing 50.25%, correspond to a trust established for implementing the Aer Lingus nationality structure.

4 The Group holds 49.9% of the total number of voting rights and 99.65% of the total nominal share capital in British Airways Plc, such stake having almost 100% of the economic rights. The remaining nominal share capital and voting rights, representing 0.35% and 50.1% respectively, are held by a trust established for the purposes of implementing the British Airways nationality structure.

5 The Group holds 100% of both the nominal share capital and economic rights in Fly Level Barcelona LH, S.L., held directly by Iberia, which owns 50.1% and the Company, which owns 49.9%.

6 The Group holds 99.5% of both the nominal share capital and economic rights in Vueling Airlines, S.A., held directly by Iberia, which owns 50.1% and the Company, which owns 49.4%.

Associates

Name and address	Country of incorporation	Percentage of equity owned
Empresa Hispano Cubana de Mantenimiento de Aeronaves, Ibeca, S.A. Carretera Aerocaribbean y Final, Terminal No 5 Jose Martí Airport, Wajay, Municipio Boyeros, Havana	Cuba	50%
Empresa Logística de Carga Aérea, S.A. Carretera de Wajay km 1 ½, Jose Martí Airport, Havana	Cuba	50%
Mundiplan Turismo y Ocio S.L. Calle Hermanos García Noblejas 41, Madrid, 28037	Spain	50%
Multiservicios Aeroportuarios, S.A. Avenida de Manoteras 46, 2ª planta, Madrid, 28050	Spain	49%
Dunwoody Airline Services Limited Building 552 Shoreham Road East, London Heathrow Airport, Hounslow, TW6 3UA	England	40%
Serpista, S.A. Calle Cardenal Marcelo Spínola 10, Madrid, 28016	Spain	39%
Air Miles España, S.A. Avenida de Bruselas 20, Alcobendas, Madrid, 28108	Spain	26.7%
Inloyalty by Travel Club, S.L.U. Avenida de Bruselas 20, Alcobendas, Madrid, 28108	Spain	26.7%
Viajes Ame, S.A.U. Avenida de Bruselas 20, Alcobendas, Madrid, 28108	Spain	26.7%
LanzaJet Inc. 520 Lake Cook Road, Suite 680, Deerfield, Illinois, 60015	USA	12.8%

Joint ventures

Name and address	Country of incorporation	Percentage of equity owned
Sociedad Conjunta para la Emisión y Gestión de Medios de Pago EFC, S.A. Calle de O'Donnell 12, Madrid, 28009	Spain	50.5%

Other equity investments

The Group's principal other equity investments are as follows:

Name and address	Country of incorporation	Percentage of equity owned	Currency	Shareholder's funds (million)	Profit/(loss) before tax (million)
Air Europa Holdings S.L.[1] Carretera Arenal - Llucmajor, km 21.5, Llucmajor, 07620	Spain	20%	€	32	7
Servicios de Instrucción de Vuelo, S.L. El Caserío, Iberia Zona Industrial 2 (La Muñoza), Camino de la Muñoza s/n, Madrid, 28042	Spain	19.9%	€	74	4
The Airline Group Limited 5th Floor, Brettenham House South, Lancaster Place, London, WC2N 7EN	England	16.7%	£	208	–
Travel Quinto Centenario, S.A. Calle Alemanes 3, Sevilla, 41004	Spain	10%	€	–	–
i6 Group Limited Farnborough Airport, Ively Road, Farnborough, Hampshire, GU14 6XA	England	7.4%	£	–	(2)
NAYAKJV1, SL Carrer d'Osona 2, 08820 El Prat de Llobregat	Spain	5.0%	€	1	–
Monese Limited Eagle House 163 City Road, London, EC1V 1NR	England	4.8%	£	8	(31)

1 The Shareholder funds and result before tax of Air Europa Holdings S.L. represent the data for the year to 31 December 2023 and are prepared under Spanish GAAP. The Group does not have access to financial information other than that reported in the statutory financial statements of the company, which are published subsequent to the authorisation of these consolidated financial statements.

Statement of Directors' responsibilities

LIABILITY STATEMENT OF DIRECTORS FOR THE PURPOSES ENVISAGED UNDER ARTICLE 8.1.b OF SPANISH ROYAL DECREE 1362/2007 OF 19 OCTOBER (REAL DECRETO 1362/2007).

At a meeting held on 27 February 2025, the directors of International Consolidated Airlines Group, S.A. state that, to the best of their knowledge, the individual and consolidated financial statements for the year to 31 December 2024, prepared in accordance with the applicable set of accounting standards and in single electronic format, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole, and that the individual and consolidated management reports include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with the description of the principal risks and uncertainties that they face.

27 February 2025

Javier Ferrán Larraz
Chairman

Luis Gallego Martín
Chief Executive Officer

Peggy Bruzelius

Eva Castillo Sanz

Margaret Ewing

Maurice Lam

Bruno Matheu

Heather Ann McSharry

Robin Phillips

Emilio Saracho Rodríguez de Torres

Lucy Nicola Shaw



Auditor's Report on International Consolidated Airlines Group, S.A. and Subsidiaries

(Together with the consolidated financial statements and consolidated management report of International Consolidated Airlines Group, S.A. and subsidiaries for the year ended 31.12.24)

KPMG Auditores, S.L.
Edificio Torre de Cristal
Paseo de la Castellana, 259C
28046 Madrid

Independent Auditor's Report on the Consolidated Financial statements

To the shareholders of International Consolidated Airlines Group, S.A. commissioned by management

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of International Consolidated Airlines Group, S.A. (the Parent) and subsidiaries (together the "Group") which comprise the consolidated balance sheet at 31 December 2024 and the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the consolidated financial statements pursuant to the legislation regulating the audit of accounts in Spain. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Paseo de la Castellana, 259C 28046 Madrid

On the Spanish Official Register of Auditors ("ROAC") with No. S0702, and the Spanish Institute of Registered Auditors' list of companies with No. 10.
Reg. Mer Madrid, T. 11.961, F. 90, Sec. 8, H. M -188.007, Inscrip. 9
N.I.F. B-78510153

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Customer loyalty programmes - revenue recognition for deferred revenue liabilities (€2,888 million; 2023: €2,712 million) See note 24 to the financial statements, refer further to accounting policy and financial disclosures .	
Key audit matter	*How the matter was addressed in our audit*
Subjective estimate Significant estimates are made in determining the assumptions applied in calculating the number of Avios not expected to be redeemed. Relatively small changes in these assumptions could result in significant adjustments to revenue and deferred revenue. The effect of these matters is that, as part of our risk assessment, we determined that deferred revenue liabilities arising on customer loyalty programs have a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount and could be subject to manipulation, which is the reason why we have considered it a key matter of our audit. The financial statements (note 24) disclose the sensitivity estimated by the Group.	Our procedures included: - **Control design:** Testing the design and implementation of controls around customer loyalty revenue recognition and estimation of breakage. - **Assessing principles:** Assessing the application of the Group's accounting policies in recognising customer loyalty revenues by reference to the revenue accounting standard. - **Actuary's credentials:** Assessing the competency, independence and integrity of the Group's actuarial expert. - **Methodology implementation:** With the assistance of KPMG actuarial specialists, assessing the methods that have been approved by management and developed by the corporate actuary to estimate future redemption and breakage rates in the Group's statistical model. - **Assumptions assessment:** Assessing the future customer behaviour assumptions based on past experiences and considering changes in the loyalty schemes, including changes to customer issuances and redemption offerings. - **Re-performance:** With the application of our Data Analytics techniques, reconciling the Avios activity back to the operational systems and investigating material variances. - **Tests of detail:** On a sample basis, testing the value of an Avios derived by the Group to defer revenues when Avios are initially issued. Agreeing the balance sheet reconciliation to income statement movements, issuances and redemption data and the closing deferred revenue position. - **Tests of detail:** For the most significant Avios Issuance Partners (including credit card issuers), comparing the amount of Avios issued per the Group's accounting records with the amounts as per confirmations that we obtained directly from the Partners. - **Assessing transparency:** Assessing the Group's disclosures in respect of deferred revenue, including over the key judgements and estimation uncertainty and the associated sensitivity disclosures.

Valuation of the gross defined benefit pension obligation (DBO) (€19,275 million; 2023: €20,692 million) See note 34 to the financial statements, refer further to accounting policy and financial disclosures .	
Key audit matter	*How the matter was addressed in our audit*
Subjective valuation Significant estimates are made in determining the key assumptions used in valuing the Group's gross defined benefit pension scheme obligations. When making these assumptions, the directors take independent actuarial advice relating to their appropriateness. A small change in assumptions and estimates can have a material financial impact on the Group's gross defined benefit pension obligations. The significant risk relates to New Airways Pension Scheme and Airways Pension Scheme which represent 97.4% (2023: 97.4%) of pension scheme obligations. The most significant assumptions are discount rate, inflation rate and mortality/life expectancy. The effect of these matters is that, as part of our risk assessment, we determined that the gross defined benefit pension scheme obligations have a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements, and possibly many times that amount, which is the reason why we have considered it a key matter of our audit. The financial statements (note 34) disclose the sensitivity estimated by the Group.	Our procedures included: - **Benchmarking assumptions**: Challenging, with the support of our own employed KPMG actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data in the context of market practice and the macroeconomic uncertainties. - **Methodology assessment:** Involving the KPMG employed specialists to assess the appropriateness of the valuation methods, estimates and judgements that have been approved by management and developed by the corporate actuary to value the scheme obligations. - **Actuary's credentials**: Assessing the competency, independence and integrity of the Group's actuarial expert. - **Assessing transparency**: Considering the adequacy of the Group's disclosures in respect of the sensitivities of these assumptions on the obligations.

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Accounting for aircraft maintenance, restoration and handback costs (liabilities of €3,014 million; 2023: €2,529 million) See note 27 to the financial statements, refer further to accounting policy and financial disclosures	
Key audit matter	*How the matter was addressed in our audit*
Accounting judgement The Group has applied judgement in selection of the accounting policy with regards to the recognition and subsequent measurement of maintenance and handback provisions for leased aircraft as explained in note 27. If the Group were to apply an alternate accounting policy, the financial impact would be materially different at the reporting date. Subjective valuation and processing errors The calculation of provisions for maintenance, restoration and handback are complex and derived from multiple different models and is based on judgemental assumptions of the forecast costs expected to be incurred when the major maintenance event occurs. Due to the size of the aircraft fleet and the complexity of the models, there is a heightened sensitivity towards the estimation uncertainty in the key assumptions such as the forecast costs. Changes in these assumptions could result in significant adjustments to the level of provision and associated asset balances recognised. The effect of these matters is that, as part of our risk assessment, we determined that aircraft maintenance, restoration and handback provision obligations have a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements, and possibly many times that amount, which is the reason why we have considered it a key matter of our audit. The financial statements (note 27) disclose the sensitivity estimated by the Group.	Our procedures included: - **Assessing principles**: Assessing whether the recognition of maintenance provisions and capitalised maintenance assets are in accordance with IAS 37 and IFRS 16 requirements, lease obligations and industry practice. - **Re-performance**: Assessing the maintenance model for mathematical accuracy by performing a recalculation of the year end provision held. - **Tests of detail**: Inspecting lease agreements and maintenance contracts on a sample basis for significant return obligations and checking that those lease obligations were included in the maintenance model. Agreeing budgeted and contracted rates on a sample basis to supporting documentation. - **Historical comparisons**: Assessing whether past estimates have been historically accurate by comparing actual cost to previously recognised provisions. - **Sensitivity analysis**: Performing sensitivity analysis on the forecast costs against inflation and historically observed price increases. - **Assessing transparency**: Assessing the Group's disclosures in relation to the key judgements and estimates around the accounting for aircraft maintenance, restoration and handback costs.

Independent Auditor's Report *continued*

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Passenger and cargo revenue recognition (€29,508 million; 2023: (€26,966 million) See note 5 and 24 to the financial statements, refer further to accounting policy and financial disclosures.	
Key audit matter	*How the matter was addressed in our audit*
Passenger and cargo revenue recognition Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk. We consider the risk to be in respect of inappropriate judgements being applied in estimating breakage for deferred income associated with unused tickets and vouchers issued due to COVID-19 flight cancellations, where revenue should only be recognised if it is highly probable that any income recorded will not be reversed in future periods under Revenue Accounting Standard. Changes in these assumptions could result in significant adjustments to revenue and deferred revenue. **Low risk, high volume** Passenger and cargo revenues are made up of a high volume, low value number of transactions. They are recorded via a highly automated, but complex, transactional process including third party booking management systems as well as operational data. This includes revenue recognition triggered at the time of the flight departure, which is based on the operational information recorded in these systems and processes. Passenger revenues include tickets containing multiple flights, booking classes and a variety of surcharges and taxes which vary by route. Revenue accuracy depends on correctly applying the relevant inputs and rules. Due to limited judgement and estimation involved in recognising revenue on departure, passenger and cargo revenues are not at a high risk of significant misstatement. However, due to materiality in the context of the Group financial statements, this is considered to be one of the areas where significant audit effort was spent.	Our procedures include: - **Assessing principles:** Assessing Group's revenue recognition policy by reference to the accounting standards including the relevant requirements for breakage estimates. Passenger revenue (€28,274m (2023: €25,810m)): - **Control operation:** Testing the design and implementation, and the operating effectiveness of General IT Controls over the key revenue accounting systems considering appropriate configuration and prevention of unauthorised access and changes. Testing design and implementation, and the operating effectiveness of manual and automated controls underpinning the recognition of revenue. - **Outsourcing controls:** Inspecting the third-party Service Organisation Control reports to determine whether General IT controls over certain passenger revenue systems operated effectively during the year. - **Testing application:** Using our Revenue Data Analytics programme to recreate the revenue flow through the accounting systems for the key revenue accounts and assess whether the entries pass through the expected processes and accounts. - **Tests of detail:** Testing revenue journals to determine whether they are recorded based on our understanding of the revenue process. Testing revenue transactions on a sample basis by re-calculating the appropriate fare rules and verifying flight flown status to external flight data. - **Tests of detail:** Testing revenue by tracing a sample of passenger events, such as bookings, departures, voucher issuances and cancellations, back to the revenue data. - **Tests of detail:** Testing year end trade receivables to cash received post year end. Testing on a sample basis for flights departing close to the year end whether revenue was recorded in the correct period. - **Historical comparisons:** For passenger breakage revenue, we have evaluated the Group's accounting policy, assessing the methodology applied and challenging key assumptions by comparing against the Group's airlines past experiences. - **Tests of details:** Testing on a sample basis disrupted vouchers and unused tickets to assess whether such transactions have been appropriately recognised and assessing the potential risk of management bias. Cargo revenue (€1,234m (2023: €1,156m)): - **Tests of detail:** Testing, on a sample basis, cargo revenue transactions to external support and cash received.

IAG Loyalty VAT – Contingent liability for VAT on the issuance of Avios (HMRC assessments as at December 2024 totalling €673 million, with expected interest of €121 million) See note 10 to the financial statements, refer further to accounting policies and disclosures	
Key audit matter	*How the matter was addressed in our audit*
Accounting Treatment The Group's operating company, IAG Loyalty, has received a decision letter from His Majesty's Revenue and Customs (HMRC) in the UK, asserting that VAT arises at 20% on the issuance of Avios from periods commencing in March 2018. No provision has been recorded as at 31 December 2024 on the basis that the Group, having reviewed HMRC's decision, with its legal and tax advisors, considers it more likely than not that a favourable outcome from the judicial process detailed in Note 10 will eventuate. The assessed amounts of €673 million that the Group had not paid as at 31 December 2024 have been disclosed as a contingent liability in note 10. The amounts involved are significant and the application of accounting standards to determine the amount, if any, to be provided as a liability, is inherently subjective. We identified this matter as a key audit matter because complex and subjective auditor judgement was required in evaluating the Group's assessment that no provision is required based on the relevant legal requirements, case law and VAT regulations. Where the impact of any present obligations is not probable, and thus no provision is recorded, failure to adequately disclose the nature of these circumstances within the financial statements may distort the reader's view as to the potential risks faced by the Group.	We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described: - Test of details: We obtained an understanding and status of the VAT dispute with the Group's Head of Tax, examining any relevant correspondence with HMRC. - Enquiry of the Group's tax and legal advisors: Examined relevant correspondence with the Group's external legal and tax advisors, accompanied by discussions with the Group's external tax advisors. - Assessment of the Group's tax and legal advisors: The audit team performed a detailed assessment of the competence and objectivity of external counsel by inspecting their terms of engagement, qualifications and credentials. - Our tax expertise: With the assistance of KPMG VAT Specialists, we critically assessed managements' conclusion regarding the likelihood of a favourable outcome. We assessed relevant tax regulations and historical judgements passed by the court authorities as identified by the Group and their advisors in their assessment. - Assessing transparency: We assessed whether the Group's disclosures detailing the issue and the directors' judgement adequately reflect the judgement and potential liabilities of the Group.

Other Information: Consolidated Management Report

Other information solely comprises the 2024 consolidated management report, the preparation of which is the responsibility of the Parent Company's Directors and which does not form an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not encompass the consolidated management report. Our responsibility regarding the information contained in the consolidated management report is defined in the legislation regulating the audit of accounts, as follows:

a) Determine, solely, whether the consolidated non-financial information statement and certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as specified in the Spanish Audit Law, have been provided in the manner stipulated in the applicable legislation, and if not, to report on this matter.

b) Assess and report on the consistency of the rest of the information included in the consolidated management report with the consolidated financial statements, based on knowledge of the Group obtained during the audit of the aforementioned consolidated financial statements. Also, assess and report on whether the content and presentation of this part of the consolidated management report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have observed that the information mentioned in section a) above has been provided in the manner stipulated in the applicable legislation, that the rest of the information contained in the consolidated management report is consistent with that disclosed in the consolidated financial statements for 2024, and that the content and presentation of the report are in accordance with applicable legislation.



Directors' and Audit and Compliance Committee's Responsibility for the Consolidated Financial statements

The Parent's Directors are responsible for the preparation of the accompanying consolidated financial statements in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent's Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent's Audit and Compliance Committee is responsible for overseeing the preparation and presentation of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Directors.
- Conclude on the appropriateness of the Parent's Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Plan and execute the audit of the Group to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units of the Group as the basis to form an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and review of the work performed for the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Compliance Committee of the Parent regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the entity's audit committee with a statement that we have complied with the ethical requirements regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, safeguarding measures adopted to eliminate or reduce the threat.

From the matters communicated to the Audit and Compliance Committee of the Parent, we determine those that were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

European Single Electronic Format

We have examined the digital files of International Consolidated Airlines Group S.A. and its subsidiaries for 2024 in European Single Electronic Format (ESEF), which comprise the XHTML file that includes the consolidated financial statements for the aforementioned year and the XBRL files tagged by the Parent, which will form part of the annual financial report.

The Directors of International Consolidated Airlines Group S.A. are responsible for the presentation of the 2024 annual financial report in accordance with the format and mark-up requirements stipulated in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (hereinafter the "ESEF Regulation"). In this respect, the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration have been incorporated by reference in the consolidated management report.

Our responsibility consists of examining the digital files prepared by the Directors of the Parent, in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we plan and perform our audit procedures to determine whether the content of the consolidated financial statements included in the aforementioned digital files fully corresponds to the consolidated financial statements we have audited, and whether the consolidated financial statements and the aforementioned files have been formatted and marked up, in all material respects, in accordance with the requirements of the ESEF Regulation.

In our opinion, the digital files examined fully correspond to the audited consolidated financial statements, and these are presented and marked up, in all material respects, in accordance with the requirements of the ESEF Regulation.

Additional Report to the Audit and Compliance Committee of the Parent

The opinion expressed in this report is consistent with our additional report to the Parent's Audit and Compliance Committee dated 4 March 2025.

Contract Period

We were appointed as auditor of the Group by the shareholders at the ordinary general shareholders' meeting on 26 June 2024 for a period of 1 year, from the year ended 31 December 2024.

Previously, we had been appointed for a period of 3 years, by the shareholders at their general meeting, and have been auditing the annual accounts since the year ended 31 December 2021.

Review of the Corporate Governance Statement

We have nothing to report in respect of our requirement to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules.

KPMG Auditores, S.L.
On the Spanish Official Register of Auditors ("ROAC") with No. S0702

Bernardo Rücker-Embden
On the Spanish Official Register of Auditors ("ROAC") with nº 18.836

4 March 2025

Glossary

Adjusted earnings per share	Earnings are based on results before exceptional items after tax, adjusted for earnings attributable to equity holders and income statement impact of convertible bonds, divided by the weighted average number of ordinary shares, adjusted for the dilutive impact of the assumed conversion of the bonds and employee share schemes outstanding
Airline non-fuel costs	Total operating expenditure before exceptional items, less fuel costs and emission charges and less non-flight specific costs. Within non-fuel costs are the costs associated with generating Other revenue, which typically do not represent the costs of transporting passengers or cargo and instead represent the costs of handling and maintenance for other airlines, non-flight products in BA Holidays and costs associated with other miscellaneous non-flight revenue streams. Shown on a constant currency basis
Airline non-fuel costs per ASK	Airline non-fuel costs divided by ASK
Available seat kilometres (ASK)	The number of seats available for sale multiplied by the distance flown
Available tonne kilometres (ATK)	The number of tonnes of capacity available for the carriage of load (passenger and cargo) multiplied by the distance flown
Block hours	Hours of service for aircraft, measured from the time that the aircraft leaves the gate at the departure airport to the time that it arrives at the gate at the destination airport
Cargo revenue per CTK	Cargo revenue divided by CTK
Cargo tonne kilometres (CTK)	The number of tonnes of cargo carried that generate revenue (freight and mail) multiplied by the distance flown
Dividend cover	The number of times the result for the year covers the dividends paid and proposed
EBITDA	Operating result before exceptional items, interest, taxation, depreciation, amortisation and impairment
Emissions Trading System (ETS)	Emission Trading Systems are a market-based carbon pricing instrument that sets an explicit price on emissions. Group airlines participate in the EU, UK and Swiss Emission Trading Systems
Free cash flow	Cash generated by the businesses, defined as the net cash flows from operating activities taken from the Cash flow statement, less the cash flows associated with the acquisition of property, plant and equipment and intangible assets reported in net cash flows from investing activities from the Cash flow statement
Gross capex	Gross capital expenditure is the acquisition of property, plant and equipment and intangible assets reported in the Group's consolidated Cash flow statement and includes fleet, customer product, IT, ETS allowances and infrastructure, including those assets initially purchased and then subject to subsequent sale and leaseback transactions and recognised as right of use assets
Interest cover	The number of times the profit/(loss) before taxation and exceptional items adding back net interest expense and interest income cover the net interest expense and interest income
Invested capital	The average of property, plant and equipment and software intangible assets over a 12-month period between the opening and closing net book values. The fleet aspect of property, plant and equipment is inflated over the average age of the fleet to approximate the replacement cost of the associated assets
Liquidity	Cash and cash equivalents plus Current interest-bearing deposits, plus committed general undrawn facilities and committed aircraft undrawn facilities
Net debt	Current and long-term interest-bearing borrowings less cash and cash equivalents and current interest-bearing deposits

Glossary *continued*

Net Promoter Score (NPS)	The Net Promoter Score is a metric based on survey responses to the 'likelihood to recommend' question and is calculated by subtracting the percentage of customers who are 'Detractors' (score 0–6, unlikely to recommend) from the percentage of customers who are 'Promoters' (score 9–10, extremely likely to recommend)
Operating margin	Operating result before exceptional items as a percentage of total revenue
Overall load factor	RTK expressed as a percentage of ATK
Passenger load factor	RPK expressed as a percentage of ASK
Passenger unit revenue per ASK (PRASK)	Passenger revenue before exceptional items divided by ASK
Passenger revenue per RPK (yield)	Passenger revenue before exceptional items divided by RPK
Punctuality	The industry's standard, measured as the percentage of flights departing within 15 minutes of schedule
Regularity	The percentage of flights completed to flights scheduled, excluding flights cancelled for commercial reasons
Return on Invested Capital (RoIC)	EBITDA, less fleet depreciation adjusted for inflation, depreciation of other property, plant and equipment, and amortisation of software intangibles, divided by average invested capital and is expressed as a percentage
Revenue passenger kilometres (RPK)	The number of passengers that generate revenue carried multiplied by the distance flown
Revenue tonne kilometres (RTK)	The revenue load in tonnes multiplied by the distance flown
Sector	A one-way revenue flight
Sold cargo tonnes	The number of cargo tonnes sold, including freight, courier, mail and interline
Sustainable Aviation Fuel (SAF)	SAF is a fuel that is chemically almost identical to jet kerosene. The feedstocks for these fuels (currently waste materials such as municipal waste or waste wood) absorb CO_2 in their growth cycle before this carbon is recycled into fuel and then emitted in the flight
Total capital	Total equity plus net debt
Total revenue per ASK (RASK)	Total revenue before exceptional items divided by ASK
Total operating expenditure excluding fuel per ASK	Total operating expenditure before exceptional items excluding fuel divided by ASK
Total operating expenditure per ASK (CASK)	Total operating expenditure before exceptional items divided by ASK
Total traffic revenue per ATK	Revenue from total traffic before exceptional items (passenger and cargo) divided by ATK

Aircraft fleet

Number in service with Group companies

	Owned	Finance lease	Operating lease	**Total 31 December 2024**	Total 31 December 2023	Changes since 31 December 2023	Future deliveries	Options[1]
Airbus A319ceo	12	–	24	**36**	41	(5)	–	–
Airbus A320ceo	51	8	134	**193**	190	3	7	–
Airbus A320neo	–	46	28	**74**	66	8	47	30
Airbus A321ceo	14	–	28	**42**	43	(1)	–	–
Airbus A321neo	3	9	19	**31**	29	2	35	–
Airbus A321LR	–	–	8	**8**	8	–	–	–
Airbus A321XLR	3	–	–	**3**	–	3	11	14
Airbus A330-200	2	1	19	**22**	19	3	–	–
Airbus A330-300	4	4	12	**20**	20	–	–	–
Airbus A350-900	–	6	16	**22**	21	1	3	13
Airbus A350-1000	–	16	2	**18**	17	1	–	36
Airbus A380	5	7	–	**12**	12	–	–	–
Boeing 737-8200	–	–	–	**–**	–	–	25	100
Boeing 737-10	–	–	–	**–**	–	–	25	–
Boeing 777-200	40	–	3	**43**	43	–	–	–
Boeing 777-300	9	–	7	**16**	16	–	–	–
Boeing 777-9	–	–	–	**–**	–	–	18	24
Boeing 787-8	8	2	2	**12**	12	–	–	–
Boeing 787-9	1	8	9	**18**	18	–	–	–
Boeing 787-10	–	9	2	**11**	7	4	7	6
Embraer E190	9	–	11	**20**	20	–	–	–
Group total	**161**	**116**	**324**	**601**	**582**	**19**	**178**	**223**

1 The options to purchase 100 Boeing 737 aircraft allow for flexibility in the choice of variant.

Aircraft are reported based on their contractual definitions as opposed to their accounting determination. For accounting purposes, while all operating leases are presented as lease liabilities, finance leases are presented as either lease liabilities or asset financed liabilities, depending on the nature of the individual arrangement. See note 2 in the consolidated financial statements for further information.

As well as those aircraft in service, the Group also holds 11 aircraft (31 December 2023: 9) not in service.

Operating and financial statistics

Total Group operations		2024	2023	2022[1]	2021	2020[2]
Traffic and capacity						
Available seat km (ASK)	million	**343,253**	323,111	263,592	121,965	113,195
Revenue passenger km (RPK)	million	**296,877**	275,727	215,749	78,689	72,262
Cargo tonne km (CTK)	million	**5,253**	4,666	3,980	3,970	3,399
Passengers carried	'000	**122,047**	115,559	94,726	38,864	31,275
Sold cargo tonnes	'000	**651**	596	561	539	444
Sectors		**741,653**	714,562	619,122	307,519	267,748
Block hours	hours	**2,276,790**	2,137,749	1,781,829	892,455	820,983
Operations						
Average headcount[3]		**73,498**	69,762	61,192	56,618	65,481
Aircraft in service at year end		**601**	582	558	531	533
Aircraft utilisation – long-haul (average hours per aircraft per day)	hours	**13.5**	14.3	12.8	8.1	6.4
Aircraft utilisation – short-haul (average hours per aircraft per day)	hours	**8.9**	8.3	7.7	4.5	2.7
Punctuality – within 15 minutes	%	**77.8**	72.2	61.7	86.4	88.8
Regularity	%	**98.7**	98.5	98.7	96.7	91.8
Financial						
Passenger unit revenue per ASK (PASK)[4]	€ cents	**8.24**	7.99	7.38	4.78	4.92
Passenger revenue per RPK[4]	€ cents	**9.52**	9.36	9.02	7.41	7.71
Cargo revenue per CTK[4]	€ cents	**23.49**	24.77	40.58	42.14	38.42
Total revenue per ASK (RASK)[4]	€ cents	**9.35**	9.12	8.75	6.93	6.95
Average fuel price	$/metric tonne	**795**	883	1,074	587	376
Fuel cost per ASK[4]	€ cents	**2.22**	2.34	2.32	1.59	1.80
Operating (loss)/profit before depreciation and amortisation (EBITDA)[4]	€ million	**6,807**	5,570	3,325	(1,017)	(2,291)
Total operating expenditure excluding fuel per ASK (CASK ex. fuel)[4]	€ cents	**5.84**	5.69	5.96	7.78	9.03
Operating margin[4]	%	**13.8**	11.9	5.4	(35.1)	(55.8)
Total operating expenditure per ASK (CASK)[4]	€ cents	**8.06**	8.03	8.28	9.36	10.83
Dividend cover[4]	times	**6.4**	n/a	n/a	n/a	n/a
Interest cover[4]	times	**8.4**	5.1	1.4	(4.0)	(6.6)
Net debt	€ million	**7,517**	9,245	10,385	11,667	9,762
Equity	€ million	**6,176**	3,278	2,022	846	1,610
Net debt to EBITDA before exceptional items	times	**1.1**	1.7	3.1	(11.5)	(4.3)
Exchange rates - weighted average						
Translation	£:€	**1.18**	1.15	1.17	1.15	1.13
Transaction	£:€	**1.18**	1.15	1.17	1.15	1.13
Transaction	€:$	**1.09**	1.09	1.05	1.20	1.13
Transaction	£:$	**1.28**	1.26	1.23	1.38	1.27

1 The 2022 results have been restated for the reclassification of the Net gain on sale of property, plant and equipment within Operating profit.

2 The 2020 results have been restated for the treatment of administration costs associated with the Group's defined benefit pension schemes.

3 Average headcount in 2020, 2021 and 2022 includes those employees who were on furlough, wage support and equivalent schemes, including the Temporary Redundancy Plan arrangements in Spain.

4 Figures are shown before exceptional items.

n/a: not applicable

International Consolidated Airlines Group, S.A. and subsidiaries

Limited Assurance Report issued by an assurance provider on the Consolidated Non-Financial Information Statement (NFIS) and Sustainability Information

31 December 2024

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

KPMG Auditores, S.L.
Paseo de la Castellana, 259C
28046 Madrid

Limited Assurance Report issued by an assurance provider on the Consolidated Non-Financial Information Statement and Sustainability Information of International Consolidated Airlines Group, S.A. and subsidiaries for 2024

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of International Consolidated Airlines Group, S.A.:

Limited Assurance Conclusion

Pursuant to article 49 of the Spanish Code of Commerce, we have performed a limited assurance review of the accompanying Consolidated Non-Financial Information Statement (hereinafter, NFIS) of International Consolidated Airlines Group, S.A. (hereinafter, the Entity) and its subsidiaries (hereinafter, the Group) for the year ended 31 December 2024, which forms part of the consolidated directors' report of the Group.

The NFIS includes additional information to that required by prevailing mercantile legislation concerning non-financial information, namely the sustainability information prepared by the Group for the year ended 31 December 2024 (hereinafter, the Sustainability Information) in accordance with the provisions of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 on Corporate Sustainability Reporting Directive (CSRD). This Sustainability Information has also been subject to a limited assurance review.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that:

a) the Group's Non-Financial Information Statement for the year ended 31 December 2024 has not been prepared, in all material respects, in accordance with prevailing mercantile legislation and selected criteria of the European Sustainability Reporting Standards (ESRS), as well as the other criteria described based on each subject area in section "Table of contents required by Spanish Law 11/2018" of the aforementioned Statement;

b) the Sustainability Information as a whole has not been prepared, in all material respects, in accordance with the sustainability reporting framework applied by the Group and identified in the accompanying note "BP-1 General basis for preparation", including:

- That the description of the process for identifying the sustainability reporting information included in note "IRO-1 Description of the process to identify and assess material impacts, risks and opportunities and to assess which ones are material; IRO-2 Disclosure Requirements in ESRS covered by the undertaking's sustainability statement" is consistent with the process carried out and that it identifies the material information to be disclosed in accordance with the requirements of the ESRS.

- Compliance with ESRS.

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- Compliance of the disclosure requirements, included in subsection "EU Taxonomy Regulation" of the environment section of the Sustainability Information, with Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment.

Basis for Conclusion

We have performed our limited assurance engagement in accordance with generally accepted professional standards applicable in Spain and specifically with the guidelines contained in the Revised Guidelines 47 and 56 for assurance engagements on non-financial information issued by the Spanish Institute of Registered Auditors (ICJCE) and considering the contents of the note published by the Spanish Accounting and Audit Institute (ICAC) on 18 December 2024 (hereinafter, Generally Accepted Professional Standards).

The scope of the procedures applied in a limited assurance engagement is less than those required in a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the level of assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under this standard are further described in the Assurance Provider Responsibilities section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies the International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Directors' Responsibility

The preparation of the NFIS included in the consolidated directors' report of the Group, and the content thereof, is the responsibility of the Directors of International Consolidated Airlines Group, S.A. The NFIS has been prepared in accordance with prevailing mercantile legislation and selected criteria of the ESRS, as well as the other criteria described based on each subject area in section "Table of contents required by Spanish Law 11/2018" of the aforementioned Statement.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the NFIS is free from material misstatement, whether due to fraud or error.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

The Directors of International Consolidated Airlines Group, S.A. are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the NFIS was obtained.

In relation to the Sustainability Information, the entity's Directors are responsible for developing and implementing a process for identifying the information to be included in the Sustainability Information in accordance with the contents of the CSRD, the ESRS and Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 and for disclosing information about this process in the Sustainability Information in note "IRO-1 Description of the process to identify and assess material impacts, risks and opportunities and to assess which ones are material; IRO-2 Disclosure Requirements in ESRS covered by the undertaking's sustainability statement". This responsibility includes:

- understanding the context in which the Group's business activities and relationships are conducted, and its stakeholders, in relation to the Group's impact on people and the environment;
- identifying actual and potential impacts (both negative and positive), and any risks and opportunities that might affect, or could reasonably be expected to affect, the Group's financial position, financial performance, cash flows, access to financing and the cost of capital in the short, medium or long term;
- evaluating the materiality of the impacts, risks and opportunities identified; and
- making assumptions and estimates that are reasonable in the circumstances.

The Directors are also responsible for the preparation of the Sustainability Information, including the information identified by the process, in accordance with the sustainability reporting framework applied, including compliance of the CSRD, the ESRS and the disclosure requirements included in subsection "EU Taxonomy Regulation" of the environmental section of the Sustainability Information with Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment.

This responsibility includes:

- Designing, implementing and maintaining such internal control as the Directors consider necessary to enable the preparation of sustainability information that is free from material misstatement, whether due to fraud or error.
- Selecting and applying appropriate methods for sustainability information and making assumptions and estimates that are reasonable in the circumstances for specific disclosures.

Inherent Limitations in preparing the information

In accordance with the ESRS, the Entity's Directors are required to prepare prospective information based on assumptions and hypotheses, which are to be included in the Sustainability Information, regarding events that may occur in the future, as well as any possible future actions that the Group may take. The actual outcome may differ significantly from the estimates, as future events often do not occur as expected.

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In determining sustainability disclosures, the Entity's Directors interpret legal and other terms that are not clearly defined and may be interpreted differently by others, including the legal conformity of such interpretations, and are therefore subject to uncertainty.

Responsibility of the Assurance Provider

Our objectives are to plan and perform the assurance engagement in order to obtain limited assurance about whether the NFIS and Sustainability Information are free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusions thereon. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this information.

As part of a limited assurance engagement, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Design and implement procedures to assess whether the process for identifying the information to be included in both the NFIS and Sustainability Information is consistent with the description of the process followed by the Group and allows, where appropriate, for the identification of material information to be disclosed in accordance with the requirements of the ESRS.
- Apply risk-based procedures, including obtaining an understanding of internal controls relevant to the engagement in order to identify the disclosures where material misstatements are more likely to arise, whether due to fraud or error, but not for the purpose of providing a conclusion about the effectiveness of the Group's internal control.
- Design and implement procedures that respond to disclosures in both the NFIS and the Sustainability Information that are likely to contain material misstatements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of Work Performed

A limited assurance engagement includes performing procedures to obtain evidence to support our conclusions. The nature, timing and scope of the procedures selected depend on professional judgement, including the identification of the disclosures in which material misstatements, whether due to fraud or error, are likely to arise in the NFIS and the Sustainability Information.

Our work consisted of making inquiries of management, as well as of the different units and components of the Group that participated in the preparation of the NFIS and the Sustainability Information, reviewing the processes for compiling and validating the information presented in the NFIS and the Sustainability Information and applying certain analytical procedures and sample review tests, which are described below:

In relation to the NFIS assurance process:



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- Meetings with the Group's personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these matters and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the NFIS for 2024 based on the materiality analysis performed by the Group and described in the note "IRO-1 Description of the process to identify and assess material impacts, risks and opportunities and to assess which ones are material; IRO-2 Disclosure Requirements in ESRS covered by the undertaking's sustainability statement", considering the content required by prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the NFIS for 2024.
- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS for 2024.
- Corroboration, through sample testing, of the information relative to the content of the NFIS for 2024 and whether it has been adequately compiled based on data provided by the information sources.

In relation to the assurance work on the Sustainability Information:

- Making inquiries of Group personnel:
  - to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these matters and to obtain information necessary for the external review.
  - to understand the source of information used by management (e.g. stakeholder interaction, business plans and strategy documents) and review the Group's internal documentation on its process.
- Through inquiries of Group personnel, gaining an understanding of the Group's processes for collecting, validating and reporting information relevant to the preparation of its sustainability information.
- Assessment of how consistent the evidence obtained from our procedures on the Group's process for determining the information to be included in the Sustainability Information is with the description of the process included in the Sustainability Information, and assessment of whether the Group's process duly identifies the material information to be disclosed in accordance with the requirements of the ESRS.
- Assessment of whether all the information identified in the Group's process for determining the information to be included in the Sustainability Information is effectively included.
- Assessment of how consistent the structure and presentation of the Sustainability Information is with the provisions of the ESRS and the rest of the sustainability reporting framework applied by the Group.
- Inquiries of relevant personnel and performance of analytical procedures on the information disclosed in the Sustainability Information considering where material misstatements are likely to arise, whether due to fraud or error.
- Performance, if applicable, of sample substantive procedures on information disclosed in the Sustainability Information considering where material misstatements are likely to arise, whether due to fraud or error.

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- Procurement, if applicable, of any reports issued by accredited independent third parties included as an appendix to the consolidated directors' report in response to the requirements of European regulations and, in relation to the information to which they refer and in accordance with Generally Accepted Professional Standards, confirmation solely that the accreditation of the assurance provider and the scope of the report issued is in line with European regulations.
- Procurement, if applicable, of any documents containing the information included by reference, the reports issued by auditors or assurance providers on those documents and, in accordance with Generally Accepted Professional Standards, confirmation solely that the document referred to by such information included by reference meets the conditions described in the ESRS for incorporating information by reference in the Sustainability Information.
- Procurement of a representation letter from the Directors and management regarding the NFIS and the Sustainability Information.

Other Information

Management of the entity is responsible for other information. Other information comprises the consolidated annual accounts and other information included in the consolidated directors' report, but does not include either the auditor's report on the consolidated annual accounts or assurance reports issued by accredited independent third parties required by European Union law on specific disclosures contained in the Sustainability Information included as an appendix to the consolidated directors' report.

Our assurance report does not cover other information and we do not express any assurance conclusions on said information.

In connection with our engagement to provide assurance on the Sustainability Information, our responsibility is to read the other information identified above and, in so doing, consider whether the other information is materially inconsistent with the Sustainability Information or with the knowledge we have acquired during the assurance engagement that could be indicative of material misstatements in the Sustainability Information.

KPMG Auditores, S.L.



Marta Contreras Hernández

4 March 2025

Consolidated Non-Financial Information Statement and Sustainability Information

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General requirements

ESRS 2 General disclosures

BP-1 General basis for preparation

International Consolidated Airlines Group (IAG) Consolidated Non-Financial Information Statement and Sustainability Information (together referred to as the 'Sustainability statement' thereafter) complies with Spanish Law 11/2018, of December 28, amending the Commercial Code, the consolidated text of the Companies Law approved by Royal Legislative Decree 1/2010, of July 2, Law 22/2015, of July 20, on Auditing, in matters of non-financial and diversity information, and Law 5/2021, of April 12, amending Article 49.6.II, fourth paragraph, of the Commercial Code. This statement is prepared in accordance with the EU Corporate Sustainability Reporting Directive (CSRD) on a voluntary basis.

For the disclosure of transitional requirements outlined by the joint communication by the CNMV and ICAC released on 27 November 2024, the Global Reporting Initiative (GRI Standards), an international initiative for sustainability reporting, has been applied.

IAG also complies with the 2018 UK Streamlined Energy and Carbon Reporting regulation, the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, and the EU Taxonomy Regulation (2020/852).

Chapters in IAG's Annual Report that are not included within the scope of this statement, but are relevant to addressing the requirements of the CSRD include Business model, Corporate governance, Stakeholder Engagement and Risk management and principal risk factors.

References are provided in the appendix to this statement.

External review

The full contents of this Sustainability statement are independently verified by a third party to limited assurance standards in line with ISAE3000 (Revised) standards. IAG is working towards reasonable assurance in the medium term and is implementing internal controls accordingly.

Emissions data from intra-European flights is also independently verified to reasonable assurance standards within six months of the year end for compliance with the UK and EU ETS, and for all flights for the UN CORSIA scheme.

Scope of this statement

IAG provides information about key environmental, social, employee-related and human-rights-related issues, where this is relevant to the Group and its activities. The scope of this statement has been determined via a double materiality assessment completed in 2024, details of which follow in this statement.

The scope of environmental performance data and targets relates to all IAG airlines, subsidiaries and cargo operations. The scope of workforce and ethics and integrity data includes all IAG operating companies. In both cases a number of exceptions and assumptions have been applied and these are clearly stated with rationale provided.

The scope of human rights and modern slavery reporting relates to data from our operators and key aspects of the IAG supply chain.

Group revenue is used to calculate revenue intensity data points as required under section 'E1 Climate Change'.

Scope of the value chain

This report covers sustainability impacts resulting from direct, upstream and downstream operations of IAG and its operating companies. Examples of these operations include, but are not limited to:

Upstream	IAG	Downstream
Fuel production	Operation of own aircraft	Provision of travel and tourism services, including hotels and car hire
Aircraft manufacturing, including airframes, engines and components	Operation of leased aircraft	Aircraft leasing to other airlines
Leasing firms and other sources of capital	Own maintenance, repair and overhaul (MRO)	Loyalty rewards programme and associated benefits
Airports, air navigation service providers (ANSP) and communications	Cargo operations	Freight forwarders
Ground services, including aircraft handling and catering	Office operations	Other supply chain services

BP-2 Disclosures in relation to specific circumstances

Time horizon

Under the enterprise risk management (ERM), IAG assesses the potential impact of principal risks over the next three years against the strategic business plan ('the plan'). IAG considers risks to the plan over the short term (up to three years), medium term (from three to five years) and in the longer term (beyond five years).

This Sustainability statement is aligned to this risk assessment, where short term (S) is defined as one to three years, medium term (M) is up to five years and long term (L) is more than five years.

To assess climate-change-related risks, IAG looks at a range of timescales including up to 2030 and 2050. Group-wide emerging risks are considered as they are identified, in addition to key threats and trends faced by the industry over a timeframe beyond the plan period. Longer term considerations are assessed in parallel with the near-term priorities and adaptations required by the Group.

Please refer to the Principal Risk and Uncertainties section of this Annual Report for more information.

Value chain estimation

IAG has assessed all 15 categories of Scope 3 emissions as defined by the global GHG Protocol. Please refer to section E1 - Climate Change and the appendix of this statement for more information.

Standardised conversion factors are used where data from suppliers is not available, which means that as more data from suppliers becomes available some values may be restated. Any significant restatements will be provided in future reports with explanations provided.

Sources of estimation and outcome uncertainty

For any specific cases where full-year data was not available for selected metrics, estimates have been applied based on business forecasts and data from prior months. Internal governance is in place to ensure that any estimations made are robust. Any prior-year restatements are indicated next to relevant metrics with reasons provided. We have deemed the following metrics in the table below to have a high outcome of uncertainty based on known omissions in the dataset.

Metrics in this report that carry a high level of uncertainty (as per the definition above) include the following:

Metric	Key assumptions or omissions	Source of measurement uncertainty
Scope 3, Category 11	Activity relates to IAG loyalty programme members redeeming Avios via IAG loyalty programmes only and excludes transfers of Avios outside of IAG loyalty programmes	Methodology is under development to assess ability to broaden reporting scope

Changes in preparation or presentation of sustainability information

IAG's 2023 Sustainability report formed part of the Group's Management Report. IAG also prepared a Consolidated Statement of Non-Financial Information (NFIS) in 2023, required under Spanish Law 11/2018, of 28 December 2018, on non-financial information and diversity (amending the Commercial Code, the revised Capital Companies Law approved by Legislative Royal Decree 1/2010, of 2 July 2010 and Audit Law 22/2015, of 20 July 2015). The NFIS contained additional environmental, social, employee-related and human rights-related information to the Group's Management Report, required as 'Additional Disclosures' under Spanish Law and IAG's EU Taxonomy disclosure.

For 2024, information previously disclosed within IAG's NFIS is prepared within this Sustainability statement. This statement is prepared within IAG's management report in accordance with the CSRD Directive on a voluntary basis. It adheres to the European Sustainability Reporting Standards (ESRS) and aligns to the example of the structure of the Sustainability statement presented by EFRAG. Transitional provisions required by the communication issued by the CNMV and ICAC on 27 November 2024, under Spanish Law 11/2018, are also included in this statement.

Reporting errors in prior periods

IAG reviews all data including from prior periods and has made the following correction to its sustainability metrics:

Metric	Change from prior measurement	Comments	Difference to previously calculated figure
Net Scope 1 GHG Emission Reductions; ETS	Correction	The IAG aggregated value for 2023 has been corrected following the inclusion of net emission reductions achieved in 2023 by Iberia, Iberia Express and LEVEL under their participation in the EU ETS. This information was not available at the time of 2023 reporting	IAG's annual net emission reductions from participation in ETS schemes has increased from 2.60 million tCO_2e, to 2.95 million tCO_2e in 2023. IAG's 2023 total Scope 1 net emissions is corrected to 22.67 million tCO_2e, from 22.82 million tCO_2e. This change also reflects a <1% change in IAG's 2023 total Scope 1 gross CO_2 emissions accounting for the relevant fuel captured under the EU ETS and SAF use

Disclosures stemming from other legislation or generally accepted sustainability reporting pronouncements

Please refer to BP-1 General basis for more information regarding the preparation of this Sustainability statement.

IAG's most material environmental metric – Scope 1 emissions – receives additional independent reasonable assurance verification each year as part of the legal requirements of EU, Swiss and UK ETS and the international Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), within six months of the issuance of this report. Any material changes are restated in future reports. Please find more information in the appendix to this Sustainability statement.

Phase-in provisions

Please refer to the appendix to this statement.

Governance

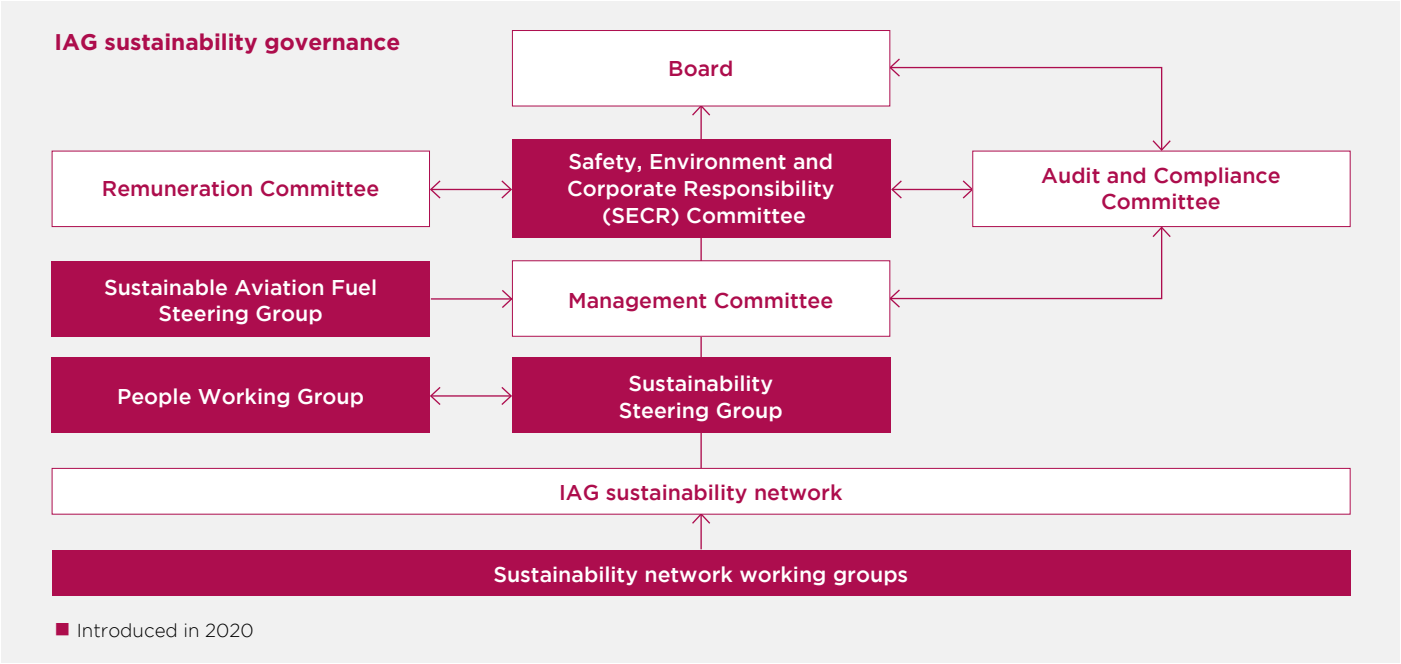
GOV-1 Role of administrative, management and supervisory bodies; GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

IAG has robust governance in place to ensure joined-up and progressive decisions on sustainability.

This ensures that wider stakeholder engagement is consistent with addressing IAG's material issues, environmental priorities and sustainability goals. An annual meeting planner for the Board ensures sustainability governance processes fit within the reporting and disclosure framework of the Group.

The Group's unique structure means that each individual operating company has a distinct sustainability programme. These are regularly reviewed to ensure alignment with the Group's sustainability strategy and principles, which covers material issues, KPIs and engagement plans.

Please refer to the Corporate Governance section of this Annual Report for more information on IAG's administrative, management and supervisory bodies. Relevant forums and levels of responsibility for sustainability matters are indicated below.



Board/management committee	Frequency of meetings	Responsibility in relation to sustainability
Board	At least quarterly	Approval of strategy, major investments, risk management and controls and review of progress against environment and people plans including climate-related goals and targets
Safety, Environment and Corporate Responsibility (SECR) Committee	At least quarterly	Dedicated oversight of the Group's sustainability programme and alignment with strategic priorities, environmental sustainability approval, and review of progress against environment and people plans. Receives an update on material sustainability issues including environmental KPIs on a quarterly basis. Provides a link between operating company management committees and the IAG Board. Receives training as required on sustainability topics. In 2024, SECR Committee members (alongside the IAG Audit and Compliance Committee) received training on the CSRD prior to approving the material topics as determined by the IAG double materiality assessment
IAG Audit and Compliance Committee	At least quarterly	Ensures appropriate processes and controls are in place to allow compliance with relevant regulation and reporting requirements and reviews the Annual Report and Accounts. In 2024, committee members (alongside the IAG SECR) received training on the CSRD prior to approving the material topics as determined by the IAG double materiality assessment
IAG Management Committee	At least quarterly	Reviews and challenges Group programmes, the alignment of operating-company-specific programmes with Group priorities and strategy, and progress against plans
Operating companies' management committees	At least quarterly	Reviews and challenges operating-company-specific environment and people programmes

General requirements *continued*

Sustainability governance

Forum	Frequency of meetings	Responsibility in relation to sustainability
IAG Sustainability Steering Group (SSG)	At least quarterly	Comprises senior representatives from across the Group who provide oversight of environmental and social initiatives and reporting
IAG Sustainability Network (ISN)	Monthly calls and three in-person workshops	The ISN comprises more than 60 sustainability representatives across the Group. This group supported the Group's double materiality assessment in 2024 by providing views on the impact materiality of IROs identified, and meets monthly to provide updates on the work to address material impacts, risks and opportunities (IROs). This forum reports into the IAG Sustainability Steering Group (SSG). The IAG Sustainability team also administers regular training to its operating companies to support development of expertise across the Group on key issues
Hangar 51 Governance Committee	At least biannually	Reviews potential investments to consider emerging climate technologies and partnerships with sustainability start-ups. Members include the Chief Commercial Strategy Officer, Chief Financial and Sustainability Officer and Chief Information, Procurement, Services and Innovation Officer

Sustainability network working groups (cross-Group)

Forum	Frequency of meetings	Responsibility in relation to sustainability
Reporting and Disclosures Working Group	Monthly	Designed to monitor IAG sustainability disclosures against our regulatory requirements. Includes a subgroup focused on biodiversity issues
Waste Working Group	Monthly	This working group is focused on improving waste monitoring processes from our operations and implementing waste reduction and recycling projects to meet IAG's 2025 targets
Sustainability KPI Working Group	Monthly	Forum for sharing best practice and implementing internal audit requirements for the accurate reporting of environmental metrics. Alignment of reporting with developing standards is ensured. Tracks key metrics towards IAG's Flightpath net zero strategy - for presentation to the ISN, SSG and SECR
Carbon Efficiency Working Group	Monthly	Forum comprises sustainability and fuel management teams who share best practice on fuel efficiency initiatives to accelerate carbon reductions in line with IAG Flightpath net zero strategy
Social Impact Working Group	Ad hoc	Forum to develop initiatives and track the value of IAG for societies.
Climate Strategy Working Group	At least quarterly	Forum for sustainability colleagues to develop the IAG Flightpath net zero strategy and sustainability initiatives
Non-CO_2 Working Group	Monthly	Prepares Group airlines for reporting requirements related to non-CO_2 emissions in the EU and shares best practices to better understand its environmental impact and possible mitigation initiatives

Sustainable Aviation Fuel (SAF) Governance

Forum	Frequency of meetings	Responsibility in relation to sustainability
IAG SAF Steering Group	At least quarterly	Comprises senior representatives from across the Group who provide oversight of SAF strategic direction and approval for new purchases and investments
IAG SAF Management Group	Monthly	A cross-Group meeting focusing on SAF strategy, projects and progress. Reports into the IAG SAF Steering Group

Governance responsibilities

Individual	Frequency of reporting	Responsibility in relation to sustainability
IAG CEO	At least quarterly	Chairs the IAG Management Committee, updates the Board and ensures Board-level decisions are directed into action across the Group
IAG Chief Financial and Sustainability Officer	At least quarterly	Reports to the IAG CEO. A member of the IAG Management Committee. Chairs the SSG and provides approval and direction of Group programmes
IAG Group Sustainability Officer	Regularly as relevant	Reports to the IAG Chief Financial and Sustainability Officer. Chairs the IAG Sustainability Network and is responsible for delivering IAG's Flightpath net zero strategy
IAG Group Head of People	Regularly as relevant	Reports to the IAG CEO. Responsible for delivering initiatives that address material social issues in the Group

Wider governance

Wider governance processes integrate sustainability aspects. As part of the Group-wide ERM process, sustainable aviation and people, culture and employee relations risks are presented biannually to the Audit and Compliance Committee and annually to the Board. One-year financial plans and three-year business plans are coordinated by Group Finance and include sustainability aspects.

For more information, please refer to the Corporate Governance section of this Annual Report.

GOV-3 Integration of sustainability-related performance in incentive schemes

IAG has a number of sustainability-linked annual incentives for over 7,500 senior executives and managers across the Group. These incentives are designed to support IAG's ambition to reduce the carbon intensity of its operations.

The incentives are reviewed and developed annually by the IAG Sustainability team, before being submitted as part of the IAG financial incentives which are approved by the Board of Directors.

IAG-specific carbon efficiency measure	Group grammes of CO_2 per passenger kilometre (gCO_2/pkm)	Covers up to 10% of the annual bonus for senior executives	This measure reflects our progress towards our sustainability target. It measures the fuel efficiency of our flight operations, taking account of our network, aircraft mix and passenger and cargo load factors. This KPI is selected as it drives fuel efficiency related to IAG's most material source of emissions (Scope 1 emissions from jet fuel use). In selected operating companies, the carbon efficiency measure is combined with other KPIs relevant to operations (e.g. waste reduction initiatives in IAG Cargo)

Please refer to the Remuneration Committee Report for more information.

GOV-4 Statement on due diligence

Please refer to the appendix to the Sustainability statement.

GOV-5 Risk management and internal controls over sustainability reporting

Sustainable aviation risks and people, culture and employee relations risks are reported as principal risks to IAG.

These risks are reviewed under the Group ERM risk assessment process, which is presented biannually to the Audit and Compliance Committee and annually to the SECR Committee and Board. More details on risk identification and assessment, and risk management can be found in the Risk management and principal risk factors section of this Annual Report.

All principal risks are linked to the Group strategic priorities.

Sustainability risks and opportunities, including climate-related risks and opportunities, are also identified and assessed by the Group Sustainability team, in conjunction with the Group ERM team, and presented to the IAG Chief Financial and Sustainability Officer, IAG Management Committee and SECR Committee. Plans to mitigate risks are developed by relevant risk owners in specific areas of the business, with agreed initiatives included in relevant operating company business plans. Where risk treatments require time to implement, short-term mitigations are assessed and the timeline to risk mitigation and consequent risk acceptance is discussed and agreed by stakeholders.

People, culture and employee relations risks are managed by the Group's operating companies and supervised by IAG's Nominations Committee, Remuneration Committee and Board through periodic reports.

Impact on operations and strategy

Sustainability risk assessments have informed specific decisions related to business operations and strategy, and IAG allocates significant resources to environmental risk management.

Examples include:

- Since 2019, the Group has maintained its commitment to net zero emissions by 2050, which continues to be delivered under its Flightpath net zero strategy; and since 2021, IAG has been working with suppliers to explore ways to reduce their emissions, as part of delivering IAG's commitment to achieve net zero Scope 3 emissions by 2050.
- As of 31 December 2024, IAG's total expenditure, including future commitments for SAF offtake exceeded $3.5 billion, as we continue to scale up the use of SAF in our operations. This is based on an assumed jet fuel price of $800 per metric tonne and contracted margins for SAF production.

IAG is committed to mitigating the impacts of hazards that could potentially have uncertain but potentially negative outcomes on the environment or people.

IAG adopts precautionary measures to mitigate these hazards, an approach known as the precautionary principle. For example, the precautionary principle is applied to the planning of operations and the development and launch of new services. IAG integrates and aligns climate considerations into three-year business plans and one-year financial forecasts.

IAG also manages risks via the use of ISO-14001-aligned environmental management systems. IEnvA (IATA's Environmental Assessment) is the airline industry version of ISO 14001, the international standard for environmental management systems. IEnvA is tailored specifically for airlines and is fully compatible with the requirements of the International Organization for Standardization (ISO).

All Group airlines are certified under the IEnvA standard in 2024. Vueling renewed its certification in 2024 incorporating the Illegal Wildlife Trafficking (IWT) certification module, which has been developed in line with the 11 commitments of the Buckingham Palace Declaration and the 72nd IATA AGM Resolution to prevent the transportation of illegal wildlife products.

IAG and its operating companies do not currently take out any specific insurance to cover environmental risks.

Strategy

SBM-1 Strategy, business model and value chain

IAG focuses its sustainability strategy on addressing material issues: those that are most important to key stakeholders and that have the biggest external impacts.
Please refer to the strategic review section of this Annual Report for more information on IAG's strategy, business model and value chain.

SBM-2 Interests and the views of stakeholders

IAG regularly engages its stakeholders on sustainability issues. External stakeholders include investors, customers (including corporate customers), policymakers, trade associations, fuel suppliers, airports and NGOs. Internal stakeholders include IAG Board members, all IAG Management Committee members, and employees (including operating company sustainability representatives). The results inform ongoing disclosures and strategy.

IAG considered the interests and views of stakeholders in its 2024 double materiality assessment, as follows:

Customers
Affected stakeholders

Why they are important

- We aim to provide unrivalled customer propositions and a portfolio of world-class brands targeting specific demand spaces and travel occasions.
- Passenger revenues, including fares and ancillaries, are the most important source of revenue for IAG.
- Recognising loyal customers through loyalty programmes by earning rewards on a range of items when flying with our airlines and partners creates value for both IAG and our customers and builds the relationship.

How we engage with this stakeholder group

- A daily 'Customer Voice' survey is sent to customers who have recently flown with us, collecting feedback on their experience.
- Customer feedback through a variety of channels (contact centres, social media, feedback from customer-facing employees and partners, crews, lounge colleagues and ground handling agents) help us understand key pain points throughout our customers' journeys.
- Brand surveys are undertaken to understand and meet the needs and expectations of our customers.
- Claims and complaints can be raised through different channels and are monitored to accommodate our customers and enable action where necessary, and contact centre services and other digital channels (for example, chatbots on our websites or WhatsApp 24/7), are used so that customers can reach out when needed.
- We communicate information including the latest changes in our services or product enhancements through various channels, including websites, emails and social media accounts.
- We offer guidance and a high standard of customer care throughout the customer journey from both airport and on-board colleagues.

Approach of the double materiality assessment to this group

The safety, satisfaction and overall experience of IAG customers are directly influenced by the Group's operations. Aviation security is crucial for protecting passengers and ensuring their trust in our airlines. Customer experience, encompassing service quality and comfort, shapes their perception and loyalty. Additionally, maintaining high standards of customer health and safety, particularly in preventing illness and ensuring a secure travel environment, is essential for their wellbeing and confidence in choosing IAG for their travel needs.

In order to understand how customers may be impacted by IAG's operations, we consulted commercial experts from across our operating companies and incorporated the insights from customer satisfaction reviews.

Society
Affected stakeholders

Why they are important

- Society influences and is affected by IAG airlines' practices. Public concerns about environmental impact, such as air and noise pollution, push airlines to adopt sustainable operations, while societal values around ethical behaviour shape regulatory landscapes and consumer preferences. The public's perception and acceptance, often referred to as the social licence to operate, are crucial for IAG's reputation and long-term viability. Additionally, societal pressure can lead to stricter regulations and standards, impacting IAG's operational and financial performance. Engaging with societal concerns helps IAG anticipate and adapt to evolving expectations, ensuring sustainable and responsible business practices.

How we engage with this stakeholder group

- IAG engages with society by actively seeking public input through consultations to understand societal concerns. We enhance transparency by publishing sustainability reports and updates on our environmental and social performance. Moreover, IAG participates in community initiatives and partnerships to address local needs and supports ethical business practices to align with societal values. We use feedback mechanisms to respond to public concerns and adapt our practices accordingly, ensuring they meet societal expectations and contribute positively to the community.

Approach of the double materiality assessment to this group

Insights from internal documentation such as OHI surveys for employees, and customer satisfaction surveys, helped inform key societal issues for IAG's double materiality assessment. The IAG Sustainability team also reviewed the work IAG and its operating companies support through corporate community contributions and its partnerships with charitable organisations.

Employees

Affected stakeholders

Why they are important

- Our colleagues are integral to the delivery of our service, business transformation and strategic priorities.
- The Group's key values enable us to fulfil our purpose. In addition to this, each operating company and platform business has its own corporate culture and values that support its unique brand, business, customer and employee propositions. The focus is on building and embedding the culture needed to be competitive, achieve our transformation agenda and provide a work environment in which colleagues can thrive.
- We continue to advance our work to address inequality of opportunity and under-represented to create a diverse and inclusive culture representative of the communities we live and work in and the customers we serve. We remain committed to our Group-wide ambition of 40% of senior leadership roles held by women by 2025 and introduced an ambition that by 2027 10% of our UK senior leaders will be ethnically diverse.

How we engage with this stakeholder group

- Our operating companies and platform businesses use a variety of formal and informal channels for two-way communication, adapted to their company culture and employees' work environment. These channels include online employee forums, internal social networks, local cascade meetings, newsletters, workshops, engagement surveys and social media.
- A Group-wide OHI survey is conducted in each of the operating companies and platform businesses every six months, in addition to company-specific engagement surveys.
- Employee-led network groups and communities provide valuable channels for colleagues' concerns and for collecting feedback on plans and initiatives. Local employee representatives and unions also provide formal channels for collective agreements as well as informal channels for raising issues and concerns.
- IAG's European Works Council (EWC) facilitates communication between employees and management on transnational European matters. It includes representatives from the different European Economic Area (EEA) countries, meeting regularly throughout the year.
- Designated IAG Board members conduct workforce engagement visits with colleagues across our operating companies, meeting a variety of employees and leaders in their work context to understand first-hand the challenges and opportunities of the different businesses, employee issues and levels of engagement.
- Ongoing engagement with union groups in CBA negotiations.

Approach of the double materiality assessment to this group

Employee attraction, retention and engagement is important for IAG to ensure a motivated and stable workforce, critical for operational efficiency. Remuneration and working conditions are assessed to maintain fair compensation and a safe working environment, influencing both employee satisfaction and regulatory compliance. Equity, Diversity and Inclusion (EDI) is reviewed to foster a diverse workplace, enhancing innovation and reflecting societal values. Employees are provided with various formal and informal methods to express their views, ideas and concerns with management. Finally, corporate governance is analysed to ensure transparent and accountable decision-making, which is crucial for trust and sustainability in the long term. In order to understand how employees may be impacted by IAG's operations, we consulted experts in the matter from the different operating companies and incorporated insights from OHI.

Suppliers

Affected stakeholders and report users

Why they are important

- Suppliers are fundamental to ensuring we meet the high standards expected by customers and other key stakeholders to avoid potential impacts on operational and financial performance, customer disruption and reputational damage.
- A reliable supply chain supports the delivery of our services to customers and IAG's sustainability agenda.
- Suppliers are required to adhere to the IAG Third Party Code of Conduct, which links to our commitment to sustainable growth.
- Collaboration brings strong reciprocal benefits, supporting long-term working relationships, based on clear and proactive contract management, shared goals and mutual brand association.

How we engage with this stakeholder group

- IAG engages with its suppliers to build relationships as well as monitor and manage supplier and contract performance.
- Through the Hangar 51 accelerator programme we have identified start-up suppliers aligned to our sustainability strategy and our desire to lead in innovation.
- IAG has assessed the sustainability performance of suppliers through our EcoVadis partnership. The results are helping drive change in the supply chain, with targeted remedial plans for identified areas of improvement.
- IAG's work with Watershed enables closer engagement with our suppliers through our Scope 3 carbon accounting programme.
- IAG GBS became members of SEDEX to support our assessment of labour, health and safety, business ethics and environment risks across our supply chain. Its methodology complies with EU legislation and supports UK Modern Slavery Act compliance. This enables IAG to increase the number of audits carried out annually to identify and address issues in our supply chain.
- IAG attends a range of industry conferences across all supply categories to collaborate with suppliers.
- IAG engages with aircraft and engine manufacturers to manage technical and operational issues through regular contact and scheduled meetings.
- Engagement on lease renewals, returns and the in-service fleet are largely managed by the Fleet teams in the operating airlines.
- IAG's Fleet and Sustainability teams communicate with major manufacturers to understand and influence activities to support delivery of our environmental targets.

Approach of the double materiality assessment to this group

In order to understand how suppliers may be impacted by IAG's operations, we consulted with procurement experts from our operating companies and incorporated insights from EcoVadis scorecards.

General requirements *continued*

Shareholders, lenders and other financial stakeholders

Report users

Why they are important

- As the main providers of capital, this stakeholder group enables IAG to invest in and grow the Group's businesses. Investors, particularly long-term shareholders, share the risk of the business.
- Strategy and business plan delivery requires:
  - external funding for the substantial amount of capital expenditure required to replace or grow our fleet; and
  - efficient external capital to fund our operations and invest in our asset base in a cost-effective manner.
- Shareholder views are critical in supporting strategy formulation, which drives operational and financial performance to generate and optimise sustainable returns.
- Availability and access to external capital on competitive terms influences the financial strength and positioning of the Group and its operating companies.

How we engage with this stakeholder group

- The Investor Relations (IR) team maintains ongoing dialogue with equity, credit and ESG research analysts to understand investors' views of the Group.
- IAG holds an Annual General Meeting and four quarterly results briefings where shareholders, investors and equity and credit analysts interact with the Board and senior management.
- IAG and Group airlines deliver Capital Markets Day (CMD) where Board members, the Management Committee and other senior management from across the Group engage with investors and analysts. British Airways held a CMD in 2024.
- A mailbox is provided for institutional and individual shareholders to put questions to IAG on its strategy and progress.
- IAG management attend investor conferences hosted by major financial institutions and the IR team organises and attends roadshows globally.
- Group Treasury engages with credit analysts, global banks, debt investors and credit rating agencies.
- The Chairman and Remuneration Committee Chair meet investors in one-to-one meetings.

Approach of the double materiality assessment to this group

ESG ratings and feedback received from this stakeholder group at investor conference events and through our mailbox have been used to identify impacts, risks, and opportunities (IROs) in our double materiality assessment. Shareholders, leaders and other financial stakeholder, are classified as report users in the double materiality assessment, by incorporating IROs that keep them updated and informed.

Environment

Affected stakeholders (silent stakeholder)

Why they are important

- IAG's direct operations contribute to air pollution and carbon emissions. Addressing these impacts is vital for our compliance with regulations, reducing our carbon footprint and mitigating climate change effects.
- Environmental sustainability is also increasingly important to our consumers and investors, influencing IAG's market position and financial performance. By prioritising environmental considerations, IAG can not only reduce ecological harm but also enhance its reputation, align with global sustainability goals and ensure long-term operational viability.

How we engage with this stakeholder group

- According to the CSRD, the environment is considered a silent stakeholder. IAG draws on data from scientific sources to better understand the impacts; we also consult with specialists at each of our operating companies to appropriately assess all impacts, risks and opportunities.
- In climate change and emissions management, IAG's focus is to:
  - Maximise fuel efficiency and the use of renewable energy sources to reduce our dependency on fossil fuels and lower operating costs;
  - Minimise greenhouse gas emissions and meet regulatory standards, crucial for mitigating climate impact;
  - Deliver waste management and circular economy approaches to reduce waste, increase recycling, and incorporate circular economy principles, thereby decreasing environmental impact and operational costs; and
  - Consider biodiversity and ecosystems considerations including the impact on wildlife and natural habitats and implement initiatives to preserve biodiversity and maintain a positive environmental reputation.

Approach of the double materiality assessment to this group

In order to understand how the environment may be impacted by IAG's operations, the IAG Sustainability team consulted with sustainability experts across the Group's operating companies. The team also incorporated insights from the TCFD assessment, ERM risk assessment, IAG Climate Disclosure Project submission, 2023 Annual Report and Accounts, IATA IEnvA submissions, and operating company sustainability reports (where applicable). Working with Transcendent, our identification of environmental impacts followed a review of external academic literature (which investigated the impacts of aviation operators on the environment) and a peer review of other aviation company sustainability reports.

Public administration (government and regulators)

Affected stakeholders and report users

Why they are important

- Government policies and decisions impact many aspects of IAG's business across a wide range of areas including transport, consumer rights, practical operational issues, commercial practices and the environment. We must comply with relevant regulations, but seek to engage responsibly to influence policy developments to benefit our customers and achieve our business goals.
- Engagement with policymakers is essential to understand their plans and encourage proportionate outcomes to achieve our vision to be a world-leading airline group on sustainability and ensure we collectively meet our global climate goals.
- Our airlines are subject to regulation by civil aviation regulators in the countries of registration and those of destinations we operate to, requiring frequent engagement on safety, security, consumer rights and a variety of other policy and administrative issues.
- Regular engagement around the world is needed to manage market access issues under international air services agreements and secure the necessary operating permits.

How we engage with this stakeholder group

- The IAG Government Affairs team undertakes direct engagement with stakeholders in all the countries in which our airlines are based as well as with EU institutions in Brussels. It coordinates the efforts of the Government Affairs teams of individual operating companies to ensure consistent and coordinated approaches.
- We engage directly with policy, market and regulatory stakeholders on questions of interest to convey IAG positions and contribute technical expertise to discussions. This has included arranging visits to our airlines' bases to enhance understanding of operations and the impacts of policy proposals.
- We also engage through various international, regional and local trade associations and general business organisations.
- This engagement involves senior executives including the Group Chief Executive, Management Committee members and senior executives from airline operating companies where appropriate, mainly in the EU, the UK, Spain and Ireland.
- IAG aims to provide a factual basis in support of its policy positions and in 2023 commissioned an extensive study on the Group's economic impacts from PwC and additional research on the benefits of SAF.
- In the field of international air services, IAG representatives join diplomatic talks wherever possible, including those of the EU-US Joint Committee on aviation and ICAO's Air Services Negotiation Event (ICAN) in Saudi Arabia in December, to support operating companies' access to market.

Approach of the double materiality assessment to this group

The IAG Legal and Compliance team oversees the policies and the IAG code of conduct to ensure colleagues adhere to laws and ethical standards, which is crucial for maintaining industry integrity and protecting consumers. Modern slavery and human trafficking is a significant concern, as regulators enforce strict measures to ensure that airlines' operations and supply chains are free from such abuses, protecting human rights and upholding legal obligations. Finally, political engagement is evaluated to ensure transparency and accountability in each airline's interactions with government bodies, preventing undue influence and promoting fair policymaking.

In order to understand how public administration may be impacted by Group's operations, the IAG Sustainability team incorporated insights from IAG's 2023 Non-Financial Information Statement, in consultation with legal experts in IAG.

General requirements *continued*

SBM-3 Material impacts, risks and opportunities and interaction with strategy and business model

IRO-1 Description of the process to identify and assess material impacts, risks and opportunities and to assess which ones are material; IRO-2 – Disclosure Requirements in ESRS covered by the undertaking's sustainability statement

IAG performed a double materiality assessment in 2024, working with sustainability expert firm Transcendent, to determine the most prioritised topics for the Group from an impact and financial perspective, as required by the CSRD. The double materiality assessment was conducted with reference to European Sustainability Reporting Standard (ESRS) requirements and builds on the previous materiality assessment conducted by IAG in 2021.

Under the ESRS, materiality is determined through the identification and assessment of impacts, risks and opportunities (IROs), grouped at 'topic' level. The results from this exercise frame the reporting obligations within each of the ESRS chapters in this Sustainability statement.

What is a double materiality assessment?

CSRD uses the concept of double materiality:

Financial materiality
How sustainability matters affect company performance and prospects.

Impact materiality
The impacts of the activities of the undertaking on people and the environment.

- Customers
- Employees
- Suppliers
- Shareholders, lenders and other financial stakeholders
- Environment
- Public administration (Governments and regulators)
- Society



Financial materiality
Identification and assessment of **risks and opportunities** that may cause **significant financial impacts on the company** and its operations, such as cash flows, access to financing, or cost of capital in the short, medium or long term.

Impact materiality
Identification of **impacts of the business on people or the environment**.

This includes impacts related to the **Group's own processes**, those of its **value chain** (upstream and downstream), its **products and services** and its **commercial relations.**

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Methodologies and assumptions

Scope and consolidation

The double materiality assessment considered the vision of all IAG's operating companies. It identified IROs relevant to specific business activities at its hub locations and in its operations around the world. It also considered the goods and services provided by IAG's value chain.

IAG considers risks to the strategic business plan over the short term (up to three years), medium term (from three to five years) and in the longer term (beyond five years). Timescales considered by this assessment are consistent with those used under the ERM risk assessment, assessing the potential impact of principal risks over the next three years against our business plan.

The IAG Sustainability team appointed a third party sustainability consultant (Transcendent) to support the identification, categorisation and consultation processes involved in the double materiality assessment. Transcendent provided an independent review of the Group's sustainability reports and led a targeted consultation exercise with relevant expert stakeholders across IAG and its operating companies to assess the materiality of each IRO.

To consolidate the findings of the double materiality assessment at Group level, the IAG Sustainability team designed and adopted a weighted scoring system, related to the share of the Group's revenue by business line, to represent the influence of its airlines and non-airline businesses in its analysis.

Representatives from all operating companies participated in this assessment, including colleagues from Sustainability, People, Government Affairs, Finance, ERM, Customer and Legal.

Details of how IAG has engaged stakeholders such as customers and employees in the completion of its double materiality assessment are provided in the process description below and the Strategy section of this Sustainability statement.

Process

IAG's double materiality assessment followed a four-stage process:

1 Identification of sustainability topics

IAG commissioned Transcendent to review the Group's sustainability information and information disclosed by other aviation stakeholders to identify relevant sustainability topics for the business. Information sources included IAG's 2023 NFIS, operating company sustainability reports, third-party ESG rating information and OHI and employee engagement survey results. Transcendent prepared a comparative analysis of material topics reported by IAG and 21 competitors to validate the topics identified. Transcendent also considered third-party standards with which IAG and its operating companies comply (e.g. IATA's Environmental Assessment (IEnvA)).

The IAG Sustainability team reviewed the findings and 23 sustainability topics were defined and aligned with the CSRD topics. This list was presented to the Safety, Environment and Corporate Responsibility Board committee.

2 Identification of impacts, risks and opportunities (IROs)

Specific IROs were identified using a bottom-up approach, drawing on input from workshops held with subject matter experts within IAG and its operating companies.

A comprehensive review identified 164 preliminary IROs, comprising 82 impacts, 58 risks and 24 opportunities. These were grouped into 21 different sustainability topics across the ten topical ESG standards as defined by the ESRS.

3 Assessment of IROs

Impact materiality

Transcendent led a consultation exercise by issuing a questionnaire to more than 60 subject matter experts across IAG and its operating companies, including representatives from the Sustainability, People, Government Affairs, Finance, ERM, Customer and Legal teams.

IAG utilised a points-based scoring system that aligned to its ERM risk assessment. Each impact was given specific criteria to inform the severity analysis, and the probability of occurrence was scored as a percentage likelihood. Impacts scored against CSRD evaluation criteria, based on the assessment of the scale (the severity of the current or future impact), scope (number of individuals or perimeter affected), irremediability (limit in the capacity to restore the affected situation), and probability of occurrence of each impact. The impact materiality scores were calculated as an average, with topics being represented by their highest impact score.

Financial materiality

This assessment was performed top-down by the IAG Finance, ERM and Sustainability teams.

Risks and opportunities were scored according to the CSRD evaluation criteria for financial materiality. The financial materiality score comprised the magnitude of financial impact (through changes to revenue, capital expenditure or operating expenditure) and the probability of occurrence, using the scoring system provided for the impact materiality assessment, which aligned to IAG's ERM risk assessment.

The risk and opportunity materiality scores were calculated as an average, with topics being represented by their highest impact score.

For IROs not currently covered by IAG's ERM risk assessment, and opportunities (which require a quantification of the benefit of action), a subjective assessment was made using available financial information.

4 Determination and communication of material topics

A central group of IAG experts representing the IAG Finance, Risk and Sustainability teams, including the Chief Financial and Sustainability Officer, evaluated the results of the double materiality assessment. This group selected 'critical' as the applicable threshold for material issues under this assessment as it aligns to IAG's classification of 'critical' in IAG's ERM risk assessment definitions. This meant any IROs, and their relevant CSRD topic which scored as 'critical' based on impact materiality, financial materiality or both, would be reported in this statement. The final results of the double materiality assessment, including the threshold set, was approved by the IAG Sustainability, Environment and Corporate Responsibility Committee and Audit and Compliance Committee in November 2024. IAG met with its European Works Council on 27 November 2024 to present how this double materiality assessment was conducted and the material topics identified.

General requirements *continued*

Results of the double materiality assessment

Five of the ten topical ESG standards as defined by the ESRS have been identified as material by IAG. These topical standards form the basis for the disclosure requirements provided in this Sustainability statement.

E1. Environment	S1. Own workforce	S2. Workers in the value chain	S4. Consumers and end users	G1. Business conduct
• Climate change and emissions management	• Equity, diversity and inclusion • Remuneration and working conditions • Employee attraction, retention and engagement • Employee health and safety	• Responsible supply chain	• Customer experience	• Corporate governance • Ethical business and regulatory compliance • Modern slavery and human trafficking

Material sustainability-related impacts, risks and opportunities

The material sustainability-related impacts, risks and opportunities identified by IAG include:

Topic	Name	Impact, risk or opportunity	Location in the value chain
Ⓔ Environmental			
Climate change and emissions management	Emissions of CO_2 (Scope 1 and 2) from air operations	ⓘ	Own operations
	Emissions reduction through the use of SAF	ⓘ	Own operations and upstream
	Emissions reduction through fleet renewal	ⓘ	Own operations
	Emissions offset through participation in market-based measures	ⓘ	Own operations and upstream
Ⓢ Social internal			
Employee attraction, retention and engagement	Employee engagement and advocacy	ⓘ	Own operations
	Organisational culture and sense of belonging	ⓘ	Own operations
Equity, diversity and inclusion (EDI)	Inclusive culture	ⓘ	Own operations
	Diverse workforce	ⓘ	Own operations
	Equal opportunities and equity for all	ⓘ	Own operations
Employee health and safety	Employee health and safety	ⓘ	Own operations
Remuneration and working conditions	Social dialogue and collective bargaining	ⓘ	Own operations
	Fair, sustainable and competitive terms and conditions	ⓘ	Own operations
Ⓢ Social external			
Customer experience	Connecting people, businesses and countries	ⓘ	Downstream
	Enhanced customer experience through investment in new products	ⓘ	Downstream
	Enhanced customer experience through loyalty programmes	ⓘ	Downstream
	Informed customer decisions	ⓘ	Downstream
Ⓖ Business conduct			
Ethical business and regulatory compliance	Protection of whistleblowers	ⓘ	Own operations and upstream
Modern slavery and human trafficking	Modern slavery and human trafficking	ⓘ	Own operations and upstream
Responsible supply chain	Assurance of ethical practices of suppliers	ⓘ	Upstream
	Unfavourable working conditions in the supply chain	ⓘ	Upstream
	Disparities in treatment and opportunities among supplier workers	ⓘ	Upstream
	Violation of human rights standards within supply chains	ⓘ	Upstream
Corporate governance	Sustainability embedded into overall business strategy	ⓘ	Own operations
	Provision of internal sustainability governance bodies	ⓘ	Own operations
	Financial management incentives linked to carbon efficiency	ⓘ	Own operations

ⓘ Positive impact ⓘ Negative impact ◎ Opportunity ! Risk

Using this double materiality assessment and future review

IAG intends to review the findings of this double materiality assessment annually in line with CSRD reporting requirements.

E Environment (Planet)

EU Taxonomy Regulation

Please refer to the appendix to this Sustainability statement for disclosures under Regulation EU 2020/852 (the 'EU Taxonomy Regulation').

ESRS E1 Climate change

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Topic	Name	Impact, risk or opportunity	Description	Location
Ⓔ Environmental				
Climate change and emissions management	Emissions of CO_2 (Scope 1 and 2) from air operations	ⓘ	The release of CO_2 from combustion of fossil fuels and SAF from normal operation of aircraft engines generated during taxi, take-off, cruise and landing as well as operation of the auxiliary power unit (APU) in-flight contributes to the increase of greenhouse emissions globally, which contribute to global warming and represents a negative impact on the environment.	Own operations
	Emissions reduction through the use of SAF	ⓘ	SAF, derived from renewable sources such as biomass, waste oils or synthetic processes, offers a more sustainable alternative to conventional fossil-based jet fuels. By integrating SAF into its fuel supply chain, IAG has an opportunity to reduce its reliance on fossil fuels and lower its carbon footprint.	Own operations and upstream
	Emissions reduction through fleet renewal	ⓘ	By replacing older, less fuel-efficient aircraft with newer models, IAG has the opportunity to reduce its carbon emissions as these newer aircraft typically feature advanced technologies and aerodynamic designs that result in improved fuel efficiency.	Own operations
	Emissions offset through the participation in market-based measures	ⓘ	Participation of group airlines in market-based measures such as the EU Emissions Trading System, UK Emissions Trading Scheme (ETS) and the CORSIA has resulted in a contribution of financial funds to support carbon reduction measures. Carbon market compliance obligations apply to upstream fuel production as well as Group airlines.	Own operations and upstream

ⓘ Positive impact ⓘ Negative impact

Strategy

E1-1 – Transition plan for climate change mitigation

IAG is targeting net zero emissions by 2050 across its Scope 1, 2 and 3 emissions. 'Net zero' means any residual emissions from IAG operations in 2050, or by the manufacture and transport of goods supplied to the Group, will be mitigated by an equivalent amount of CO_2 removed from the atmosphere via carbon removals.

IAG's net zero by 2050 target has been independently assessed by the Transition Pathway Initiative (TPI) as 1.5°C-aligned, and our medium-term target (to achieve a 20% reduction in Scope 1 emissions) has been assessed as well-below-2°C-aligned. The TPI assessment compared the milestones in the 2021 IAG roadmap with an industry-wide pathway modelled by the International Energy Agency (IEA), taking removals commitments into account.

IAG is working to deliver its annual 2025, 2030 and 2050 climate targets by carrying out emission-reduction initiatives, working in collaboration with key stakeholders and proactively requiring supportive government policy and technology development.

Key measures and assumptions modelled to reduce emissions include fleet modernisation, the use of SAF, market-based measures including the UK and EU ETS and CORSIA, and carbon removals.

Roadmap to net zero

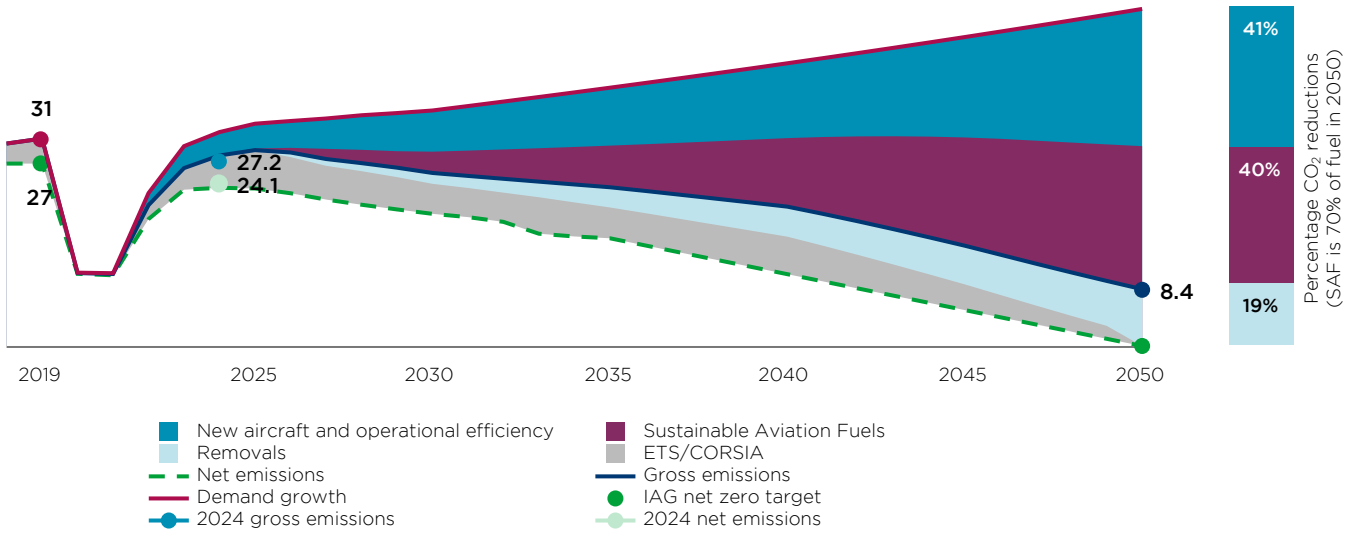
IAG has published updates to its roadmap to achieve its goal of net zero emissions by 2050 every year since 2019. IAG's 2019 baseline represents the year of 'peak' emissions by the Group and before activity levels were impacted by the COVID-19 pandemic.

Under IAG's sustainability leadership KPIs, IAG's roadmap to net zero and its associated costs are included in one-year and three-year business planning for all operating companies and to 2030 within updates to sustainability risks as reviewed under the Group-wide ERM process. The roadmap also forms a key part of IAG's environmental sustainability commitments, as detailed in the environmental sustainability policy which was approved by the IAG Board of Directors in 2022. Progress towards delivering emission reductions in this roadmap are monitored through IAG's Sustainability Network (ISN) governance. Quarterly KPIs on our carbon reduction progress are shared with the SECR Committee. The Group Environmental Sustainability Policy and Flightpath net zero strategy are available on the IAG website.

Scope 1 emissions carbon reduction roadmap

The Scope 1 emissions roadmap below is the latest core Group scenario which assumes continued policy support for carbon reductions, an overall recovery to 2019 levels of passenger demand by 2024, and annual demand growth aligned with the long-term growth forecasts disclosed in notes 4 and 17 to the financial statements. Updates to our roadmap in 2024 focus on increasing the use of SAF in our operations in the short term and reflecting our investment in carbon removals before 2030. Beyond 2030, the roadmap maintains an assumption that a 5% emissions saving from airspace modernisation will be achieved by 2050. The emissions modelled under our demand growth scenario reflect the typical timescales for the operation of aircraft and the associated 'locked-in' emissions attributed to flying activity with these assets (which are approximately 20+ years). This is connected to our assumptions on fleet renewal, and the introduction of zero-emission aircraft which we expect will enter the fleet from 2040, based on current assumptions made by aircraft manufacturers.

IAG Scope 1 emissions roadmap to net zero
million tonnes CO_2 (MT)



Carbon reduction levers in IAG's transition plan include:

E1-3 Targets related to climate change mitigation and adaptation

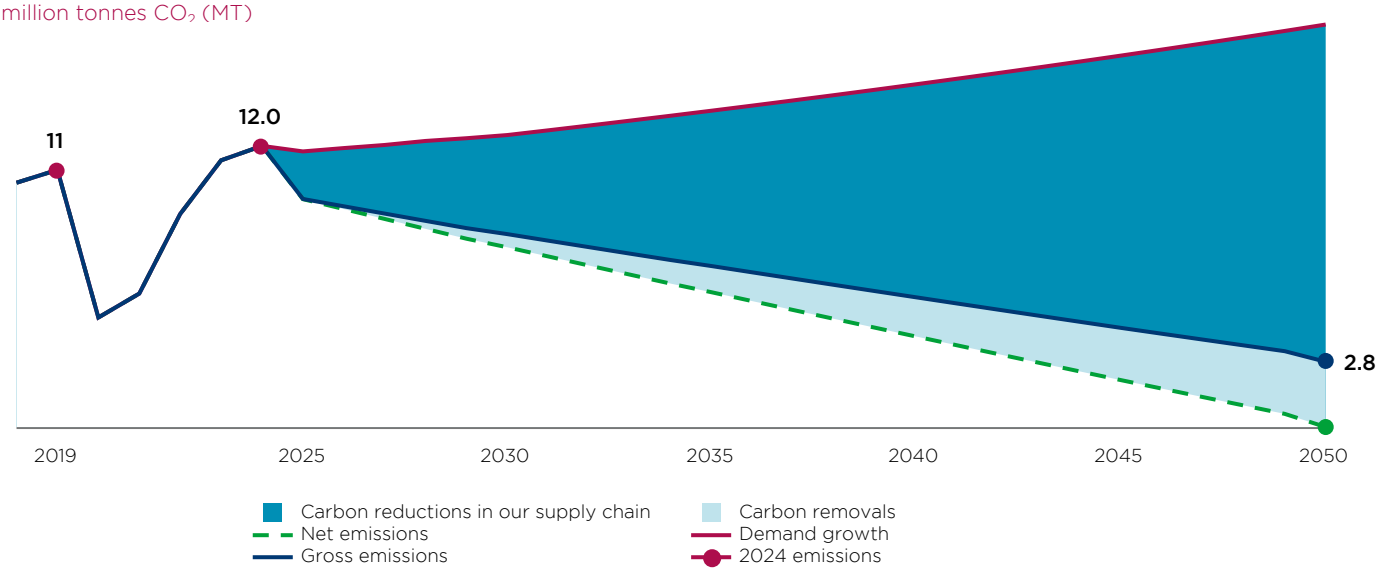
Carbon reduction lever in transition plan	Significant operational expenditures or capital expenditures required for implementation of plan	Venture investments/key innovation partners	Expected contribution to Scope 1 Gross emissions reductions in 2030	Expected contribution to Scope 1 Gross emissions reductions in 2050
New aircraft and own operations	IAG is investing around €12.6 billion between 2025 and 2029 for 171 new efficient aircraft. Please refer to note 15 to the financial statement for more information	ZeroAvia (hydrogen aircraft manufacturer) I6 (fuel management software) NAVflight services (flight planning services)	17 %	41 %
SAF	As of 31 December 2024, our total purchase for SAF offtake agreements is more than $3.5 billion, based on assumed energy prices and contracted margins for SAF production	SAF producers including: LanzaJet Twelve Infinium	9 %	40 %
Carbon removals	In 2024, British Airways signed a deal to purchase 33,000 carbon removal credits under a partnership with CUR8, Standard Chartered and UNDO, as part of a broader £9 million purchase of carbon removals credits in the UK and overseas	Heirloom (carbon capture start-up) CUR8 (carbon removal platform)	5 %	19 %
Market-based measures and carbon offsetting	Continued advocacy to strengthen CORSIA to limit net emissions from aviation and purchase of carbon allowances and offset credits to meet our obligations	CHOOOSE (customer offsetting platform)	13 %	– %

Scope 3 emissions carbon reduction roadmap

IAG expanded its commitment to deliver net zero emissions by 2050 to include Scope 3 emissions from its supply chain in 2021, which represent approximately 30% of IAG's total emissions footprint. IAG recognises that the majority of these emissions are attributed to upstream fuel production (Scope 3.3) and purchased goods and services (Scope 3.1) associated with aircraft maintenance and servicing.

IAG's Scope 3 roadmap below is created using demand growth assumptions aligned to IAG's scope 1 emissions. Our view of carbon reductions in our supply chain is formed from a literary review of the decarbonisation plans of suppliers, focusing on the emission categories that represent the majority of Scope 3 emissions (listed above). Reductions in Scope 3.3 emissions are aligned to IAG's SAF expectations, and correspond to a decreasing volume of emissions associated with the production of fossil fuel jet kerosene. We expect to use carbon removals towards mitigating the residual emissions from these operations, in line with the volumes IAG expects to use towards mitigating residual emissions from direct operations (Scope 1).

IAG Scope 3 emissions roadmap to net zero
million tonnes CO_2 (MT)



Carbon reduction levers in IAG's transition plan include:

E1-3 Targets related to climate change mitigation and adaptation

Carbon reduction lever in transition plan	Significant operational expenditures or capital expenditures required for implementation of plan	Venture investments/key innovation partners	Expected contribution to Scope 3 Gross emissions reductions in 2030	Expected contribution to Scope 3 Gross emissions reductions in 2050
Carbon reductions in our supply chain	• 79% of suppliers by spend have submitted scorecards on ESG performance • Supplier contract clause on sustainability • Developing a comprehensive Scope 3 emissions measurement tool in partnership with Watershed, to prioritise carbon reduction efforts across the value chain • Purchase agreements for the use of SAF (please refer to the Scope 1 emissions roadmap) will reduce LCA emissions associated with fuel production (as it leads to a corresponding reduction of production of fossil fuel jet kerosene)	EcoVadis (business sustainability ratings) Watershed (emissions reporting platform)	34 %	84 %
Carbon removals	Please refer to the Scope 1 emissions roadmap	Heirloom (carbon capture start-up) CUR8 (carbon removal platform)	5 %	16 %

Impact Risk and Opportunity Management

Task Force on Climate-related Financial Disclosures (TCFD)

TCFD summary

IAG was an early adopter of the Task Force on Climate-related Financial Disclosures (TCFD) guidance and first carried out TCFD-aligned scenario analysis in 2018, ahead of the UK requirement – Listing Rule 9.8 – which defines the information to be included in a company's annual report and accounts.

Descriptions of TCFD recommendations are on the TCFD website. IAG has applied the TCFD 'Guidance for All Sectors' to the disclosures in this report. An internal review of compliance with the 11 core TCFD recommendations identified no material gaps or changes from last year.

Governance	Strategy	Risk management	Metrics and targets
Disclose the organisation's governance around climate-related risks and opportunities	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material	Disclose how the organisation identifies, assesses and manages climate-related risks	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material
Current activities			
Board oversight via SECR Committee and Audit and Compliance Committee; robust governance; double materiality assessment completed in 2024	Delivering the Flightpath net zero strategy and nine leadership KPIs; sustainability-linked loans for British Airways and Iberia; TCFD-aligned scenario analysis; one- and three-year financial and business plans that integrate sustainability aspects; new sustainability contract clause for suppliers	Sustainable aviation risks are treated as a principal risk and regularly reviewed within enterprise risk management (ERM) processes. IAG uses quantitative modelling to support its assessments	Clear metrics and targets for 2025, 2030 and 2050; climate-related remuneration for senior executives and managers
Planned future activities			
Process and control changes to achieve reasonable assurance	Increasing SAF procurement; ongoing scenario analysis; reviewing guidance and evidence on pathways to support 1.5°C transition	More detailed work on risk impacts to 2030 and 2040; actions to maximise climate resilience; risk mitigation KPIs	Deliver against existing targets; review 2030 targets in line with latest evidence on 1.5°C-aligned transition

2024 TCFD-aligned scenario analysis

In 2024, IAG repeated a TCFD-aligned scenario analysis exercise, building on previous years' exercises. Key steps taken in this assessment include:

- the IAG Sustainability team and the ERM team reviewed all climate-related risks and opportunities and potential impacts to 2027 and 2030. The impacts of principal and other key risks are quantified as part of the Company-wide ERM process that receives Board oversight;
- operating airlines modelled compliance-related costs, including from the UK and EU ETS and CORSIA, to 2050;
- TCFD-aligned scenario analysis was repeated using a dual timeframe of 2030 and 2050;
- ongoing analysis was carried out on the Flightpath net zero strategy to 2050;
- in 2024 IAG included a 5°C temperature warming Representative Concentration Pathway (RCP) scenario, to understand the potential range of outcomes of future weather events; and
- alignment between the double materiality assessment and TCFD review findings.

This scenario work informs strategy, planning, risk management and financial management.

IAG takes a proactive approach to managing environment-related risks and opportunities and is committed to managing their regulatory, reputational, financial, market and technology aspects.

Our TCFD assessment in 2024 was a structured, qualitative discussion of potential climate-related impacts and business responses, using the latest evidence and analysis from reputable sources like the UN, EUROCONTROL and Climate Action Tracker (CAT). The 2024 analysis was conducted in line with the latest TCFD guidance update published in 2021. We aligned this TCFD assessment with findings from the double materiality assessment used to determine the scope of this Sustainability statement.

Temperature scenarios of 1.5°C[1] were chosen for transitional risks, in recognition of IAG and global targets. The 2°C and 3°C warming scenarios were chosen for physical risks, based on the latest UN projections. A new 5°C extreme warming scenario has been included in this year's assessment to help us understand our capability to adapt to a world where our operations would change significantly due to very high temperatures.

The year 2030 was chosen as the key timeframe, based on IAG targets and key policy timelines such as SAF mandates. This also aligns to IAG's ERM 2030 sustainability risk assessment. The year 2040 was also considered due to the possibility of the world overshooting 1.5°C in the 2030s leading to faster societal changes.

The TCFD exercise involved representatives from IAG's Sustainability Network (ISN) which includes colleagues from Strategy, Treasury, Flight Operations, Finance, Government Affairs, Commercial Planning, Investor Relations, People, Enterprise Risk Management, IAG GBS and IAG Loyalty, as well as sustainability representatives from all operating airlines.

1 'Orderly' and 'disorderly' scenarios were chosen as per TCFD definitions. These scenarios compare smooth, predictable and idealised climate-related changes with abrupt, variable and disjointed changes across regions.

The Group Sustainability team collated inputs, which were reviewed by the IAG Sustainability Steering Group and the Safety, Environment and Corporate Responsibility (SECR) Committee.

The Group remains resilient to the most material climate-related impacts – industry-wide policy shifts – and these have been quantified and mitigation plans embedded into financial and strategic planning. Industry-wide changes also create opportunities for the Group to become more resilient than its competitors. To address significant uncertainty around future policy, technology and market trends, IAG is repeating this scenario analysis annually. We will keep implementing action plans in coming years to further improve resilience to wider changes.

Risks and opportunities

Climate-related risks are assessed and managed within the ERM framework as described in the Risk management and principal risk factors section of this Annual Report, under the principal risk 'sustainable aviation'. In addition to this, IROs identified under the double materiality assessment carried out by IAG in 2024 considered the risks previously assessed under the TCFD, which continues to analyse the broad range of potential climate-related physical, market, policy and technological risks that could impact our operations. No risks were identified as financially material for IAG under IAG's double materiality.

Transitional risks primarily affect airline activity between European destinations, which calculated based on flights covered by the EU ETS, UK ETS and Swiss ETS, represented around 26% of IAG's Scope 1 emissions in 2024. Physical risks could affect IAG operations across its global network, reflecting the global nature of climate change.

IAG considers the relevant risk factors that could impact each risk by region and timescale. Such variability may arise from fragmented policy definition, scope and implementation, changeable market perceptions, or unpredictable delivery of new technology (among other causes). IAG considers its mitigation strategy for each risk accordingly. Please refer to the 'TCFD risk impacts and mitigation opportunities' table for more information.

The carbon-reduction targets in the Flightpath net zero strategy are the key measures for assessing the mitigation of or resilience to these risks, along with consideration of these risks in relevant governance processes. The external risk environment, materiality of risks, mitigation actions and KPIs for these mitigating actions are reviewed regularly.

The table below lists risks assessed through the ERM and the double materiality assessment. The most material risks are policy risks. Risk timeframes align with corporate planning timelines.

Climate-related opportunities refer to the potential positive effects derived from the deployment of efforts to mitigate and adapt to the effects of climate change, such as through resource and cost efficiency, the adoption and utilisation of low-emission technologies, the development of new products and services, and reinforcing resilience along the supply chain. Opportunities are identified as potential actions to be taken at Group level to reduce our exposure to climate-related risks. The opportunities presented below align to those identified in IAG's double materiality assessment, being managed within the operating companies per an ERM framework point of view.

TCFD risk assessment

TCFD risk type	Risk description	Timeframe	Trend[1]	Scenario dependency[2]
Physical	Resilience to acute weather events	M	Up	Temperature
	Resilience of routes and assets to chronic climate changes	L	Stable	Temperature
Market	Customer spend due to perceptions of ESG progress in IAG or the aviation sector	S	Down	Transition
	Perceived quality of offset and removal projects	M	Up	Transition
	Activism and direct action protests for climate inaction	S	Stable	Transition
	Supply chain readiness	L	Stable	Transition
	SAF delivery against committed offtake agreement volumes	M	Up	Transition
Policy	Litigation against claimed carbon reductions from offsetting	S	Up	Transition
	Demand impact of EU and UK climate policy	L	Stable	Transition
	Resilience to changes in ETS/CORSIA pricing	M	Up	Transition
	Policy asymmetry across regions	M	Up	Transition
	Extra regulation on activity rather than emissions	L	Stable	Transition
	Lack of supporting SAF infrastructure or policy	M	Down	Transition
	Regulation on non-CO_2 effects	M	Up	Transition
Technology	Access to and readiness for lower-emission technologies	L	Stable	Transition
	Access to SAF supply	M	Down	Transition

TCFD opportunity assessment

The opportunities listed below are derived from IAG's double materiality assessment.

TCFD opportunity type	Opportunity description	Timeframe	Trend[1]	Scenario dependency[2]
Market	Strategic investment in SAF	S	Stable	Transition
	Incorporation of new and more efficient fleet	S	Stable	Transition
Technology	Investment in lower-emission technologies	S	Up	Transition
	Strategic venture capital investment and start-up engagement programmes	M	Stable	Transition
	Investing in product innovation and sustainable material transition	M	Stable	Transition

Key: short term (S) is 1-3 years, medium term (M) is up to 5 years, long term (L) is more than 5 years.

Environment *continued*

TCFD scenario analysis

IAG continues to analyse risk and transition scenarios to inform mitigation plans to 2030. Key parameters for defining scenarios are below, based on UN, Climate Action Tracker (CAT), the UK Climate Change Committee and internal analysis. These are kept under review.

Physical risk parameters	Current projection	2°C scenario	3°C scenario	5°C scenario
Global scenario to 2100	2.4°C	RCP[3] 2.6	RCP 4.5	RCP 8.5

Administering authority	Transition risk parameters – 2030	Current policies/projections	Current targets	1.5°C-aligned scenario
UN Intergovernmental Panel on Climate Change (IPCC)[4]	Global emissions vs 2019	0%	(7)%	(41)%
UK Government	UK emissions vs 2019	(28)%	(42)%	(42)%
EU Commission	EU emissions vs 1990	(55)% (via Fit for 55)	(55)%	(62)%
US Government	US emissions vs 2005	(37)%	(50)%	(58)%
ICAO	Aviation (net) emissions vs 2019	(15)% (via CORSIA)	(15)%	(15)%

1 Risks or opportunities might be increasing (up), decreasing (down) or stable from a business perspective. IAG calculates this based on central strategy modelling and economic forecasting, and the trend shown is based on an end-of-year assessment, relative to in-year review.

2 Whether the cost impacts depend more on the temperature scenario, or type of transition (orderly or disorderly).

3 Representative Concentration Pathway (RCP), a globally recognised scenario for physical changes under different temperature ranges.

4 A 41% drop by 2030 represents an orderly transition. The IPCC also represents a disorderly transition ((27)%) because smaller global emissions reductions to 2030 require rapid carbon reductions after 2030 to return to 1.5°C by 2100.

TCFD risk impacts and mitigation opportunities

Below we have detailed risks identified from the Group's TCFD assessment and their relationship to IROs identified through IAG's double materiality assessment.

Risk description	Potential unmitigated financial impacts	How IAG is mitigating	Related double materiality assessment topic	TCFD assessment summary	Primary Group operating company activity exposed
Physical					
Resilience to acute weather events	Days of lost revenue due to additional flight disruption and associated mitigation and passenger compensation costs	Existing operational resilience processes can minimise extra disruption (for example, disruption caused by turbulence during US-UK flights)	Climate change and emissions management	Review of the exposure of Group activities to temporary climatic impacts that may affect our ability to operate. Examples include severe weather events (turbulence, depressions, high precipitation) that alter flight schedules and lead to cancellations and diversions of flights	Airlines
Resilience of routes and assets to chronic climate changes	Changed revenue from a different route network or a different frequency of flights to climate-affected destinations; changes in operational maintenance costs	Scale of route network means impacts above plan are not material so no immediate action needed. Aircraft are mobile assets that can be moved to different locations to take into account, for example, a higher incidence of hurricanes in the Caribbean	Climate change and emissions management	Location-based assessment of high-risk destinations susceptible to the impacts of chronic climate and atmospheric changes. Assessment of airports with greater exposure to rising sea levels that may affect our ability to operate there, or sell holidays to related destinations. Measured as both a revenue loss and an increased operating cost to the business	Airlines

Risk description	Potential unmitigated financial impacts	How IAG is mitigating	Related double materiality assessment topic	TCFD assessment summary	Primary Group operating company activity exposed
Market					
Customer spend due to perceptions of ESG progress in IAG or the aviation sector	Customers change frequency of flying, duration of trips or spend less relative to other carriers or other travel modes	Delivering emissions reductions, developing emissions dashboards for customers, expanding customer communications, support for global instruments like CORSIA, working via trade associations to advance solutions	Climate change and emissions management	Assessed the impact of potential cost increases of sustainable services for customers and loyalty ratios due to the connection with the brand through shared values	Airline and loyalty businesses
Perceived quality of offset and removal projects	Exposure to sudden variability in prices, cost of CORSIA credits, scale of growth in costs by 2050 due to available volume of removals to deliver net zero	Financial planning to manage price volatility, governance to ensure offset quality, a removals roadmap based on external evidence, advocacy for policy support and monitoring regimes	Climate change and emissions management	Measured as an increased operating cost based on forecast assessment of CORSIA market prices and IAG CORSIA obligations	Airlines
Activism and direct action protests for climate inaction	Risk of shareholder activism, where NGOs or activists may legally challenge the Company for perceived climate inaction, potentially resulting in costly legal battles and reputational damage	Implementation of industry best practices and regulatory requirements of the countries in which we operate. Increasing transparency of information to our clients and stakeholders and maintaining active communication with them	Climate change and emissions management	Assessed the likelihood of action against the aviation sector. IAG has been a key player in influencing the adoption of ambitious goals within the sector and maintains a very active relationship with its key stakeholders	Airlines
Supply chain readiness	Sustainability compliance or technology change causes an unplanned change in the cost of goods and services provided to IAG	Supply Chain Sustainability Programme which includes ESG scorecards and supplier risk screening	Responsible supply chain	Measured as an increased cost of goods and services purchased by IAG from its suppliers	All operating companies
SAF delivery against committed offtake agreements	SAF deliveries from agreed commitments fail to materialise due to weak market supply or failed project development, exposing IAG to market-priced SAF, buyout penalties or carbon costs	Securing SAF deals and taking equity in early-stage projects where relevant. Monitoring SAF project development and seeking volume above target levels	Climate change and emissions management	Measured the cost of SAF using market prices to achieve IAG's 2030 SAF target	Airlines
Policy					
Litigation against claimed carbon reductions from offsetting	Litigation for the use of credits towards voluntary or compliance offsetting that do not deliver claimed emission reductions and lead to legal cost	Due diligence conducted on carbon offsetting projects and internal guidance prepared for external communications	Climate change and emissions management	Assessed using analysis of the most recent litigation affecting the aviation sector and a view of risk to IAG	Airlines

Environment *continued*

Risk description	Potential unmitigated financial impacts	How IAG is mitigating	Related double materiality assessment topic	TCFD assessment summary	Primary Group operating company activity exposed
Demand impact of EU and UK climate policy	Pass-through of industry-wide costs affects ticket prices and, therefore, demand	Impacts of emerging policy assessed as part of longer-term financial planning and strategy	Climate change and emissions management	Measured carbon market and fuel costs as a percentage of IAG total ESG costs in 2030	Airlines
Resilience to changes in CORSIA/ETS pricing	Exposure to long-term price increases affects compliance costs	Hedging strategy to reduce the impact of price volatility; using carbon prices in fleet and financial planning	Climate change and emissions management	Compared carbon market price forecasts on the Group's route network	Airlines
Policy asymmetry across regions	Changing numbers of customers relative to other carriers who are under more favourable or more restrictive policy regimes	Advocacy for global solutions such as the ICAO Long-Term Aspirational Goal agreed in 2022	Ethical business and regulatory compliance	Assessed by reviewing different regulatory obligations by country and determining their implications for IAG	Airlines
Extra regulation on activity rather than emissions	Industry-wide taxes or levies increase operating costs and have potential demand impacts; demand management measures equate to lost revenue. Noise restrictions are not included in this risk but are reviewed as a separate risk through the ERM framework	Advocacy in support of emissions-reducing measures like SAF and against economically inefficient measures like taxes	Ethical business and regulatory compliance	Assessed the potential impact of regulatory requirements by policy and jurisdiction	Airlines and loyalty business
Changes in SAF policy	Higher prices of SAF in core markets due to lack of investment in SAF production or cost of inputs	Advocacy for SAF policy, e.g. via UK Jet Zero Council, and a strategy to procure SAF in regions where supportive policy exists	Climate change and emissions management	Assessed our exposure to market-priced SAF, relative to our ability to contribute to the development of appropriate SAF policy and the design of effective SAF incentive schemes	Airlines
Regulation on non-CO_2 effects	Potential multiplier on ETS costs; lost revenue due to route restrictions, or operational costs due to non-CO_2 management	External research suggests just 10% of flights could account for 80% of impacts. Advocacy via trade associations to support monitoring and targeted solutions such as route optimisation and SAF uptake	Climate change and emissions management	Assessed the potential cost implications of non-CO_2 regulations on Group operations. We continue to support research initiatives that help improve the understanding of non-CO_2 impacts on the climate	Airlines
Technology					
Access to and readiness for lower-emission technologies	Higher ETS costs if technology access is restricted or technology development is slow	Hangar 51 Ventures team aligns research and work with the Flightpath net zero strategy	Climate change and emissions management	Assessed the marginal cost of different carbon removal technologies and the role they may play in IAG's climate transition plan	Airlines and IAG Cargo
Access to SAF	Changing unit prices of SAF in core markets	Securing SAF deals and taking equity in early-stage projects where relevant	Climate change and emissions management	Assessed global SAF supply, SAF mandates and SAF volume needed to deliver IAG's 2030 SAF target	Airlines

TCFD opportunities and financial impacts

Below we have detailed opportunities identified from the Group's TCFD assessment and their relationship to IROs identified through IAG's double materiality assessment.

Opportunity description as per previous page	Potential financial impacts	Related double materiality assessment topic	TCFD assessment summary	Primary Group operating company activity exposed
Market				
Strategic investment in SAF	Securing quantities of SAF to meet internal and regulatory targets not only reduces IAG's climate impact, but also offers a significant potential operating cost reduction per year against the Group's carbon market obligations	Climate change and emissions management	Screened the market to identify supportive policy incentives to enable a green transition, which will help IAG secure early supply and avoid market price exposure	Airlines
Incorporation of new and more efficient fleet	By introducing new, more fuel-efficient aircraft to the fleet, Group airlines are able to mitigate compliance costs incurred under carbon markets, which regulate carbon emissions on the routes they operates	Climate change and emissions management	Updated internal carbon pricing modelling to assess the contribution of new, more fuel-efficient aircraft towards delivering IAG's climate objectives, and the reduction in associated operational costs	Airlines
Technology				
Investment in lower emissions technologies	Implementing new technologies such as lighter on-board equipment or software to enable better matching of fuel volumes to in-flight needs presents an opportunity for higher fuel efficiency, which can help reduced operating costs	Climate change and emissions management	Analysed the positive contribution new technology brings to direct operations, reducing fuel consumption and waste generation, for example on cargo storage solutions such as straps and pallet design. Assessed the impact of investment in carbon removals for developing the market signal needed to scale-up future supply	Airlines and loyalty business
Strategic venture capital investment and start-up engagement programmes	In its pursuit of net zero carbon emissions by 2050, IAG has a significant financial opportunity in investing in innovative solutions to address its emissions. This involves exploring partnerships and cutting-edge technologies to accelerate progress towards this goal	Climate change and emissions management	Assessed the contribution of different technologies in our operations towards achieving our climate objectives. IAG's collaboration with ZeroAvia to explore hydrogen-powered aircraft technology exemplifies this approach	Airlines
Investing in product innovation and sustainable materials transition	By developing new products, such as those focused on onboard waste reduction, IAG can capitalise on growing consumer demand for sustainable alternatives and reduce operational costs in the long run	Waste management and circular economy	Assessed the impact of supporting product research and development for the transition towards more sustainable supply chains	All operating companies

E1-2 – Policies related to climate change mitigation and adaptation

The environmental sustainability policy sets out IAG's commitment to recognise, manage and reduce our impact on the planet. This includes conducting our business in an environmentally responsible manner and complying with relevant environmental legal requirements and other obligations. We also embed sustainability into our business strategy and decisions and are committed to:

- Using SAF and offset programmes
- Regularly engaging with key stakeholders to assess our most material issues
- Minimising negative environmental impacts via the efficient use of resources and energy, and reducing emissions, noise and waste where possible
- Implementing environmental management systems aligned to ISO 14001 and robust environmental governance processes
- Monitoring, reporting and receiving external verification of our material environmental impacts
- Ensuring robustness and transparency in our non-financial disclosures
- Ensuring our external positions reflect our material issues and goals
- Working to ensure that our environmental strategy and targets are aligned with the latest scientific understanding of impacts
- Creating awareness of our environmental actions with our key stakeholders
- Taking action to drive change and create a more sustainable airline industry

Proposed timescales for the delivery of the Group's climate ambitions are set out in the environmental sustainability policy and align to the transition plan detailed in this Sustainability statement. The environmental sustainability policy also details timescales for action to address the impacts of waste and noise from our operations.

IAG issues Group instructions to its operating companies to align actions towards delivering our climate change mitigation and adaptation strategy. The Group Sustainability Officer is responsible for setting this strategy, with the approval of the Chief Financial and Sustainability Officer and the CEO and oversight by the Safety, Environment and Corporate Responsibility (SECR) Committee. The heads of sustainability for each operating company report to IAG quarterly on material KPIs used to measure IAG's progress. The Group instructions

include guidance for the cost accounting of sustainability measures and impacts in the completion of business planning, and how to engage with suppliers on sustainability issues (detailed under the Third Party Code of Conduct since December 2024, and its predecessor Supplier Code of Conduct).

Under the IAG Code of Conduct, IAG and its operating companies are committed to immediately reporting any situation that could pose a risk to the environment. This underlines our commitment to ensuring the health, safety and security of our workforce and to comply with applicable environmental laws and regulations everywhere we operate to minimise our environmental impact.

E1-3 – Actions and resources in relation to climate change policies

IAG's environmental sustainability policy sets out our approach to monitoring compliance with environmental policies and how we approach associated risks and their management across Group businesses. Actions taken under this policy to address the impacts of climate change include:

- Our Audit and Compliance Committee oversees IAG non-financial disclosures.
- Sustainable aviation risks have been identified as a principal risk and are reviewed and assessed as part of our Group-wide enterprise risk management processes.
- The IAG Code of Conduct and Third Party Code of Conduct set out our commitment to doing business ethically, transparently and with integrity and to maintaining standards of sustainability. We want to work with suppliers who share our values and ways of working. Mandatory training informs our colleagues. IAG has embedded sustainability-specific governance into the Group.
    - Our Board of Directors provides oversight and direction for environmental programmes through the SECR Committee.
    - The IAG Management Committee provides the key forum for reviewing and challenging these programmes and setting strategy.
    - The IAG Sustainability Steering Group of senior representatives from across the business provides oversight of sustainability strategy, targets, initiatives and programmes.
- The IAG Group sustainability strategy sets out policies and objectives, strategy, targets, performance metrics and our approach to risk management, compliance and stakeholder engagement.

As categorised under our transition plan, and detailed in our Flightpath net zero strategy, the actions taken to address the impacts of climate change are focused on the following areas:

New aircraft and operational efficiency

New aircraft

IAG is investing around €12.6 billion between 2025 and 2029 for 171 new efficient aircraft. These aircraft will increase the fuel efficiency of IAG's operations compared to the aircraft they replace. IAG is also supporting the development of new aviation technologies, which includes investment in ZeroAvia since 2020, a leading developer of hydrogen-electric aircraft.

2024 examples of emission reductions achieved from new aircraft include:

- Aer Lingus welcomed two new Airbus A320neo aircraft to the fleet in June to operate on short-haul routes. These aircraft are up to 20% more fuel efficient than the Airbus A320ceo aircraft they replace.
- British Airways welcomed six Airbus A320neo, two A321neo aircraft and one A350-1000 aircraft. The A350-1000 aircraft use up to 35% less fuel than the aircraft it replaces as per the aircraft manufacturer's claims.
- In November, Iberia became the first airline to commercially operate the new Airbus aircraft A321XLR, a single-aisle aircraft that can operate on long-haul routes. As per the aircraft manufacturer's claims, this will help improve Iberia's carbon intensity by achieving up to a 30% lower fuel consumption per ASK flown, compared with current wide-body models.

Ground-based operational efficiencies are also being delivered through equipment upgrades to ground vehicles.

- In 2024, British Airways overhauled its airport equipment at Heathrow so that more than 90% of its vehicles and ground equipment are low emissions, by using either hybrid engines or operating on hydrotreated vegetable oil (HVO) fuel.

Fuel efficiency programme

Each airline has a fuel efficiency programme which supports flight planning and enables pilots to increase fuel efficiency. Measures to improve operational efficiency employed by our airlines include the use of single-engine taxiing and delaying engine start-up to save carbon emissions prior to take-off. IAG brings together sustainability colleagues, fuel management experts and pilots in the Carbon Efficiency Working Group to leverage this expertise and share best practice to develop fuel efficiency initiatives towards our carbon reduction objectives.

In 2024, Aer Lingus ran a fuel efficiency internal communications campaign to encourage the use of more efficient operational and flying procedures to reduce fuel burn (e.g. pilots using single-engine taxiing and more efficient flight plans). Aer Lingus also participated in the International Day of Clean Air for Blue Skies on 6 September, operating a series of flights on an A320neo applying some key fuel-saving initiatives to showcase their potential when applied collectively.

Sustainable Aviation Fuels (SAF)

SAF is the main term used by the aviation industry to describe a non-conventional (fossil derived) aviation fuel. SAF is the preferred IATA term for this type of fuel although when other terms such as sustainable alternative fuel, sustainable alternative jet fuel, renewable jet fuel or biojet fuel are used, in general, the same intent is meant.

'Biofuels' typically refers to fuels produced from biological resources (plant or animal material). However, current technology allows fuel to be produced from other alternative sources, including non-biological resources; thus, the generic description of SAF is used.

The chemical and physical characteristics of SAF are almost identical to those of conventional jet fuel and they can be safely mixed with the latter to varying degrees, use the same supply infrastructure and do not require the adaptation of aircraft or engines. Fuels with these properties are called 'drop-in fuels' (i.e. fuels that can be automatically incorporated into existing airport fuelling systems). This definition is available on the IATA website.

The feedstocks for these fuels, currently waste materials such as used cooking oil, absorb CO_2 in their growth cycle before this carbon is recycled into fuel and then emitted during the flight. SAF produces similar levels of carbon dioxide to conventional aviation fuels when burned, but the carbon dioxide generated is already part of the carbon cycle and is not extracted from the ground specifically for creating aviation fuel. This means that using SAF results in a reduction in carbon emissions compared to the traditional jet fuel it replaces over the lifecycle of the fuel.

There are currently eight certified pathways to making SAF based on use of specific technologies and feedstocks. These processes are certified to international standards to ensure the fuels are safe to use. IAG requires its SAF to comply with strict sustainability certification schemes.

Emission reductions from the use of SAF are measured as the reduction of carbon emissions on a greenhouse gas lifecycle basis, typically by 80% or more compared with the fossil jet fuels it replaces. SAF also contains fewer impurities (such as sulphur), which enables an even greater reduction in sulphur dioxide and particulate matter emissions than fossil-based fuels.

Supporting advanced SAF pathways
IAG continues to make direct investments in new and innovative SAF production capacity, catalysing the wider development of the SAF market. These investments are typically coupled with SAF purchase agreements, which are critical to the financial viability of the new SAF production capacity. As of 31 December 2024, IAG's total expenditure (including future commitments) for SAF offtake exceeded $3.5 billion.

IAG is working with technology developers to establish a range of SAF supply options, including the projects listed in this section. We aim to be a leader in supporting developed SAF production pathways that achieve the greatest lifecycle emission reductions and can accelerate our efforts to reduce carbon emissions.

In February 2024, IAG signed its largest SAF purchase agreement with Twelve, a SAF project based in Washington, which produces e-SAF made from CO_2, water and renewable energy. Under the terms of the 14-year contract, Twelve will supply IAG with 260 million gallons (785,000 tonnes) of e-SAF, with first deliveries expected from 2025. In November, IAG announced a purchase agreement with Infinium, which will also supply e-SAF from 2026, under a ten-year agreement.

These purchase agreements increased IAG's total volume of SAF secured to more than one-third of the volume required to meet our 10% SAF by 2030 target. For SAF produced from other pathways, the Group is also working to support projects which either remove carbon or capture and store it.

Key SAF partnerships

Producer	Production location	Anticipated supply start	Technology pathway
BP	Europe; China	Since 2021	Hydrotreated esters and fatty acids (HEFA)
Neste	Finland; Singapore	Since 2021	HEFA
Phillips 66	Humber, UK	Since 2022	HEFA
Repsol	Cartagena, Spain	Since 2022	HEFA
Moeve (formerly Cepsa)	Huelva, Spain	Since 2023	HEFA
EcoCeres	Shanghai, China	Since 2024	HEFA
ST1	Gothenburg, Sweden	Since 2024	HEFA
LanzaJet	Georgia, USA	2025	Alcohol-to-jet
Twelve	Washington, USA	2025	Power-to-liquid
Aemetis	California, USA	2026	HEFA
Infinium	Texas, USA	2026	Power-to-liquid
Wastefront	Sunderland, UK	2027	Tyre pyrolysis oil
Gevo	South Dakota, USA	2028	Alcohol-to-jet
LanzaJet	Teeside, UK	2028	Alcohol-to-jet
Nova Pangaea	Teeside, UK	2028	Advanced bioethanol
Velocys	Immingham, UK; Mississippi, USA	2029	Fischer-Tropsch

Role of SAF in the IAG transition plan
SAF is an important part of IAG's work towards our goal to achieve net zero emissions by 2050. In 2021, the Group set a target of using 10% SAF a year by 2030, dependent on appropriate government policy support. IAG expects to use SAF for 70% of its total fuel in 2050, which will contribute to a 40% reduction in lifecycle CO_2 emissions in the same year.

Delivering on our commitment
In 2024, Group airlines used more than 162,000 tonnes of SAF, an increase of 203% versus 2023, and one of the highest volumes globally. This saved more than 469,000tCO_2 on a lifecycle basis, accounting for 1.9% of IAG's total fuel.

SAF governance in IAG
IAG launched a SAF Management Group in 2023 comprised of colleagues from IAG sustainability, Group Finance and each operating company. The SAF Management Group meets monthly and reports to the SAF Steering Group. Please refer to section 'ESRS 2 General Disclosures' of this Sustainability statement for more details.

Supporting emissions reductions for our customers
To support the scale-up of SAF production globally, IAG offers corporate customers the opportunity to contribute towards SAF costs to support their own Scope 3 emission reductions. Thanks to customer contributions, in 2024 IAG announced the largest (47,700 tonnes of SAF with DHL) airline Scope 3 agreement to date, which will help us continue to scale our SAF use.

Carbon removals
IAG supports the inclusion of carbon removals in industry decarbonisation pathways, and in external assessments of support for the 1.5°C global ambition.

Group airlines offer customers the opportunity to make a financial contribution to support carbon removal projects, which IAG supports. To date, British Airways customers have supported removals projects including mangrove restoration in Pakistan and a biochar project in Oregon, USA.

By 2050, IAG will only use carbon removals to mitigate any residual emissions from its operations and supply chain. IAG continues to encourage suppliers to reduce emissions and transition from offsets to removals by including its sustainability clause to all contracts with suppliers, including renewed or amended contracts across the Group.

Based on the latest roadmap, the Group expects to use approximately 100MT of carbon removals between 2022 and 2050 to mitigate its Scope 1 emissions and could potentially be removing 2MT annually in 2030, conditional on clear, globally agreed verification and quality standards for removals and appropriate policy support such as inclusion in ETS schemes.

Carbon reductions in our supply chain

IAG is delivering a programme of work designed to support carbon reductions by its suppliers and value chain. This involves improving the quality of emission reporting and working collaboratively to deliver emission reductions with suppliers.

IAG GBS leads our engagement with our supply chain and is embedding sustainability aspects into the day-to-day operation of the organisation, such as sustainability targets in the performance objectives of all IAG GBS employees. Through its 'Lunch and Learn' programme, sustainability colleagues have also delivered four information sessions during 2024, covering supply chain management, the circular economy, SAF and working towards a net zero supply chain.

To improve the quality of emissions reporting in our value chain, the Group has developed a comprehensive Scope 3 measurement in partnership with Watershed across all applicable Scope 3 emission categories. More information is available in section 'E6 - Gross Scope 1, 2, 3 and Total GHG emissions' of this Sustainability statement.

IAG GBS also kicked-off its Supplier Engagement Programme in 2024, which encourages suppliers to share their sustainability commitments and carbon reduction efforts to identify best in class practices and potential collaborations to achieve common goals. As part of the programme, IAG GBS engaged with suppliers across the following procurement categories: aircraft seats, engines and catering.

IAG continues to work with EcoVadis to focus on driving Group suppliers to improve their sustainability performance to reduce emissions for all goods and services provided to IAG.



Case study: Recaro

IAG GBS team members from the Sustainability and Procurement functions, joined by British Airways, kicked off IAG's 2024 Supplier Engagement Programme with Recaro. As part of IAG's Supply Chain Sustainability Programme, IAG GBS works to strengthen the relationship with our suppliers by sharing climate commitments and best practices. During a workshop, members of Recaro showcased their new 'R Sphere' economy class concept seats and other circular economy initiatives.

This engagement provides IAG with the opportunity to explore carbon reductions across its aircraft operations through weight reduction in each aircraft seat. It also supports the Group's circular economy initiatives, by using recyclable material solutions across the seats' lifecycle from its production to its end-of-life.

Metrics and targets

E1-4 – Targets related to climate change mitigation and adaptation

IAG's transition plan focuses on reducing lifecycle CO_2 from jet fuel use, as this represents over 99% of Scope 1 emissions. The Group measures its full carbon footprint and tracks multiple metrics each quarter to ensure progress on reducing emissions. The following targets are set to mitigate IAG's material impacts as identified by the 2024 double materiality assessment.

Absolute emission reduction targets

IAG has a 20% reduction target for its net Scope 1 emissions by 2030 compared to 2019 levels and is working towards to net zero emissions by 2050. Direct emissions associated with IAG's direct operations include emissions from jet fuel, diesel, petrol, natural gas and halons. Sources of these emissions include aircraft engines, boilers, auxiliary power units (APUs) and ground vehicle engines. IAG's target to reduce Scope 1 emissions includes reductions from the use of SAF in its gross emissions calculation. The IAG Scope 1 net emission reduction target equates to 21.6 million tCO_2e by 2030, or 24.8 million tCO_2e in equivalent Scope 1 gross emissions.

Indirect emissions associated with electricity use in ground facilities like offices, lounges, data centres and hangars represent less than 1% of total IAG emissions, and, therefore, IAG does not set a near-term target for the reduction of these emissions. IAG monitors the use of renewable electricity across its operations, and we are committed to net zero Scope 2 emissions by 2050.

In 2021 IAG was the first airline group worldwide to set a target of net zero Scope 3 emissions by 2050. This was complemented by a target of a 20% reduction in net Scope 3 emissions by 2030, compared to a 2019 baseline. These targets will be delivered in collaboration with suppliers and other stakeholders, by monitoring supplier sustainability performance, engaging with suppliers on their sustainability plans, embedding climate requirements into supplier contract clauses and product specifications, and accounting for delivery of existing supplier targets.

Carbon intensity reduction targets

IAG has a target to reduce the carbon intensity of its operations by 12% from its 2019 baseline, to 80.0gCO_2/pkm by 2025. This target was achieved in 2024 (see section E1-6 for more information). By 2030, it aims to achieve a 27% reduction in gross carbon intensity, increasing to 39% by 2035 and 83% by 2050.

Grammes of CO_2 per passenger kilometre (gCO_2/pkm) is a standard industry measure of flight fuel efficiency. It is calculated by dividing total jet fuel use by total passenger-km, assuming one cargo-tonne-km is equivalent to 10 passenger-km, then multiplying this value by a conversion factor of 3.15. This calculation excludes the jet fuel used by franchisees, cargo carried on other airlines, and engine testing. It excludes no-show passengers, in line with industry guidance.

Other targets related to climate change mitigation and adaptation

SAF is part of IAG's transition plan to reduce emissions on a greenhouse gas lifecycle basis, typically by 80% or more compared with the fossil jet fuels it replaces.

In 2021, IAG committed to 10% SAF usage on average across its fleet by 2030, dependent on appropriate government policy support and market supply. By 2050, it expects to use SAF for 70% of total fuel.

IAG is also committed to supporting a variety of innovative carbon removal solutions and is considering projects that are immediately available and independently verified today, as well as more innovative technology solutions. By 2050, IAG will only use carbon removals to mitigate any residual emissions from its operations.

E1-3 - Targets related to climate change mitigation and adaptation

Base year (2019)	2025 target	2030 target	2050 target
Gross Scope 1 GHG emissions (tCO_2e)	N/A	20% reduction in net Scope 1 emissions, to 21.6 million tonnes. This equates to a reduction of gross emissions to 24.8 million tonnes	Net zero Scope 1, 2 and 3 emissions across our full operations and supply chain Carbon removals for any residual emissions. This equates to a reduction of gross emissions to 8.4 million tonnes.
Gross Scope 3 GHG emissions (tCO_2e)	N/A	20% reduction in net Scope 3 emissions, to 8.7 million tonnes	
Energy efficiency and consumption reduction (Flight-only carbon intensity (inclusive of SAF CO_2 reductions))	12% reduction in carbon intensity, to 80gCO_2/pkm	27% reduction in carbon intensity, to 70gCO_2/pkm	83% reduction in carbon intensity
Fuel switching (SAF fuel consumed)	N/A	10% SAF use by 2030	N/A
Electrification	Not material	Not material	Not material
Use of renewable energy	Not material	Not material	Not material
Phase out, substitution or modification of product	Not material	Not material	Not material
Phase out, substitution or modification of process	Not material	Not material	Not material
Other	'5 by 2025' waste reduction and recycling targets	N/A	N/A

E1-5 – Energy consumption and mix

IAG's material energy consumption is from the use of jet fuel, which accounts for more than 99% of Scope 1 emissions. Please refer to E1-6 – Gross Scope 1, 2, 3 and total GHG emissions regarding the emissions intensity per net revenue.

Energy consumption and mix	Unit	% change vly	2024
Energy consumption from non-renewable sources			
(1) Fuel consumption from coal and coal products	MWh	– %	**–**
(2) Fuel consumption from crude oil and petroleum products	MWh	11 %	**109.91**
of which is from jet fuel	MWh	11 %	**109.72**
of which is from gas oil for generators	MWh	7 %	**–**
of which is from gas oil for airport vehicles (Gasoleo B)	MWh	(16)%	**0.04**
of which is from diesel for generators	MWh	(78)%	**–**
of which is from diesel for vehicles (Gasoleo A)	MWh	(42)%	**0.14**
of which is from petrol	MWh	84 %	**0.01**
(3) Fuel consumption from natural gas	MWh	7 %	**0.12**
(4) Fuel consumption from other fossil sources	MWh	– %	**–**
(5) Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources	MWh	39 %	**0.05**
(6) Total fossil energy consumption (calculated as the sum of lines 1 to 5)	MWh	11 %	**110.08**
Share of fossil sources in total energy consumption	%	11 %	**97.95 %**
(7) Consumption from nuclear sources	MWh	– %	**–**
Share of consumption from nuclear sources in total energy consumption	%	– %	**– %**
Energy consumption from renewable sources			
(8) Fuel consumption from renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.)	MWh	205 %	**2.13**
of which is from SAF	MWh	200 %	**2.08**
(9) Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources	MWh	(6)%	**0.17**
(10) The consumption of self-generated non-fuel renewable energy	MWh	– %	**– %**
(11) Total renewable energy consumption (calculated as the sum of lines 8 to 10)	MWh	161 %	**2.30**
Share of renewable sources in total energy (Scope 1 and 2) consumption	%	1 %	**2.05 %**
Share of renewable sources in total electricity (Scope 2) consumption	%	(6)%	**75 %**
Total energy consumption (calculated as the sum of lines 6, 7 and 11)	MWh	12 %	**112.38**

Energy intensity per net revenue	Unit	% change vly	2024	2023
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh//€)	MWh/€	3 %	**0.0035**	0.0034

E1-6 – Gross Scope 1, 2, 3 and total GHG emissions

The scope of activities and emissions reported is consistent with previous years. IAG's emissions are calculated by multiplying fuel and energy use by appropriate conversion factors that are aligned with the Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report. 2024 UK Government conversion factors are applied across the Group as these are deemed to be the most robust available and are suitable for international organisations reporting on UK operations, as per the DEFRA factors definition. For Scope 2 emissions only a market-based factor has been used for Spanish locations due to the availability of reliable data, and other factors such as International Energy Agency emissions factors are used in specific cases.

	Unit	**2024**	2023	2019	% change vly	% change versus 2019
Scope 1 GHG emissions						
Jet fuel consumed	MT fuel	**8.5**	8.1	9.7	5 %	(11)%
*SAF fuel consumed	KT fuel	**162.2**	53.6	–	203 %	– %
*Gross Scope 1 GHG emissions	million tCO_2e	**27.2**	25.9	30.5	5 %	(11)%
Emission reductions from the use of SAF	kt CO_2	**469.3**	158.1	–	197 %	– %
Flight-only carbon intensity (exclusive of SAF CO_2 reductions)[1]	gCO_2/pkm	**79.4**	81.0	89.8	(2)%	(12)%
*Flight-only carbon intensity (inclusive of SAF CO_2 reductions)[2]	gCO_2/pkm	**78.1**	80.5	89.8	(3)%	(13)%
Emission reduction initiatives (volume of emissions reduced)	$ktCO_2$	**114.2**	86.8	77.4	32 %	48 %
CO_2 per revenue tonne kilometre	gCO_2e/RTK	**781**	805	898	(3)%	(13)%
Scope 1 net emission reductions						
Percentage of Scope 1 GHG emissions from regulated emission trading schemes	%	**81 %**	86 %	77 %	(6)%	5 %
ETS (including restated 2023 data)	million tCO_2e	**3.2**	3.0	3.2	7 %	– %
CORSIA (2024 data expected by October 2025)[3]	tCO_2e	**–**	–	n/a	– %	n/a
Voluntary offsets (excluding customer contributions)	kt CO_2e	**21.5**	246.0	n/a	(91)%	n/a
Net Scope 1 GHG emissions (including restated 2023 data)	million tCO_2e	**24.1**	22.7	26.9	6 %	(11)%
Other emissions from scope 1 operations						
Methane (CH_4)	kt CH_4	**19.2**	18.0	18.5	7 %	3 %
Nitrous oxides	kt NO_2	**230.9**	216.5	288.1	7 %	(20)%
Scope 2 GHG emissions						
Gross location-based Scope 2 GHG emissions	kt CO_2e	**53.4**	54.7	74.5	(2)%	(28)%
Gross market-based Scope 2 GHG emissions	kt CO_2e	**12.7**	12.3	21.3	3 %	(40)%
Scope 2 carbon intensity	gCO_2/MwH	**0.2**	0.2	0.2	(10)%	(30)%
Scope 3 GHG emissions (emissions data from previous years below is restated in line with updated methodologies - see further details in this section)						
*Total gross indirect (Scope 3) GHG emissions	million tCO_2e	**12.0**	11.2	10.9	7 %	10 %
(of which is market-based biogenic CO_2e)	tCO_2e	**3,466**	317	462	n/a	n/a
Category 1: Purchased goods and services	million tCO_2e	**3.1**	3.0	2.7	3 %	16 %
Category 2: Capital goods	tCO_2e	**151,506**	278,945	359,204	(46)%	(58)%
Category 3: Fuel and energy-related production	million tCO_2e	**5.8**	5.4	6.3	7 %	(7)%
Category 4: Upstream transportation and distribution	tCO_2e	**343,377**	315,041	325,867	9 %	5 %
Category 5: Waste generated in operations	tCO_2e	**17,716**	14,941	16,466	19 %	8 %
Category 6: Business travel	tCO_2e	**10,490**	9,016	25,052	16 %	(58)%
Category 7: Employee commuting	tCO_2e	**90,374**	52,970	50,631	71 %	78 %
Category 8: Upstream leased assets	tCO_2e	**–**	–	–	– %	– %
Category 9: Downstream transportation and distribution	tCO_2e	**150**	124	–	21 %	– %
Category 10: Processing of sold products	tCO_2e	**–**	–	–	– %	– %
Category 11: Use of sold products	million tCO_2e	**1.2**	1.0	0.3	30 %	313 %
Category 12: End-of-life treatment of sold products	tCO_2e	**6**	15	–	(59)%	– %
Category 13: Downstream leased assets	tCO_2e	**8,845**	10,577	–	(16)%	– %
Category 14: Franchises	tCO_2e	**613,482**	548,562	839,512	12 %	(27)%
Category 15: Investments	tCO_2e	**587,581**	583,016	16,704	1 %	3418 %
***TOTAL emissions (Scope 1, Scope 2 location-based, Scope 3)**	million tCO_2e	**39.3**	37.1	41.4	6 %	(5)%
TOTAL emissions (Scope 1, Scope 2 market-based, Scope 3)	million tCO_2e	**39.2**	37.1	41.4	6 %	(5)%

*Metrics with an associated target - please refer to 'E1-4 Targets related to climate change mitigation and adaptation' for details

1 Disclosed for the purpose of third-party corporate reporting. This carbon intensity figure is calculated without emission reductions from the use of SAF.

2 The carbon intensity calculation used for calculation of IAG's management incentive includes CO_2 emission reductions achieved from SAF. SAF reductions are calculated using actual lifecycle analysis (LCA) carbon intensity values for SAF fuel uplifted by airlines in the Group and subtracting the achieved emission reductions from our total Scope 1 CO_2 footprint.

3 Emissions covered under the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) is included in our net emission reduction metrics, reflecting expected obligations above the CORSIA baseline arising during the first phase (covering 2024-2026 emissions) of the scheme. Details of our net emissions under the scope of CORSIA for 2024 will be confirmed in 2025, following calculation of the CORSIA 'Sectoral Growth Factor' by ICAO.

Gross emissions by country of activity

The table below shows 2024 GHG emissions aggregated by main country of our operations. Group airlines are assigned to the country of hub operations.

Location	Unit	Scope 1	Scope 2, location-based
Ireland	thousand tCO_2e	2,342	2.6
Spain	thousand tCO_2e	9,407	16.8
United Kingdom	thousand tCO_2e	15,500	25.9
Other	thousand tCO_2e	n/a	9.1

Scope 3 emissions

In 2024 IAG has assessed all 15 categories of Scope 3 emissions, as defined by the global GHG Protocol.

The Group has 17,500 suppliers and the scope of emissions calculations within these categories is based on material categories of spend – the two most material categories being jet fuel and purchased goods and services, reported under Category 3 and 1 respectively.

IAG continues to refine Scope 3 calculations based on the latest data and assumptions. IAG GBS first partnered with Watershed, a sustainability platform, in 2023 to improve reporting of IAG's Scope 3 Category 1 (Purchased goods and services) emissions. Under Scope 3.1, emissions were previously determined based on water usage only. This was replaced by a spend-based approach and detailed analysis of emissions from IAG's supply chain, leveraging data from sustainability disclosures made by suppliers and benchmark data for specific sectors where supplier' specific data was not available.

IAG has previously reported on 12 of the 15 relevant Scope 3 emission categories, applying standardised conversion factors for instances where data from suppliers is not available. Following further work with Watershed in 2024, all 15 applicable Scope 3 emissions categories are now reflected in the Scope 3 measurement.

Improvements have been made to the emissions reporting methodology for the following categories in 2024:

- Scope 3.2 (Capital goods) emissions previously included aircraft manufacture and disposal, but aircraft disposal now has been reclassified under Scope 3.5 (Waste generated in operations), taking into account the aircraft weight, material and disposal method.
- Scope 3.4 (Upstream transportation and distribution) emissions previously reported under Scope 3.9 (Downstream transportation and distribution) have been reclassified to Scope 3.4, since these services are contracted out by the Group. Additionally, IAG Cargo's emissions from non-IAG carriers are now included in this category.
- The methodology for determining emissions associated with the use of sold aircraft under Scope 3.11 (Use of sold products) is aligned with the GHG Protocol for those aircraft sold to another airline or freighter during the calendar year. This will include the future emissions of the aircraft, based on its average expected life. Additionally, the end-of-life treatment of those sold aircraft is now considered under Scope 3.12 (End-of-life treatment of sold products).
- Scope 3.15 (Investments) became a relevant Scope 3 category for the Group, together with IAG's associated, joint ventures and other equity investments are reflected.

Work continues to improve the quality of Scope 3 emission calculations from IAG's supply chain, accounting as well for the different reporting cycle that our suppliers and the companies we invest in might have. Under the Third Party Code of Conduct suppliers are encouraged to provide IAG with specific emission information.

Standardised conversion factors are used where data from suppliers is not available, and as more data from suppliers becomes available some values may be restated. Any significant restatements will be made in future reports with explanations provided.

Emissions intensity per net revenue

Energy intensity is calculated by dividing total Group revenue by the sum of Scope 1 emissions and Scope 2 location-based emissions.

GHG per net revenue	**2024**	2023	% change vly
Total revenue (as per the financial statements)	**€32,100 million**	€29,453 million	9 %
Total GHG emissions (location-based) per net revenue (tCO_2e/€)	**0.00084**	0.00087	(4)%
Total GHG emissions (market-based) per net revenue (tCO_2e/€)	**0.00084**	0.00087	(4)%

E1-7 – GHG removals and GHG mitigation projects financed through carbon credits

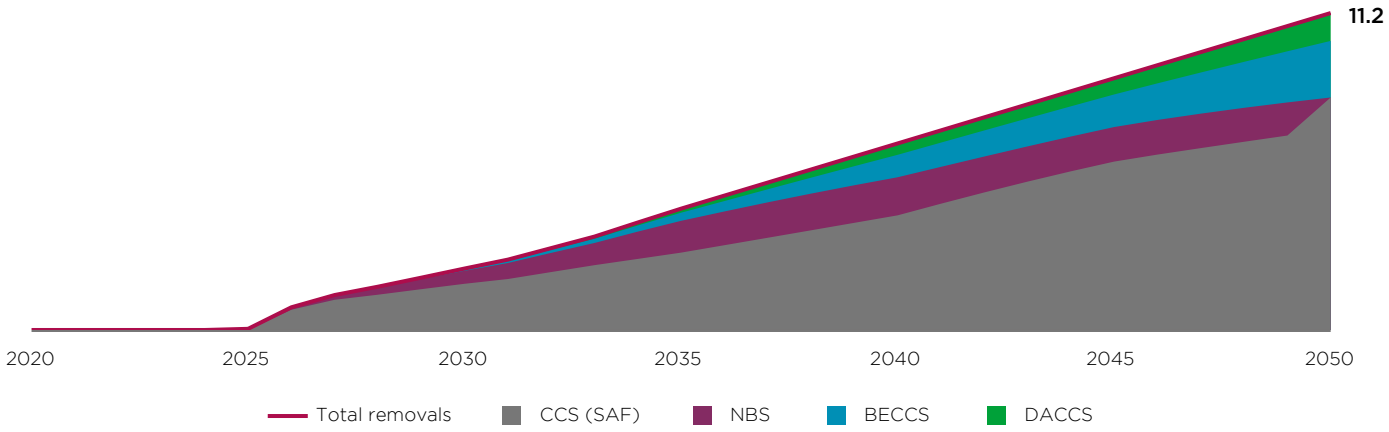
Carbon removal solutions extract CO_2 already in the atmosphere and store it in biological or geological ways. Examples of carbon removal include:

- Nature-based solutions (NBS) – include creating new forests and peatland;
- Bioenergy carbon capture and storage (BECCS) – capturing biogenic carbon from industrial facilities and storing it in e.g. underground aquifers;
- Carbon capture and storage (CCS) with SAF production – as above and including the use of by-products that can absorb CO_2; and;
- Direct air capture (DAC) – absorbing CO_2 directly from the air using a catalyst.

IAG sees carbon avoidance projects as a key transitional solution en route to full use of carbon removals.

Carbon removals within our 2050 roadmap

IAG carbon removals roadmap
million tonnes CO_2 (MT)



IAG expects to use carbon removals to meet an increasing share of its CORSIA obligations between 2024 and 2035, conditional on appropriate policy, and supports wider guidance on how to transition to removals such as that provided by the science-based Oxford Offsetting Principles.

Disclosure of the use of quality criteria for carbon credits

Carbon credits cancelled in the reporting year	2024	% change vly
Total (tCO_2e)	**120,000**	(44)%
Share from removal projects (%)	**42 %**	64 %
Share from reduction projects (%)	**58 %**	(22)%
Verified Carbon Standard (VCS) (%)	**100 %**	– %
Share from projects within the EU (%)	**– %**	– %
Share of carbon credits that qualify as corresponding adjustments (%)	**58 %**	– %
Carbon credits planned to be cancelled in the future		**71,552 by 2123**
Total (tCO_2e) (sum of total carbon credits cancelled in the reporting year and carbon credits planned to be cancelled in the future)		**191,522**

Carbon credit project financing

IAG is committed to supporting a variety of innovative carbon removal solutions and is considering projects that are immediately available and independently verified today, as well as more innovative technology solutions.

Our investment in greenhouse gas removal (GGR) technologies involves a combination of forward delivery procurement and project financial support, facilitating the scale-up of GGR technologies alongside relevant government support.

When IAG or its operating companies choose to voluntarily invest in carbon avoidance and removal projects, they work in collaboration with key partners, carry out due diligence to select reputable providers, and select projects carefully to meet and align with verified quality standards, such as Gold Standard, Puro Standard and Verified Carbon Standard (VCS).

For example, British Airways worked in partnership with CUR8 (a UK-based company dedicated to building the global market for carbon removals), UNDO (a carbon dioxide removal project developer specialising in enhanced rock weathering), and Standard Chartered (representing financial institutions), to launch a first-of-a-kind financing pilot in 2023, designed to help scale up the carbon removals market. In 2024, British Airways committed to purchase more than 33,000 tonnes of carbon removal credits under this financing structure, delivered by UNDO (through enhanced rock weathering), and by Standard Chartered acting as the banking partner. This agreement helps create a blueprint for carbon removal purchases, by enabling carbon removal suppliers to access capital in the form of debt financing via advanced purchase agreements.

The Group continues to advocate policies that will accelerate global uptake of carbon removals, via the Coalition for Negative Emissions and other trade associations, and supports the inclusion of removals in the EU ETS and the UK ETS.

E1-8 – Internal carbon pricing

IAG applies carbon prices to financial planning and future scenario analysis. The Group's emissions from aviation activities, which represents 99% of our Scope 1 emissions, are largely regulated by explicit carbon prices under participation in carbon markets including the EU ETS, UK ETS, and CORSIA. Such regulations do not apply for activities included in our Scope 3 emissions.

The IAG Fleet team uses updated internal carbon price forecasts for short-haul and long-haul fleet purchasing decisions, based on market values and reputable external sources. The Group airlines use carbon prices in financial planning, and Flight Operations teams and pilots use carbon prices in operational decisions about fuel uptake. Potential acquisitions also include an assessment of exposure to climate-related issues and policy.

Internal carbon price forecasts are prepared based on calculated prices derived from the Group's exposure to external carbon prices. For the period 2025 to 2027, UK ETS prices of £50 – £55/tCO_2e, EU ETS prices of €80 – €101/tCO_2e and CORSIA prices of €16 – €66/tCO_2e were used for modelling compliance costs and to inform internal carbon prices used for impairment modelling. EU and UK ETS prices are based on market prices and the UK Department for Transport (DfT) Aviation Forecast, and CORSIA prices are based on internal analysis and ICAO industry price forecasts.

Additional environmental disclosures required under Spanish Law 11/2018:

Noise

GRI 305-7

IAG is reporting the following metrics under the transitional requirements of Spanish Law 11/2018. IAG is reporting this metric to show progress towards our target to achieve 10% reduction in noise levels compared to 2019 by 2025. These metrics are reported in accordance with GRI standards.

IAG only reports on the most stringent ICAO and ICAO Committee on Aviation Environmental Protection (CAEP) standards for aircraft. The Group is over 99% compliant with ICAO Chapter 4 and CAEP Chapter 4 standards.

Metric	Unit	**2024**	2023	% change versus 2019	Commentary
Noise per LTO	QC/LTO	**0.86**	0.86	(15)%	The improvement since 2019 is due to the use of newer quieter aircraft. Values can fluctuate year on year due to factors such as the mix of short-haul and long-haul flying.
NOx per LTO	kg/LTO	**9.08**	8.89	(13)%	Changes in flight operations, such as stage length, account for slight year-on-year increase, but NOx reductions since 2019 are attributable to the introduction of newer aircraft.
ICAO Chapter 14	% of fleet at standard	**64 %**	62 %	10 %	Compliance will continue to improve as newer aircraft are introduced to the fleet and following retirement of older aircraft.
CAEP Chapter 6	% of fleet at standard	**82 %**	81 %	4 %	The improvement is driven by fleet modernisation.
CAEP Chapter 8	% of fleet at standard	**49 %**	47 %	14 %	The improvement is driven by fleet modernisation.

Waste management

GRI 306-1/-2/-3 (2020)

IAG is reporting the following metrics under the transitional requirements of Spanish Law 11/2018. These metrics show progress towards IAG's waste reduction targets by 2025, compared to a 2019 baseline and are reported in accordance with GRI standards. Waste type descriptors and waste disposal descriptors are provided in the appendix to this statement.

In 2024, IAG operations generated 52,834 tonnes of waste. This comprised of 51,806 tonnes of non-hazardous waste (98%), and 1,028 tonnes of hazardous waste (2%). Waste recovered or recycled was 6,767 tonnes (13%). On-board catering waste remains our top waste producer activity, while the increase in annual office waste per full-time employee corresponds to increasing office use and recruitment into corporate functions. Recycling in our offices has increased owing to the implementation of waste segregation bins across a number of sites. The reduction in the maintenance and cargo recycling ratio is due to an improvement in Iberia's methodology that more accurately reflects the final destination of the waste generated.

Metric	Unit	2019 base	2025 target	**2024**	2023	vly
On-board waste per passenger	Kg/pax	0.33	0.26 (-20%)	**0.31**	0.32	(3) %
Office waste per full-time employee	Kg/FTE	95.7	47.8 (-50%)	**70.9**	81.8	(13) %
Maintenance waste per unit of activity	Kg/person-hr	0.63	0.47 (-25%)	**0.11**	0.11	– %
Cargo waste per unit of cargo carried	Kg/tonne cargo	1.55	1.16 (-25%)	**1.40**	1.54	(9) %
On-board waste at hubs recycled/ recovered	%	24%	40%	**18 %**	20 %	(10) %
Office waste recycled/recovered	%	35%	60%	**51 %**	26 %	96 %
Maintenance waste recycled/ recovered	%	50%	70%	**46 %**	72 %	(36) %
Cargo waste recycled/recovered	%	63%	80%	**57 %**	77 %	(26) %

Other environmental metrics

IAG is reporting the following metrics under the transitional requirements of Spanish Law 11/2018, independent of IAG's double materiality assessment findings.

Metric	GRI standard	Unit	**2024**	2023	vly
Average fleet age	n/a	years	**12.4**	12.0	3 %

Social (People and Prosperity)

ESRS S1 Own workforce

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

IAG's own workforce covers 74,378 directly employed colleagues across our operating companies in a range of roles including 'in the air' (pilots and cabin crew) and 'on the ground' (airport operations, corporate functions, and maintenance). The identified material impacts, risks and opportunities affecting our workforce are set out below.

Topic	Name	Impact, risk or opportunity	Description	Location
Social internal				
Employee attraction, retention and engagement	Employee engagement and advocacy	i	Employee satisfaction and engagement is central to the Group's strategy. When employees are satisfied with their roles and experiences within the organisation, they are more likely to feel engaged, motivated and fulfilled in their work. Each operating company provides a compelling people proposition to ensure they are able to attract, develop, retain and engage employees.	Own operations
	Organisational culture and sense of belonging	i	A strong organisational culture increases employees' sense of belonging, contributing to a positive workplace environment, which can translate into higher employee retention and productivity.	Own operations
Equity, Diversity and Inclusion	Inclusive culture	i	Fostering an inclusive and diverse working environment promotes creativity, collaboration and employee loyalty, driving organisational success and fostering a positive workplace culture.	Own operations
	Diverse workforce	i	Fostering diversity enriches a company's workforce and enhances organisational performance.	Own operations
	Equal opportunities and equity for all	i	Providing equal opportunities and treating people fairly is critical to tackle discrimination and create a diverse business.	Own operations
Employee health and safety	Employee health and safety	i	Prioritising employee health and safety enhances job satisfaction, loyalty and overall performance, driving organisational success and fostering a supportive workplace environment. Taking care of employees' health prevents and mitigates the risk of injury to health, ensures a safe working environment, and leads to higher levels of energy, motivation and resilience. This enables employees to perform their duties more effectively and efficiently.	Own operations
Remuneration and working conditions	Social dialogue and collective bargaining	i	Fostering constructive social dialogue with employee representatives is critical to a harmonious workplace and long-term organisational success.	Own operations
	Fair, sustainable and competitive terms and conditions	i	Providing sustainable and competitive remuneration ensures talent retention, boosts job satisfaction and maintains high levels of employee engagement and performance.	Own operations

i Positive impact

S1-1 – Policies related to own workforce Equity, Diversity and Inclusion

Relevant standards: GRI 405-1

Our approach and policies

At IAG we are proud of the diversity of the workforce across our Group companies and the richness of backgrounds, experiences, cultures and ideas that makes our businesses thrive. Our aim is that all colleagues feel their unique difference is recognised and valued and that they are treated fairly and equitably. IAG continues to bring positive change and remain committed to our equity, diversity and inclusion (EDI) ambition to create a diverse and inclusive culture representative of the communities we live and work in and the customers we serve. We also believe that a diverse workforce performs better and is more resilient, innovative and productive.

Across the Group we are committed to:

- Championing inclusivity: Promoting a culture of inclusion where everyone's unique difference is recognised and valued
- Respect: Promoting discrimination-free work environments – treating all individuals with dignity and respect, regardless of age, sex, disability, race, religion/belief, marital/civil partnership status, pregnancy and maternity, sexual orientation, gender or any other protected characteristic
- Equal opportunities: Monitoring the composition and representation within our workforce, and ensuring the principles of IAG's equity, diversity and inclusion policy are reflected in the practices of our Group and the terms and conditions of employment for colleagues around the Group
- Role modelling: Promoting values and expected behaviours across the Group, with a particular focus on role modelling
- A respectful workplace: Every individual should be treated with dignity, and we are committed to a positive, productive workplace. We support each other and work to ensure and sustain a working environment where the risk of unlawful discrimination, harassment and any other inappropriate behaviour is properly tackled and addressed.

We have Group-wide policies designed to tackle discrimination and to focus on open and transparent people processes, targeted choice of search partners, diverse recruitment shortlists and more rigorous definitions of critical role requirements, which focus on capabilities rather than experience. Further, each operating company has its own EDI policy and/or an equality plan - which takes into account the company's legal and cultural contexts, and regulatory requirements of its countries of operation - and takes steps to bring these policies to life.

Actions, metrics and targets

Progress on gender diversity

At a Group level we have placed a specific focus on diversity of senior leadership, specifically:

- Gender: In 2022, we set a Group-wide ambition for 40% of our senior leadership roles to be held by women by 2025. The gender diversity of our senior leadership is at 36%, reflecting a 6 percentage points increase since 2020. We remain committed to achieving our 40% ambition. Our Board has a representation of 45% women, the IAG's Management Committee[1] has 30% women, and 27% of our IAG's Management Committee and direct reports[1] are women. Overall 44% of our workforce across the Group are women.
- Race and ethnicity: In 2023, we set a Group-wide ambition for 10% of the Group's UK senior leadership to be minority ethnic[2] by end 2027, which we shared as part of our response to the UK Parker Review. In 2024, 11% of our UK senior leaders group self-disclosed as ethnically diverse[2] (compared to 6% in 2023). In 2024, 13% of our UK-based IAG Management Committee and direct reports[1] identified as ethnically diverse.

1 The IAG CEO is included in the Board reporting. The IAG Management Committee and direct reports segmentation was first introduced in 2024.

2 Minority ethnic as defined by UK Parker Review – Asian, Black, Mixed/Multiple, Other.

As an international business it is important to have colleagues from diverse backgrounds, nationalities and identities represented across the workforces of our operating companies.

UK ethnicity
Our data relies on senior leaders self-disclosing their diversity status. Individuals who have chosen not to report their ethnicity are not included in the calculation as minority ethnic leaders.

Collaborating on equity, diversity and inclusion across the Group and supporting progress across our industry

IAG's Diversity Panel has representatives from across all operating companies sharing best practices and leading on the co-design and implementation of new EDI initiatives.

We continue to partner with Women in Hospitality, Travel and Leisure (WiHTL), actively partner with International Transport Association (IATA) and are committed to advancing gender diversity as part of IATA's '25 by 2025' strategy (a global initiative to enhance EDI and gender balance in the aviation sector).

Co-parenting responsibilities

Relevant standards: GRI 401-3

Our approach and policies
The Group's operating companies support a healthy work–life balance, especially in the context of co-parenting responsibilities. They have a range of policies covering job-sharing, maternity, adoption, paternity and shared parental leave to support employees managing co-parenting commitments. Online platforms facilitate a collaborative community for working parents and carers, enabling the exchange of ideas and mutual support, while also providing access to digital resources offering valuable information for maintaining a healthy work-life balance.

Universal accessibility for people with disabilities

Relevant standards: GRI 405-1

Our approach and policies
The Group adheres to all pertinent legislation, guaranteeing universal access for both employees and customers with disabilities. Accessibility laws are followed across our facilities and operations.

Our operating companies and businesses are committed to supporting individuals with accessibility needs and disabilities throughout the entire employment lifecycle, from inclusive recruitment practices and making reasonable adjustments during the hiring process, to fostering an accessible work environment. A wide range of support is offered, including assistive technologies, flexible work arrangements and ongoing support to create an inclusive and equitable workplace for all.

Each of our operating airlines is committed to providing a positive customer experience, including support for those with disabilities.

Health, safety and wellbeing

Relevant standards: GRI 403-4, 403-6

Our approach and policies
The health, safety, security and wellbeing of our workforce, our customers and suppliers is our top priority.

We adhere to all applicable safety and security laws, regulations and procedures and continue to focus on and invest in the area of health and wellbeing.

Each operating company maintains health and safety management systems underpinned by policies and effective governance processes.

Actions, metrics and targets
Workplace accidents increased in 2024, coinciding with a rise in overall headcount. The lost-time injury (LTI) frequency rate increased from 3.7 in 2023 to 4.0 in 2024, including a 17% increase amongst cabin crew. While the LTI frequency has increased, LTI severity has decreased. This means that although there were more incidents, their impact in terms of time off work was less severe.

Senior-level committees within each operating company ensure that the risks are managed and controls are in operation, including risk assessments, workforce and employee representative engagement, communication and mandatory training.

Where health and safety issues do arise, each operating company has detailed processes for reporting, investigating matters, trend analysis and remediation.

Human rights and modern slavery

Our approach and policies
The principles of fair and equal treatment, non-discrimination, compliance with the law and respect for human rights sit at the centre of our Code of Conduct, IAG's ethics and compliance framework and Third Party Code of Conduct. The IAG Code of Conduct applies to all employees and directors across the Group and is communicated and shared widely. Employees are equipped with comprehensive training and development opportunities, ensuring they are well versed in the areas covered by our Code of Conduct.

In 2024 IAG also implemented a human rights policy that reinforces our commitment to upholding human rights and conducting business in a manner that respects the rights and dignity of all people. It confirms the Group's commitment to adhere to the Guiding Principles on Business and Human Rights published by the United Nations. The Human Rights Policy covers key principles such as diversity, equal opportunities, labour standards, freedom of association, forced and child labour, modern slavery and human trafficking.

The Human Rights Policy supports IAG's wider compliance framework and is fully aligned with the 'Speak Up' programme. IAG had no known cases of human rights violations across the Group during 2024, the same as in 2023.

IAG is taking steps to prevent incidents of modern slavery within the Group and across its supply chains. The IAG Group Slavery and Human Trafficking Statement outlines specific risks and actions in relation to this area and is available on the IAG website. This statement is made under section 54, part 5 of the 2015 UK Modern Slavery Act (MSA) and section 11(4)(b)(ii) of the Fighting Against Forced Labour and Child Labour in Supply Chain Act 2023 (Canada).

IAG remains committed to taking swift and robust action if any evidence relating to slavery, human trafficking or labour abuse in our business or supply chain is identified.

Actions, metrics and targets
IAG and the frontline employees in our operating companies and supply chain are taking practical steps to prevent human trafficking. Our operating airlines work closely with governments and the airports in which they operate to ensure that any suspected trafficking on our flights is identified, reported and dealt with appropriately. IAG also supports the 2018 IATA resolution denouncing human trafficking and the ICAO Guidelines for Reporting Trafficking in Persons by Flight and Cabin Crew. IAG is one of the founding participants of the ICAO Ad Hoc Working Group on Combatting Trafficking in the Supply Chain (AHWG-TSP), an international, joint industry-regulatory group providing advice to ICAO and assisting in the development of guidance material on combating trafficking in persons in an air operator's supply chain.

Operating airlines also run awareness training and provide practical guidance for staff to recognise and respond to potential human trafficking situations and provide procedures for reporting where any cases are suspected. This training material is openly shared with key ground handling suppliers across our network. IAG also works closely with the charitable sector in this area to raise awareness amongst colleagues and support organisations that share our mission to stamp out human trafficking.

Ethics and compliance

Our approach and policies

IAG is committed to conducting its business ethically, responsibly and in full compliance with all applicable laws and regulations. Guided by these principles, the Group strives to foster a culture of accountability at every level of the organisation. All directors and employees are expected to act with integrity and in accordance with the laws of the countries in which they operate.

As IAG continues to enhance its ethics and compliance programme, it works to maintain the highest levels of trust among all stakeholders, including employees, customers, business partners and communities. During 2024, IAG developed and rolled out a new Ethics and Compliance Charter, with the purpose of setting out the framework for managing ethics and compliance risks at Group level and within each operating company, with clear roles and responsibilities to effectively manage these risks.

In August, the Board of Directors approved a revised version of the IAG Code of Conduct. This document defines the general expectations for ethical conduct across the organisation and sets out the principles that govern the conduct of all directors and employees when performing their duties. This document is available on the IAG website.

Recognising the importance of shared values throughout the IAG value chain, the Group also published a new Third Party Code of Conduct in 2024, establishing the behaviours expected from business partners and addressing areas such as anti-bribery, environmental responsibility and modern slavery. The Third Party Code of Conduct is designed to help our business partners align with our values and continue to promote ethical standards within the industry.

In response to the evolving regulatory landscape and emerging risks, the Audit and Compliance Committee approved a revised three-year ethics and compliance plan, to ensure IAG will continue to promote a risk-based approach for the implementation of procedures, controls and processes. The Board of Directors has full visibility of the plan and is committed to promoting a culture of integrity and ethical decision-making, in line with IAG's Code of Conduct.

As part of the plan, the Group Head of Ethics and Compliance revised the Group-wide whistleblowing policy and rolled out a new whistleblowing procedure, standardising the processes that are expected to be followed across the Group. The IAG 'Speak Up' policy and the procedure that regulates how to handle whistleblowing investigations provide details on how to report concerns and establish the framework to ensure a robust and consistent approach to address issues and take remedial action whenever necessary. The Audit and Compliance Committee and subsequently the Board approved the revised IAG 'Speak Up' policy during 2024.
More details on this are available in section 'G1 - Business Conduct' of this Sustainability statement.

Actions, metrics and targets

IAG encourages employees to raise concerns about unethical behaviour or organisational integrity. If employees have questions about the right thing to do, or if they see or suspect unethical or illegal conduct, they can also discuss the situation with their line manager or contact a member of the Legal, Compliance or Human Resource teams, or they can report their concerns using the IAG's 'Speak Up' hotline. Similarly, suppliers are encouraged to contact their primary contact within the business. Regardless, the whistleblowing channel is available for everyone who wishes to report a concern.

Mandatory Code of Conduct training and communications activities are carried out with directors, employees and third parties on a regular basis to maintain awareness and understanding of the principles that govern the conduct of the Group. A new Code of Conduct training module was introduced during 2024 to ensure that employees from different parts of the business will be always prepared to make informed business decisions.

Metric	Unit	2024
Number of employees who completed annual Code of Conduct training	#	**56,495**
Number of employees who completed the annual anti-bribery training*	#	**12,088**

*denotes total training completed over a period of 3 years

Anti-bribery and anti-money laundering

Refer to 'G1-3 – Prevention and detection of corruption and bribery' for information on anti-bribery and anti-money laundering.

S1-2 – Processes for engaging with own workforce and workers' representatives about impacts

Relevant standards: GRI 2-30, 404-1, 404-2.

Our operating companies actively engage with trade unions to secure balanced agreements that ensure fair, competitive and sustainable remuneration. Local employee representatives and unions provide both formal channels for collective agreements and informal avenues for raising issues and concerns.

85% of the workforce across the Group is covered by collective bargaining agreements.

IAG complies with International Labour Organization (ILO) conventions. These conventions cover fundamental principles and rights at work: freedom of association, the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labour, and the elimination of discrimination in respect of employment and occupation.

Additionally, the IAG European Works Council (EWC) facilitates communication between employees and management on transnational European matters. It includes representatives from the different European Economic Area (EEA) countries, meeting regularly throughout the year to be informed and, where appropriate, consulted on transnational matters. (see subheading 'Employee's within the Stakeholder Engagement section of the Annual Report).

Training and development
We continue to invest in the skills of our workforce and remain committed to professional development and careers, supporting colleagues in carrying out their daily work and on topics such as: work and fleet modernisation, digitalisation, AI, and customer and product investments.

IAG is committed to supporting the development of the regions in which we operate by creating jobs, investing in infrastructure and contributing to social and environmental causes. Our operating companies engage young people in employment, build their skills, prepare them for potential careers and attract talent into the aviation sector – through work experience placements, internships, apprenticeships and graduate programmes. In many cases, these also open up different entry routes for diverse talent.

All Group companies are required to run mandatory corporate training courses on topics such as the Code of Conduct, compliance with competition laws, anti-bribery and corruption compliance, and data privacy, security and protection.

S1-3 – Processes to remediate negative impacts and channels for own workforce to raise concerns

All operating companies have both informal and formal channels for their own workers and workers' representatives to raise their concerns or needs directly with their employer whether through internal grievance processes or through collective complaints pursued by representatives via established industrial processes, internal surveys or via our whistleblowing channels. All of these facilitate complaints being made on a confidential or open basis.

IAG has very clear policies that encourage employees to raise concerns in an open and confidential manner and prohibit any form of retaliation for doing so. The channels available to employees and their representatives are clear and well publicised, and in some cases agreed with trade unions or employee representatives.

IAG, working in close collaboration with the HR and Compliance teams of its operating companies, monitors the nature, type and frequency of concerns raised so that it can take any remedial action that is required.

S1-4 – Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions; S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Relevant standards: GRI 205-1/-2/-3
For detail of actions, metrics and targets towards addressing material risks identified in this topic, see the sections on equity, diversity and inclusion, ethics and compliance, health safety and wellbeing, and human rights and modern slavery under 'S1-1 – Policies related to own workforce'.

S1-6 – Characteristics of the undertaking's employees

Average headcount by gender

	Permanent contracts			Temporary contracts		
Metric	vly	**2024**	2023	vly	**2024**	2023
Men	5 %	**39,368**	37,337	1 %	**1,538**	1,530
Women	5 %	**30,861**	29,320	10 %	**1,731**	1,575
Total	5 %	**70,229**	66,657	5 %	**3,269**	3,105

	Full-time contracts			Part-time contracts		
Metric	vly	**2024**	2023	vly	**2024**	2023
Men	1 %	**32,189**	31,952	26 %	**8,717**	6,914
Women	(1)%	**20,666**	20,796	18 %	**11,926**	10,099
Total	– %	**52,855**	52,748	21 %	**20,643**	17,013

Average headcount by age

	Permanent contracts			Temporary contracts		
Metric	vly	**2024**	2023	vly	**2024**	2023
Under 30	9 %	**12,004**	10,969	13 %	**2,211**	1,957
30–50	3 %	**34,204**	33,076	(10)%	**947**	1,052
Over 50	6 %	**24,021**	22,608	16 %	**111**	96
Total	5 %	**70,229**	66,657 [1]	5 %	**3,269**	3,105

	Full-time contracts			Part-time contracts		
Metric	vly	**2024**	2023	vly	**2024**	2023
Under 30	8 %	**11,690**	10,822	20 %	**2,525**	2,104
30–50	– %	**25,717**	25,737	12 %	**9,434**	8,391
Over 50	(5)%	**15,448**	16,187	33 %	**8,684**	6,516
Total	– %	**52,855**	52,748 [2]	21 %	**20,643**	17,013

[1] Six employees are omitted due to missing date-of-birth information.
[2] As above.

Social *continued*

Average headcount by employee classification

	Permanent contracts			Temporary contracts		
Metric	vly	**2024**	2023	vly	**2024**	2023
Airport operations	2 %	**15,796**	15,531	8 %	**929**	864
Cabin crew	4 %	**22,958**	22,177	13 %	**1,463**	1,296
Corporate functions	11 %	**15,832**	14,215	(8)%	**716**	780
Maintenance	7 %	**7,127**	6,649	(2)%	**161**	165
Pilots	5 %	**8,516**	8,085	– %	**–**	–
Total	5 %	**70,229**	66,657	5 %	**3,269**	3,105

	Full-time contracts			Part-time contracts		
Metric	vly	**2024**	2023	vly	**2024**	2023
Airport operations	(15)%	**8,966**	10,565	33 %	**7,759**	5,830
Cabin crew	(2)%	**15,329**	15,564	15 %	**9,092**	7,909
Corporate functions	10 %	**15,047**	13,713	17 %	**1,501**	1,282
Maintenance	6 %	**6,943**	6,543	27 %	**345**	271
Pilot	3 %	**6,570**	6,363	13 %	**1,946**	1,721
Total	– %	**52,855**	52,748	21 %	**20,643**	17,013

Description

Average headcount numbers for each employment contract, in which the employee's role was active during the reporting period (pro-rated for period employed, with maximum value of one).

Commentary

Average headcount increased by 5% in 2024 to 73,498, reflecting our ongoing commitment to expanding capacity, enhancing service and building resilience. The increase in part-time contracts reflects a change in SOUTH, with the majority of discontinuous contracts being converted to permanent part-time roles. The increase in corporate roles is primarily driven by continued growth of our global customer contact centres, the addition of management roles at Heathrow to build operational resilience and some growth of head office corporate functions.

Total number and distribution of employees by gender

	Headcount			Headcount (%)		
Metric	vly	**2024**	2023	vly	**2024**	2023
Men	4 %	**41,414**	39,987	– pts	**56 %**	56 %
Women	4 %	**32,964**	31,807	– pts	**44 %**	44 %
Total	4 %	**74,378**	71,794	– pts	**100 %**	100 %

Total number and distribution of employees by region/country

	Headcount			Headcount (%)		
Metric	vly	**2024**	2023	vly	**2024**	2023
Europe	3 %	**70,031**	67,748	– pts	**94 %**	94 %
United Kingdom	5 %	**39,318**	37,500	1 pt	**53 %**	52 %
Spain	1 %	**24,030**	23,743	(1pt)	**32 %**	33 %
Ireland	3 %	**5,323**	5,159	– pts	**7 %**	7 %
Rest of Europe	1 %	**1,360**	1,346	– pts	**2 %**	2 %
Africa, Middle East and South Asia	12 %	**2,831**	2,527	– pts	**4 %**	4 %
North America	(1)%	**945**	950	– pts	**1 %**	1 %
Latin America and Caribbean	1 %	**328**	324	(1 pt)	**– %**	1 %
Asia Pacific	(1)%	**243**	245	– pts	**– %**	– %
Total	4 %	**74,378**	71,794	– pts	**100 %**	100 %

Description

The share of headcount across the Group by gender and by region/country on 31 December 2024. Due to legal constraints in some of the countries where we operate, we are unable to collect and report data on other gender identities. We remain committed to inclusivity and will update our practices as laws evolve.

Commentary

The gender distribution across the Group remained stable in 2024, with balanced growth rates for both men and women, accounting for attrition and new hires.

Total headcount increased by 4% to 74,378, with growth across our key markets in the UK, Spain, and Ireland. The 12% increase in Africa, Middle East and South Asia is largely attributed to continued expansion of customer contact centres in India.

Total number of employees by contract type (permanent/temporary) and by gender

	Permanent contracts			Temporary contracts		
Metric	vly	**2024**	2023	vly	**2024**	2023
Men	4 %	**39,950**	38,410	(7)%	**1,464**	1,577
Women	3 %	**31,193**	30,198	10 %	**1,771**	1,609
Total	4 %	**71,143**	68,608	2 %	**3,235**	3,186

Description
Composition is a breakdown of headcount as at 31 December 2024. A temporary employment contract has a defined end date. IAG does not currently employ any workers on non-guaranteed-hours contracts.

Commentary
There has been an increase in both permanent and temporary contracts. Permanent roles include employees on fixed-discontinuous terms, a specific Spanish contractual arrangement for seasonal work in Spain. Gender differences reflects changes in workforce composition by role.

Total number and distribution of employees by professional classification

	Headcount			Headcount (%)		
Metric	vly	**2024**	2023	vly	**2024**	2023
Airport operations	(2)%	**16,396**	16,784	(1)pt	**22 %**	23 %
Cabin crew	3 %	**24,615**	24,004	– pts	**33 %**	33 %
Corporate functions	9 %	**17,171**	15,811	1 pt	**23 %**	22 %
Maintenance	7 %	**7,454**	6,972	– pts	**10 %**	10 %
Pilots	6 %	**8,742**	8,223	1 pt	**12 %**	11 %
Total	4 %	**74,378**	71,794	– pts	**100 %**	100 %

Description
The employee category breakdown shows the distribution of the major groups within IAG's workforce 'in the air' (pilots and cabin crew) and 'on the ground' (airport, corporate and maintenance).

Commentary
In 2024, the headcount distribution by professional classification remained relatively stable. The 9% year-on-year increase in corporate roles was driven primarily by the expansion of our global customer contact centres and the addition of management roles at Heathrow to build operational resilience. The 2% year-on-year decrease in airport operations roles resulted from TUPE transfers of employees to and from other operators following the outcome of AENA licence tenders to provide handling services at Spanish airports.

Total number of leavers and turnover rate by gender

	Voluntary leavers			Voluntary attrition rate			Non-voluntary leavers			Non-voluntary attrition rate		
Metric	vly	**2024**	2023	vly	**2024**	2023	vly	**2024**	2023	vly	**2024**	2023
Men	7 %	**2,885**	2,694	0.2 pts	**7.1 %**	6.9 %	73 %	**1,387**	804	1.3 pts	**3.4 %**	2.1 %
Women	(1)%	**2,417**	2,450	(0.5)pts	**7.4 %**	7.9 %	9 %	**727**	664	– pts	**2.2 %**	2.2 %
Total	3 %	**5,302**	5,144	(0.2)pts	**7.2 %**	7.4 %	44 %	**2,114**	1,468	0.8 pts	**2.9 %**	2.1 %

Total number of leavers and turnover rate by age

	Voluntary leavers			Voluntary attrition rate			Non-voluntary leavers			Non-voluntary attrition rate		
Metric	vly	**2024**	2023	vly	**2024**	2023	vly	**2024**	2023	vly	**2024**	2023
Under 30	4 %	**2,332**	2,246	(1)pt	**16.4 %**	17.4 %	24 %	**491**	395	0.4 pts	**3.5 %**	3.1 %
30–50	2 %	**2,056**	2,014	(0.1)pts	**5.8 %**	5.9 %	64 %	**1,016**	618	1.1 pts	**2.9 %**	1.8 %
Over 50	3 %	**914**	884	(0.1)pts	**3.8 %**	3.9 %	33 %	**607**	455	0.5 pts	**2.5 %**	2.0 %
Total	3 %	**5,302**	5,144	(0.2)pts	**7.2 %**	7.4 %	44 %	**2,114**	1,468	0.8 pts	**2.9 %**	2.1 %

Total number of leavers and turnover rate by employee category

	Voluntary leavers			Voluntary attrition rate			Non-voluntary leavers			Non-voluntary attrition rate		
Metric	vly	**2024**	2023	vly	**2024**	2023	vly	**2024**	2023	vly	**2024**	2023
Airport operations	16 %	**1,358**	1,168	1 pt	**8.1 %**	7.1 %	190 %	**1,442**	498	5.6 pts	**8.6 %**	3.0 %
Cabin crew	(20)%	**1,218**	1,523	(1.5)pts	**5.0 %**	6.5 %	(4)%	**294**	306	(0.1)pts	**1.2 %**	1.3 %
Corporate functions	24 %	**2,229**	1,803	1.5 pts	**13.5 %**	12.0 %	(54)%	**248**	534	(2.1)pts	**1.5 %**	3.6 %
Maintenance	(37)%	**287**	452	(2.7)pts	**3.9 %**	6.6 %	7 %	**47**	44	(0.1)pts	**0.6 %**	0.7 %
Pilots	6 %	**210**	198	0.0 pts	**2.5 %**	2.5 %	(3)%	**83**	86	(0.1)pts	**1.0 %**	1.1 %
Total	3 %	**5,302**	5,144	(0.2)pts	**7.2 %**	7.4 %	44 %	**2,114**	1,468	0.8 pts	**2.9 %**	2.1 %

Description
The number of leavers includes employees who leave voluntarily or due to dismissal, retirement or death in service. Voluntary attrition occurs when employees choose to leave (e.g. resignation, retirement, voluntary redundancy) and non-voluntary attrition occurs when employees leave for reasons other than a personal decision (e.g. compulsory redundancy, dismissal), excluding employees on temporary contracts. The attrition rate is based on the number of leavers as a percentage of the average number of Group employees in the year.

Commentary
There were 7,416 leavers and an overall attrition rate of 10.1% in 2024, of which 5,302 (7.2%) were voluntary leavers and 2,114 (2.9%) were non-voluntary leavers.

The 0.8% increase in non-voluntary leavers is driven by a 5.6% rise in airport operations. This is due to TUPE transfers of employees to other operators following the outcome of AENA licence tenders to provide handling services to third parties at Spanish airports.

The increase in non-voluntary leavers was higher for men compared to women, largely due to the workforce distribution in ground handling roles.

Total number of employees by contract type (full-time/part-time) and by gender

	Full-time contracts			Part-time contracts		
Metric	vly	**2024**	2023	vly	**2024**	2023
Men	(2)%	**32,193**	32,936	31 %	**9,221**	7,051
Women	(5)%	**20,569**	21,733	23 %	**12,395**	10,074
Total	(3)%	**52,762**	54,669	26 %	**21,616**	17,125

Total number of employees by contract type (full-time/part-time) and by region/country

	Full-time contracts			Part-time contracts		
Metric	vly	**2024**	2023	vly	**2024**	2023
Europe	(4)%	**49,018**	51,306	28 %	**21,013**	16,442
United Kingdom	– %	**26,874**	26,899	17 %	**12,444**	10,601
Spain	(13)%	**16,520**	18,987	58 %	**7,510**	4,756
Ireland	5 %	**4,400**	4,202	(4)%	**923**	957
Rest of Europe	– %	**1,224**	1,218	6 %	**136**	128
Africa, Middle East and South Asia	13 %	**2,708**	2,402	(2)%	**123**	125
North America	11 %	**602**	540	(16)%	**343**	410
Latin America and Caribbean	5 %	**244**	232	(9)%	**84**	92
Asia Pacific	1 %	**190**	189	(5)%	**53**	56
Total	(3)%	**52,762**	54,669	26 %	**21,616**	17,125

Description
Composition is a breakdown of headcount as at 31 December 2024. Full-time employees are defined as those working full contractual hours as at 31 December 2024.

Commentary
In 2024, there was a 26% increase in part-time contracts, particularly in Spain. This reflects a change in SOUTH, with the majority of discontinuous contracts being converted to permanent part-time roles. The growth of full-time contracts in Africa, Middle East and South Asia is largely driven by the expansion of our global customer contact centres in India.

Working hours
Time worked and holidays are different in each operating company as per the respective collective bargaining agreements and local working-time directives.

S1-8 – Collective bargaining coverage and social dialogue
Distribution of employees covered by collective bargaining agreements and social dialogue

	Collective bargaining coverage		Social dialogue
Coverage rate	Employees – EEA (for countries with >50 employees representing >10% total employees)	Employees – Non-EEA (estimate for regions with >50 employees representing >10% total employees)	Workplace representation (EEA only) (for countries with >50 employees representing >10% total employees)
0-19%	–	–	–
20-39%	–	–	–
40-59%	–	–	–
60-79%	–	–	–
80-100%	Spain	United Kingdom	Spain

Description
Collective bargaining can cover a wide array of issues pertaining to working conditions, including remuneration, working time, benefits and occupational safety and health. The coverage rate shown here refers to the proportion of employees who are covered by one or more collective agreements. It is calculated using headcount at the end of the reporting period.

Commentary
85% of our employees are covered by collective bargaining agreements, including 88% of employees in the UK, 95% of employees in Spain and 81% of employees in Ireland. Collective bargaining coverage rates have remained relatively stable in these core markets.

In 2017, IAG and employee representatives signed an EWC agreement, governed by Spanish law. The purpose of the EWC is to facilitate dialogue between employees and management on transnational European matters.

S1-9 – Diversity metrics
Total number and distribution of senior leaders by gender

	Headcount			Headcount (%)		
Metric	vly	**2024**	2023	vly	**2024**	2023
Men	5 %	**150**	143	– pts	**64 %**	64 %
Women	4 %	**85**	82	– pts	**36 %**	36 %
Total	4 %	**235**	225	– pts	**100 %**	100 %

Total number and distribution of IAG Management Committee and direct reports by gender

	Headcount			Headcount (%)		
Metric	vly	**2024**	2023	vly	**2024**	2023
Men	19 %	**63**	53	3 pts	**73 %**	70 %
Women	– %	**23**	23	(3)pts	**27 %**	30 %
Total	13 %	**86**	76	– pts	**100 %**	100 %

Description
We define senior leaders as IAG grades 0, 1 and 2 or equivalent across the Group, including senior executives (direct reports to IAG's CEO). We also track the total number and distribution by gender for our IAG Management Committee members and their direct reports. All numbers are as at 31 December 2024.

Commentary
Senior leader numbers at IAG grades 0-2 have remained stable in 2024, with balanced growth rates for both men and women, accounting for attrition and new hires. IAG remains committed to our gender diversity ambition of 40% women in senior roles by 2025, having seen an increase of 6% since 2020. We continue to take an open approach to vacancies, enabling applications from across IAG and externally, and using each opportunity to attract diverse talent.

In 2024, there was a slight reduction in representation of women in the IAG Management Committee and their direct reports. The numbers reflect diversity at a specific point in time, and each year we experience approximately 20% change in the composition of our senior leadership roles through promotions, role changes and new hires.

Total number and distribution of employees by age

	Headcount			Headcount (%)		
Metric	vly	**2024**	2023	vly	**2024**	2023
Under 30	5 %	**15,310**	14,560	1 pt	**21 %**	20 %
30–50	2 %	**35,375**	34,735	– pt	**48 %**	48 %
Over 50	5 %	**23,693**	22,493	1 pt	**32 %**	31 %
Total	4 %	**74,378**	71,794[1]	– pts	**100 %**	100 %

Description
The share of headcount across the Group by age (under 30, 30-50 and over 50) on 31 December 2024.

Commentary
The workforce distribution by age group remained broadly consistent in 2024. There was a small increase in under 30 and over 50 populations, largely driven by the restructuring of ground handling in Spain.

S1-10 – Adequate wages
At IAG, we are committed to ensuring that all our employees receive an adequate wage in line with applicable regulations, with over 85% of colleagues covered by collective agreements that ensure pay rates are competitive and sustainable. Remuneration includes both fixed and variable elements, as is common in our sector, and reflects the dynamic and varied working patterns on the ground and in the air. Colleagues are also eligible for a range of attractive benefits making calculations of remuneration understandably complex. Operating companies have controls in place to consolidate and review all elements of remuneration in the context of the Minimum Wage legislation and take appropriate action as necessary.

[1] Six employees are omitted due to missing date-of-birth information

Social *continued*

S1-12 – Persons with disabilities

Total number and distribution of employees with a disability, by gender

	Headcount			Headcount (%)		
Metric	vly	2024	2023	vly	2024	2023
Men	1 %	**522**	518	(0.04)pts	**1.26 %**	1.30 %
Women	1 %	**398**	396	(0.04)pts	**1.21 %**	1.25 %
Total	1 %	**920**	914	(0.03)pts	**1.24 %**	1.27 %

Description

Employees with disabilities as a percentage of headcount at the end of the year. Collecting disability information on employees is not a legal requirement in the UK or Ireland, unlike in Spain. Disabilities within scope are those which are medically certified in Spain but self-declared in all other jurisdictions.

Commentary

The percentage of employees with a disability remained relatively consistent in 2024. The majority are either based in the UK or have a declared medically diagnosed disability in Spain.

S1-14 – Health and safety metrics

All employees across IAG are covered by comprehensive health and safety management systems, ensuring their wellbeing and compliance with legal requirements and recognised standards.

Workplace fatalities

	Number of instances	
Metric	2024	2023
Cabin crew	**–**	–
Pilots	**–**	–
Airport operations	**–**	–
Corporate functions	**1**	–
Maintenance	**–**	–
Total	**1**	–

Lost time injuries (LTI)

	Workplace accidents			LTI severity rate			LTI frequency rate		
Metric	vly	2024	2023	vly	2024	2023	vly	2024	2023
Airport operations	12 %	**902**	805	8 %	**31.2**	28.9	5 %	**7.0**	6.7
Cabin crew	17 %	**894**	763	(9)%	**10.9**	12.0	17 %	**6.1**	5.3
Corporate functions	60 %	**141**	88	9 %	**14.7**	13.5	44 %	**1.0**	0.7
Maintenance	(20)%	**100**	125	(17)%	**19.5**	23.6	(26)%	**1.7**	2.3
Pilots	4 %	**76**	73	(51)%	**8.2**	16.6	2 %	**1.3**	1.3
Total	14 %	**2,113**	1,854	(1)%	**20.1**	20.4	8 %	**4.0**	3.7

	Workplace accidents			LTI severity rate			LTI frequency rate		
Metric	vly	2024	2023	vly	2024	2023	vly	2024	2023
Men	7 %	**1,108**	1,035	– %	**23.1**	23.1	1 %	**3.5**	3.5
Women	23 %	**1,005**	819	(1)%	**16.8**	17.0	16 %	**4.6**	4.0
Total	14 %	**2,113**	1,854	(1)%	**20.1**	20.4	8 %	**4.0**	3.7

Occupational illness

	Number of instances		
Metric	vly	2024	2023
Men	375 %	**19**	4
Women	(29)%	**5**	7
Total	118 %	**24**	11

Absenteeism

	Hours absent			Absenteeism rate		
Metric	vly	2024	2023	vly	2024	2023
Airport operations	17 %	**2,466,647**	2,110,641	1.5 pts	**9.7 %**	8.2 %
Cabin crew	2 %	**2,084,521**	2,044,707	(0.2)pts	**6.5 %**	6.7 %
Corporate functions	18 %	**820,652**	696,983	0.2 pts	**2.9 %**	2.7 %
Maintenance	6 %	**558,418**	528,581	(0.1)pts	**4.4 %**	4.5 %
Pilots	– %	**617,843**	618,387	(0.2)pts	**5.0 %**	5.2 %
Total	9 %	**6,548,081**	5,999,299	0.2 pts	**5.9 %**	5.7 %

There was one recorded fatality in 2024, related to a road traffic incident in Spain during a commute to work. Under Spanish law, accidents that occur while travelling to or from the workplace are considered workplace accidents.

In 2024, there were 8,196 workplace accidents (a rate of 77 workplace accidents per one million hours worked). This includes 2,113 workplace accidents that resulted in lost working time.

The lost-time injury (LTI) frequency rate increased from 3.7 in 2023 to 4.0 in 2024, including a 17% increase amongst cabin crew. This increase is due to a stronger focus on reporting culture and greater use of health and safety management systems, especially for 'in the air' incidents. While the LTI frequency has increased, LTI severity has decreased. This means that although there were more incidents, their impact in terms of time off work was less severe. The increase in LTI frequency is higher amongst women, reflecting the workforce distribution of cabin crew. The 44% increase in the LTI frequency rate amongst corporate employees is skewed by low numbers and remains the lowest area for LTIs, with a frequency rate of just 1.0.

Occupational illnesses increased in 2024. However, the majority of these cases involved injuries or diseases that did not result in disabling effects for the individuals affected. The overall numbers remain below historic norms.

Absenteeism increased slightly in 2024 compared to 2023, driven mostly by airport operations. Our focus remains on creating a supportive work environment that promotes attendance and productivity while ensuring the health and safety of all employees. Cabin crew may have higher absence reporting rates due to the requirements of their role regarding fitness to operate.

Description and methodology

Metric	Description	Formula for calculation
LTI severity rate	This measures the impact of occupational accidents as reflected in time off work by the affected workers.	(Working days lost)/(Number of LTIs)
LTI frequency rate	An LTI is a non-fatal injury arising out of, or during work, which leads to a loss of productive work time. The unit of measurement is LTI's per 200,000 hours worked, using actual hours worked.	((Number of LTIs)/(Hours worked)) x 200,000
Hours absent	For the purpose of this metric, only unplanned or unauthorised absences – which means employees missing partial or whole days of work – are included. Examples in scope are short-term and long-term sickness, time off due to injuries, and no-shows, absences without leave or permission.	Sum (hours absent)
Absenteeism rate	The absenteeism rate is calculated as total employee absences divided by total scheduled hours in the reporting period, expressed as a percentage. In general, most Group companies record absence in hours. Where days are recorded (mostly in Pilots and Cabin Crew category), days are converted to hours at a rate of 7.5 hours per day (Group average full day).	(Number of hours absent)/ (Number of hours scheduled)
Occupational illness	An occupational illness is a medical condition or disease that develops gradually over time as a result of work performed and/or exposure to risk factors in the workplace. The illness must be confirmed by a medical diagnosis. Occupational illnesses in scope for the UK follow Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) standards and can be found on the Health and Safety Executive's (HSE) website. Occupational illnesses in scope for Spain are published in Royal Decree 1299/2006.	Number of occupational illnesses medically diagnosed
Fatalities	Work-related fatalities linked to an occupational illness or disease. To align with GRI guidance, fatalities as a result of commuting accidents are only included in cases where the transport has been organised by the business, such as via a company or contracted bus or vehicle. The exception is employees in Spain, where inclusion of these types of fatalities is a legal requirement.	Number of work-related fatalities

S1-16 – Remuneration metrics (pay gap and total remuneration)

Average remuneration by gender, age and job category – salary gap

		Overall				Men				Women				Salary gap			
	Category	vly	**2024**	2023	2022	vly	**2024**	2023	2022	vly	**2024**	2023	2022	vly	**2024**	2023	2022
	Senior executives	5 %	**336,912**	320,673	302,680	2 %	**360,892**	355,000	312,718	2 %	**306,466**	300,428	287,080	(0.3)pts	**15.1 %**	15.4 %	8.2 %
	Other management	1 %	**236,986**	235,208	230,720	6 %	**268,092**	252,103	252,394	(2)%	**121,365**	123,466	124,979	3.7 pts	**54.7 %**	51.0 %	50.5 %
	All other employees	6 %	**56,639**	53,310	51,944	6 %	**56,512**	53,344	53,465	7 %	**56,813**	53,269	50,327	(0.7)pts	**(0.5)%**	0.1 %	5.9 %
Seniority	Total workforce	6 %	**59,863**	56,703	55,701	3 %	**61,394**	59,419	59,344	7 %	**58,242**	54,428	51,600	(3.3)pts	**5.1 %**	8.4 %	13.0 %
	<30	9 %	**42,985**	39,547	41,485	10 %	**41,790**	37,911	41,530	8 %	**44,119**	40,945	41,465	2.4 pts	**(5.6)%**	(8.0)%	0.2 %
	30–50	4 %	**59,593**	57,495	56,688	2 %	**61,756**	60,571	60,248	6 %	**57,508**	54,481	53,345	(3.2)pts	**6.9 %**	10.1 %	11.5 %
	>50	1 %	**69,777**	68,770	67,447	– %	**72,015**	71,675	72,584	2 %	**67,840**	66,271	62,636	(1.7)pts	**5.8 %**	7.5 %	13.7 %
Age group	Total workforce	6 %	**59,863**	56,703	55,701	3 %	**61,394**	59,419	59,344	7 %	**58,242**	54,428	51,600	(3.3)pts	**5.1 %**	8.4 %	13.0 %

Social *continued*

The difference between the gender pay gap and pay equity

The gender pay gap is a measure based on average pay across an organisation. It does not account for the different roles that people occupy.

Pay equity is the principle that people doing the same work should receive the same pay, allowing for legitimate differences such as tenure, performance and experience.

It is possible for an organisation that pays its employees fairly and equitably in different roles to still have a gender pay gap. The existence of a gender pay gap does not necessarily indicate a problem with pay equity.

IAG has strong pay equity principles in place, ensuring that our male and female employees are paid equitably for the work they do, based on experience, performance, and other relevant factors.

Description

Remuneration data is presented at the median for gender, age and seniority population groupings. The reported components of remuneration continue to include basic salary, shift pay, allowances, employer pension contributions, taxable benefits and annual incentives, providing a clear view of overall total remuneration.

During 2024, the presentation of remuneration values and the population included continued unchanged, as follows:

- All values are calculated on an hourly rate and shown on an annualised basis;
- All values are shown on a full-time-equivalent basis;
- Values are only reported for time worked. Remuneration received for not working is excluded from reported values;
- To ensure consistency, 2022 and 2023 non-euro remuneration has been restated using 2024 exchange rates;
- The reported salary gap for each population continues to represent the difference between men's and women's median remuneration, expressed as a percentage of men's remuneration; and
- Regarding seniority population groupings, 'Senior executives' includes Group Management Committee members, operating company management committee members, directors and other senior/executive positions. 'Other management' includes all other management roles, including pilots at the captain seniority level. The 'All other employees' grouping includes all other roles across the group, including the majority of pilots and cabin crew.

Commentary

Within IAG's operating model, operating companies are responsible for reward frameworks and terms and conditions, aligned to local markets and roles to ensure they remain sustainable and competitive in attracting the best talent. The majority (85%) of employees are covered by collective bargaining agreements. Senior leader remuneration balances fixed pay with variable pay and long-term incentives to align leadership compensation with performance and achievement of long-term strategic goals. Senior leader remuneration decisions take into account performance, market competitiveness and broader workforce experience.

Salary gap analysis

In 2024, as the Group continued to expand its workforce, particularly in customer service, airport supervisory and other corporate roles, the composition of the workforce evolved, resulting in changes to the median pay point for both men and women compared to 2023.

The result is that at Group level, there has been a year-on-year reduction in the median salary gap from 8.4% in 2023 to 5.1% in 2024, and from 32.6% to 26.6% for the mean salary gap.

Pilot pay remains the most significant driver of the gender pay gap, reflecting both the lower numbers of female pilots and the impact of seniority. The gender pay gap in the 'other management' category is driven by the inclusion of pilots at the captain seniority level within that group. Each airline is working to increase the diversity of its pilot populations through talent attraction and recruitment practices, as well as school engagement and outreach programmes. In 2024, over 230 cadet pilot training positions were opened across Aer Lingus, British Airways and Iberia. All provide financial support, removing barriers to entry and making the opportunity to become a pilot more accessible.

In 2022, we set a Group-wide ambition for 40% of our senior leadership roles to be held by women by 2025. The gender diversity of our senior leadership is at 36%, a 6% increase since 2020. We remain committed to achieving our 40% ambition.

Operating companies and businesses review people processes to ensure they are inclusive and free from bias. Recruitment and selection decisions are open, transparent and fair, seeking applications from underrepresented groups.

Further details on the steps that IAG is taking to promote diversity and inclusion across the Group are set out in the Equity, Diversity and Inclusion section of this Sustainability statement.

Board and Management Committee remuneration

Description:

Average remuneration of Board members and Management Committee, including variable remuneration, allowances, professional indemnity, contributions to pension and welfare systems and any other aspects of the remuneration, broken down by gender.

	vly	**2024**	2023	2022	2021	2020	2019
Board							
Men	12 %	**745,467**	668,333	836,667	510,167	407,326	638,010
Women	7 %	**151,000**	141,400	138,000	114,600	109,798	133,799
Management Committee							
Overall	16 %	**1,677,819**	1,451,375	1,523,328	1,287,780	653,403	1,012,671

Description

- The components of remuneration include:
  - Executive directors: Basic salary, taxable benefits (company car and private health insurance), employer pension contributions, annual incentives paid in the reporting period and long-term incentives vesting in the reporting period, and personal accident and life insurance.
  - Non-executive directors: All fees (Board, Chair, committee membership, etc) and (taxable) personal travel benefits.
- Using the methodology established in 2020, only directors or Management Committee members who were in service for the full year reporting period are included in the year-on-year comparison.
- As per previous years, the remuneration of the IAG CEO is omitted from Management Committee remuneration reporting on the basis it is already reported as part of Board director remuneration.
- These figures are derived from the methodology used in the Remuneration Report filed with the Spanish National Securities Market Commission (CNMV).

Explanation for Board remuneration

The higher level of average remuneration paid to male directors compared to female directors is a direct consequence of male incumbents holding the higher remunerated CEO and Chairman roles. Where male and female non-executive directors perform the same responsibilities, the level of remuneration paid is equivalent in line with the Group's standardised non-executive director fee framework.

In 2024 and 2023 the remuneration of 10 non-executive directors and the IAG CEO is included, with the same split of six male and five female.

The key factors influencing the increased remuneration for directors, are:

- The increase in IAG CEO remuneration from 2023 to 2024, driven by following factors:
  - The exercise of nil-cost options from historical 2015, 2016 and 2017 Performance Share Plan awards; and
  - Payment of approved 2024 annual incentive award.
- Non-executive directors fees remained unchanged in 2024. However, the additional fee for chairing a Board Committee increased from 1 January 2024 for the Chairs of the Audit and Compliance Committee and the Remuneration Committee.
- There was an increase in the take-up of personal flight benefits.
- More generally, female director remuneration is less volatile as there are no female executive directors.

Further detail of Board remuneration is set out in the 'Director's Remuneration report' within this Annual Report.

Explanation for Management Committee remuneration

Both the components of remuneration and the opportunity associated with those components for Management Committee members remained unchanged from 2023 to 2024. The increase in average Management Committee member remuneration in 2024 was driven by factors such as:

- Changes in Management Committee membership between 2023 and 2024: In 2024, there were 10 Management Committee members, seven male and three female. For comparison, last year's data set comprised nine Management Committee members, six male and three female. No gender breakout is shown for confidentiality reasons, given the female data set relates to only three employees.
- The release from the holding period of historical 2019 share awards;
- Payment of the approved 2024 Annual Incentive Award; and
- The vesting in 2024 of the first award resulting from the change in long-term incentive approach to a Restricted Share Plan (RSP).

The IAG Remuneration Committee's terms of reference state that the Committee oversees the general application of the Remuneration Policy for the Management Committee.

Annual total remuneration ratio

The annual total remuneration ratio compares the highest-paid individual's total annual remuneration to the median total annual remuneration for all employees (excluding the highest-paid individual). The following table sets out IAG's CEO pay ratio figures for 2024:

Year	CEO single figure (€'000)	Median pay ratio
2024	5,512	92:1

The information in this table follows the Corporate Sustainability Reporting Directive (CSRD) methodology. The CEO pay ratio shown in the Remuneration Report within the Corporate Governance section reflects the UK methodology.

S1-17 – Incidents, complaints and severe human rights impacts

Discrimination and human rights

At IAG, we are committed to promoting a discrimination-free work environment where all individuals are treated with dignity and respect, regardless of age, sex, disability, race, religion/belief, marital/civil partnership status, pregnancy and maternity, sexual orientation, gender or any other protected characteristics. Our core principles of fair and equal treatment, non-discrimination and respect for human rights are central to the IAG Code of Conduct, which applies to all employees and directors across the Group.

We closely monitor incidents and take appropriate action. In 2024, there were 97 complaints of discrimination filed through formal channels for people employed across the Group, that are either under investigation or found to be unsubstantiated. Additionally, there were 23 incidents of discrimination that were found to be substantiated. Where applicable, we take appropriate action to address issues identified, which may include disciplinary action.

In 2024, we paid a total of £45,000 in fines, penalties, and/or compensation related to incidents of discrimination. This amount pertains to a settlement for an incident that occurred in a previous reporting year. This year, we incurred no fines, penalties, or compensation costs for incidents that took place in 2024.

There were no reported incidents of severe human rights breaches connected with IAG's own workforce, nor any associated fines, penalties or compensation in 2024.

Additional social disclosures required by Spanish Law 11/2018

Relevant standards: GRI-404-1

S1-13 – Training and skills development metrics

Training by gender

	Training hours completed			% of employees trained			Average training hours		
Metric	vly	**2024**	2023	vly	**2024**	2023	vly	**2024**	2023
Men	22 %	**1,968,547**	1,616,617	(4)pts	**90 %**	94 %	37 %	**53.8**	39.3
Women	5 %	**1,677,638**	1,602,474	(1)pt	**90 %**	92 %	13 %	**62.6**	55.2
Total	13 %	**3,646,185**	3,219,091	(3)pts	**90 %**	93 %	26 %	**57.5**	45.8

Training by employee category

	Training hours completed			% of employees trained			Average training hours		
Metric	vly	**2024**	2023	vly	**2024**	2023	vly	**2024**	2023
Airport operations	(10)%	**568,156**	633,796	(13)pts	**81 %**	94 %	16 %	**46.4**	39.9
Cabin crew	– %	**1,579,609**	1,574,677	1 pt	**94 %**	93 %	4 %	**76.4**	73.2
Corporate functions	77 %	**757,217**	427,455	3 pts	**94 %**	90 %	93 %	**48.7**	25.2
Maintenance	31 %	**371,101**	284,176	2 pts	**98 %**	96 %	31 %	**52.5**	40.2
Pilots	24 %	**370,102**	298,987	– pts	**97 %**	98 %	38 %	**46.9**	33.9
Total	13 %	**3,646,185**	3,219,091	(3)pts	**90 %**	93 %	26 %	**57.5**	45.8

Description

All mandatory and non-mandatory training is in scope and covers an array of topics, such as human rights, anti-corruption, flight simulators, and e-learning courses. The percentage of employees trained refers to the proportion of employees who completed training within the reporting period. Average training hours are calculated based on the total training hours completed per average headcount, pro-rated to full-time equivalent (FTE).

Commentary

In 2024, we saw a 13% overall increase in training hours completed, outpacing our overall headcount growth. The 3% reduction in the percentage of employees trained is primarily due to high turnover and new joiners in airport operations. However, average training hours have increased by 26%, particularly in corporate functions, including leadership development programmes.

ESRS S2 Workers in the value chain

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Topic	Name	Impact, risk or opportunity	Description	Location
Ⓢ Business conduct				
Ethical business and regulatory compliance	Protection of whistleblowers	ⓘ	Without protection for whistleblowers, the likelihood that employees come forward with reports of unethical or illegal behaviour is severely decreased. This could lead to poorer detection of and reduced prevention of corporate misconduct. This could lead to legal and reputational consequences for suppliers and IAG.	Upstream and own operations
Modern slavery and human trafficking	Modern slavery and human trafficking	ⓘ	Violating human rights, particularly through cases of human trafficking and modern slavery, has profound and far-reaching effects on the individuals, communities and society.	Upstream and own operations
Responsible supply chain	Assurance of ethical practices of suppliers	ⓘ	External audits entail reviewing labour conditions and environmental practices, among other things, which ensures that suppliers operate ethically and responsibly. Failure to do so carries reputational risks to IAG.	Upstream
	Unfavourable working conditions in the supply chain	ⓘ	The violation of the Third Party Code of Conduct regarding people and workplace standards results in significant negative impacts. This includes breaches in areas such as health, safety and security protocols and employment practices. Unfavourable working conditions can reduce productivity and negatively impact IAG's goods and services. It also presents a reputational risk to the Group.	Upstream
	Disparities in treatment and opportunities among supplier workers	ⓘ	Disparities in treatment and opportunities among suppliers extend to various dimensions, including gender, training and development, diversity, and inclusion of persons with disabilities. This could negatively impact the goods and services received by IAG.	Upstream
	Violation of human rights standards within supply chains	ⓘ	The violation of human rights standards within supply chains refers to instances where suppliers fail to uphold fundamental human rights principles such as child or forced labour. This presents a reputational and legal risk to IAG.	Upstream

ⓘ Negative impact

Overview

The Stakeholder Engagement section of this Annual Report and 'SBM-2 Interests and the views of stakeholders' section of this Sustainability statement describe the steps IAG takes to identify and manage material impacts relating to workers in the value chain as presented in our double materiality assessment. The majority of these impacts exist upstream of IAG operations, in sectors as listed per the scope of our value chain in section 'BP-1 General basis for preparation of this Sustainability statement'.

To address material issues in its supply chain, IAG implements a proactive risk management approach, identifying high-risk regions and industries where such impacts are more likely to occur. From work completed by the IAG GBS Supply Chain Sustainability Programme, more prevalent negative risks have been identified in areas such as uniforms, catering, hotels and onboard products. This information has guided IAG's engagement with these supplier categories to better understand their labour and that of their supply chains. The programme aims to deliver closer cooperation with these key stakeholders to mitigate the material impacts identified, and aims to identify opportunities which could deliver reciprocal benefits for IAG, including long-term working relationships, centred on clear and proactive contract management, shared goals and mutual brand association.

IAG is also conducting a third-party review to improve our analysis and assessment of supply chain labour standards. Under the terms of reference for this review, we will aim to deliver an overview of the sustainability risk domain and activities regarding prospective suppliers, suitable means of engaging suppliers such as questionnaire approaches, red-lines and mitigation measures to ensure that IAG's sustainability commitments are not compromised, and identifying policies, procedures and other methods for the operationalisation of sustainability measures for current third parties. IAG is also developing remediation guidelines for approval by the SECR Committee in 2025 that capture current practices of IAG's procurement team if concerns are raised.

Unfavourable working conditions in the value chain

Our approach and policies

IAG places a strong emphasis on its position and responsibilities to workers in the value and supply chain.

The IAG Third Party Code of Conduct requires suppliers to apply ethical and legal standards to their employees and subcontractors. IAG also requires a 'sustainability clause' in its contracts with suppliers to ensure that the principles of the Third Party Code of Conduct are adhered to by the supplier.

Actions, metrics and targets

IAG's actions towards mitigating negative impacts of unfavourable working conditions in the value chain include:

- IAG conducts supplier assessments, surveys and audits (e.g. through working with SEDEX) focusing on worker conditions, compliance with labour laws and human rights practices. In 2024, IAG GBS obtained and analysed 109 ESG audits, up from 38 audits obtained in 2023.
- IAG collaborates with third-party organisations specialising in worker engagement and human rights including regulatory authorities and charities.
- IAG is committed to providing accessible channels for concerns to be raised and to ensuring remediation of any negative impacts identified. The Group maintains a whistleblowing mechanism.
- In 2024, IAG continues to strengthen its due diligence practices, developing a targeted approach for suppliers operating in high-risk areas/industries.

EcoVadis

IAG monitors and evaluates outcomes through KPIs, such as the number of suppliers audited and number of EcoVadis scorecards completed. Results are reviewed annually to refine the Group's strategy and ensure continuous improvement.

In 2024, IAG GBS's focus was the quality of engagement with key suppliers through obtaining EcoVadis scorecards covering 79% of IAG's total spend. In 2025, IAG GBS will continue engaging with suppliers based on their EcoVadis scores to improve their sustainability performance.

Social *continued*

Through the EcoVadis platform, IAG works with suppliers to investigate any reported issues and implement Corrective Action Plans when necessary. In cases where violations of human rights, such as forced labour or unsafe working conditions, are identified, IAG collaborates with suppliers to ensure these issues are resolved or, if necessary, terminates the relationship with non-compliant parties.

Violation of human rights standards within supply chains

Our approach and policies

IAG recognises that failure to address human rights violations, including modern slavery and human trafficking within its supply chains, could lead to significant legal, social and reputational consequences. Such violations directly impact the victim and their families and could also result in financial penalties, compliance challenges, social harm, business interruptions and damage to IAG's reputation.

The IAG Third Party Code of Conduct expressly prohibits the use of child labour and any form of slave, bonded, forced or involuntary prison labour, and human trafficking or exploitation. IAG also implemented a stand-alone human rights policy in 2024, alongside the existing Code of Conduct and Third Party Code of Conduct.

Modern slavery and human trafficking

Human trafficking is a particular risk in the aviation industry and its value chains. We transport millions of passengers every year and work closely with the authorities where any trafficking on our flights is suspected.

IAG supports the 2018 IATA resolution denouncing human trafficking and the ICAO Guidelines for Reporting Trafficking in Persons by Flight and Cabin Crew, and has actively contributed to the ICAO Ad Hoc Working Group on Combatting Trafficking in Supply Chain (AHWG-TSP), an international, joint industry-regulatory group providing advice to ICAO assisting in the development of guidance material on combating trafficking in persons in an air operator's supply chain.

IAG will take swift and robust action if any evidence relating to slavery or human trafficking in our business supply chain is identified. Operating airlines train staff to recognise and respond to the signs of potential human trafficking situations and provide procedures for reporting where any cases are suspected.

In 2024, 26 suspected incidents of trafficking were reported by our employees. All suspected incidents were reported to the relevant authorities.

Actions, metrics and targets

IAG has developed several workstreams to improve the Group's understanding and identification of potential human rights violations in the value chain, including actions to address the potential impacts of modern slavery and human trafficking as described above.

IAG updated its Modern Slavery and Human Trafficking Statement and the Modern Slavery Registry in 2024. The IAG Group Slavery and Human Trafficking Statement is available on the IAG website and complies with section 54, part 5 of the UK Modern Slavery Act 2015 and Section 11(4)(b)(ii) of the Fighting Against Forced Labour and Child Labour in Supply Chains Act 2023.

IAG also provides training to its employees and high-risk suppliers to help them recognise signs of human trafficking and other human rights violations. The training includes guidelines and reporting processes.

IAG will be issuing more corrective action plans for the 109 audit reports it has received in 2024 as necessary. IAG reviews the methodology for obtaining and scheduling ESG audits of its suppliers using country and category risks to improve mapping of potentially high-risk suppliers in the value chain.

Disparities in the treatment of and opportunities for value chain workers

Our approach and policies

IAG is committed to promoting fair treatment for all workers in its supply chain. The Third Party Code of Conduct requires suppliers to ensure non-discrimination, equal opportunities and respect for diversity in their employment practices.

Suppliers must comply with all applicable labour laws and regulations, including those related to wages, working hours and fair treatment.

Actions, metrics and targets

For more information regarding our engagement with supply chain stakeholders on the material impacts identified by IAG's double materiality assessment, please refer to the Stakeholder engagement section of this Annual Report.

Metric	vly	2024	2023
Total number of suppliers	9 %	**17,500**	15,998
Supplier screened for sanctions and financial risks	9 %	**17,500**	15,998
Suppliers with additional compliance assessments	(42)%	**232**	400
Critical suppliers under regular financial risk monitoring	(37)%	**12**	19
Independent ESG audits received*	187 %	**109**	38
Total number of EcoVadis scorecards	5 %	**597**	568

*Independent ESG audits received in 2024 comprise of 56 audits received in 2024, 52 valid audits received from 2023, and 1 audit from 2022.

ESRS S4 Consumers and end-users

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Topic	Name	Impact, risk or opportunity	Description	Location
Social external				
Customer experience	Connecting people, businesses and countries	i	Fostering global interactions between people, businesses and countries worldwide. By connecting diverse destinations across numerous countries, passenger and cargo airlines contribute to economic growth, cultural exchange and international cooperation.	Downstream
	Enhanced customer experience through new products and investments	i	New products and services developments generate a positive impact on customer experience leading to greater customer attraction and satisfaction.	Downstream
	Enhanced customer experience through loyalty programmes	i	Loyalty programmes enhance customer satisfaction by offering personalised rewards and unique experiences, which in turn strengthens their loyalty to the brand and fosters a more solid and enduring relationship.	Downstream
	Informed customer decisions	i	Giving customers access to more information in a clearer way allows them to make more confident decisions.	Downstream

i Positive impact

Overview

IAG's double materiality assessment focused on our customers, including recreational and business passengers, corporate customers, freight customers and customers who engage with Group airlines through their loyalty programmes. All customers who engage with IAG's products and services are covered by the positive impact materiality topics identified (outlined under SBM-3 above). Refer to the Stakeholder Engagement and Strategic section of this Annual Report for more details regarding the engagement and initiatives employed to address the material impacts identified relating to our customers.

Across the Group, initiatives to manage the material impacts identified above are implemented and managed by the Group's operating companies for the benefit of their customers.

Initiatives which concern customer engagement on environmental issues, including emission reductions, are reported into the ISN, SSG and the SECR Committee as required. The IAG CEO holds ultimate accountability for the day-to-day operations of the Group, including our transformation plan to deliver better customer experiences. This includes a customer satisfaction-related management incentive as set by the Board at the beginning of the year, following a recommendation by the Remuneration Committee. The KPI for this incentive is measured using the IAG NPS to gauge the loyalty and experience of the Group's customer relationships. It is calculated based on survey responses to the likelihood to recommend, by subtracting the percentage of customers who are 'Detractors' from the percentage of customers who are 'Promoters'. The weighting of each airline in the overall NPS score reflects the Group's areas of focus for 2024. Please refer to the report of the Remuneration Committee for more information.

Approach and policies

Our customers are central to the success of IAG. Customers choose us primarily for our extensive network and schedule and because they trust our brands. We fly from Europe to five continents. Through our wide range of partnerships, our customers benefit from an even larger global network covering most countries in the world.

Connecting people, businesses and countries

Reactivating our network has meant more opportunities for people and businesses to connect. This is important for IAG's performance but also has a positive impact on the economies in which we operate. Aviation boosts economies, supports jobs and develops supply chains globally.

Informing customer decisions

We aim to provide unrivalled customer propositions and a portfolio of world-class brands targeting specific demand spaces and travel occasions. Delivering outstanding customer experience at all levels of the business and all brands will give us a leading market position.

To do this, giving customers access to more information in a clearer way allows them to make more confident decisions. Examples of this include providing customers with information on our sustainability programme, and how Group airlines can support customers on their journey.

By effectively communicating its efforts to reduce emissions, IAG demonstrates its commitment to sustainability and environmental responsibility to customers, which can help build confidence among this stakeholder group to make more informed and confident decisions.

Enhanced customer experience through new products and investments

Investing in product enhancements to enrich the customer experience aligns with the brand propositions of IAG airlines, fostering greater customer attraction, satisfaction and loyalty among passengers.

Group airlines tailor these enhancements to meet specific customer needs. For example, Group airlines have catered to specific dietary preferences such as vegan menus, demonstrating our commitment to accommodating our customer needs and preferences.

Enhanced customer experience through loyalty programmes

The Group's airlines recognise our most loyal customers and offer loyalty programmes to enable customers to earn rewards on a broad range of items, when flying with our airlines and partners. Doing so creates value for both IAG and our customers and builds this relationship.

IAG Loyalty allows members of Avios-based loyalty programmes to collect and redeem Avios. Members can unlock rewards by redeeming Avios for flights, hotels, and additional products.

Social *continued*

Actions, metrics and targets

Actions taken (in addition to those provided in the Strategic section of the Annual Report) include:

Connecting people, businesses and countries

In 2023 we commissioned a study with consultants PwC which analysed IAG's economic impact across the EU and UK for the first time. It took 2019 as the reference period (the last full year of flying before the pandemic). PwC found that IAG supports more than 600,000 jobs in the region directly and indirectly, contributing nearly €70 billion to the GDP of the EU and UK.

IAG also views work experience as a valuable way of supporting local employment, by engaging young people with IAG's operating companies and platform businesses, building their skills and preparing them for potential careers. Many of our operating companies offer programmes and initiatives which support this aim.

Informing customer decisions

IAG aims to provide clear communication on key sustainability issues such as emissions reductions through the development of emissions dashboards and the expansion of communication channels. This includes publication of sustainability reports at Group level and by some of our airlines. Group airlines also provide customers with information on their websites to support them during their journey, through services such as British Airways' 'Customer Commitment', Iberia's service commitment, Aer Lingus' experience and support webpages, Vueling's 'Helpful info' and Level's help centre webpage.

Through these channels, along with on-board magazines and airport lounge information desks, Group airlines offer customers the opportunity to learn more about our business and sustainability programme. Group airlines also offer customers to help make a difference by contributing towards climate projects including carbon removals and SAF, and community projects.

IAG operating companies, such as British Airways Holidays, are also setting targets to engage with their customers on sustainability initiatives - including one million customers on nature positive action by 2030, and providing guidance and recommendations on how to travel and take a holiday with lower negative impacts and higher positive impacts by 2025.

Using customer feedback

IAG airline customers are able to provide feedback and details of complaints in multiple ways, including via IAG airlines' websites, by mail, or by phoning customer contact centres. The types of customer complaints received vary significantly, but typically relate to delays and cancellations, baggage, journey experience, bookings and reservations.

To handle customer complaints, IAG airlines have dedicated customer relations teams who are specially trained to deliver excellent customer service and resolve issues quickly and in a satisfactory manner. Through their complaint systems, IAG airlines actively track and monitor resolution of customer complaints using metrics which include the time between a complaint being received and the first communication provided back to the customer, or the number of cases raised that have been successfully closed.

All IAG airlines also provide facilities for customers to exercise their rights to claim compensation under Regulation (EC) No. 261/2004 of the European Parliament and of the Council of 11 February 2004 establishing common rules on compensation and assistance to passengers in the event of denied boarding and of cancellation or long delay of flights. Customers are additionally able to use the IAG airlines' contact channels to submit claims for financial compensation relating to baggage incidents and other out–of–pocket expenses, which are assessed and resolved by IAG's customer relations teams.

Group airlines measure customer feedback using NPS and CSAT scores to inform business priorities during the business-planning stage and prioritise internal initiatives to drive customer satisfaction improvements. The Net Promoter Score (NPS) feedback helps guide business priorities during the business planning stage; contact centre KPIs assess our efficiency, effectiveness and quality of our customer interactions. Customer Satisfaction (CSAT) engagement rates a customers' experience on key touchpoints in their customer journey.

Metric	2024 target	**2024**
IAG NPS	28.6	**22.6**

Enhanced customer experience through new products and investments

The Group's operating companies continue to add new products to enhance our customer experience. For example, in 2024 British Airways Holidays engaged the group's car rental partner to progress transparent consumer communications on electric vehicle and hybrid car rental product labels, and separately introduced a new hotel search filter to enable customers to find properties that are actively progressing sustainability via industry recognised standards

Enhanced customer experience through loyalty programmes

In 2024, IAG Loyalty saw significant growth in customer engagement with our programmes. Customers earned 24% more Avios and redeemed 20% more than in 2023. We introduced new collection partners, making it easier for our members to earn Avios through everyday spending.

Customers can now spend their Avios to pay nearly 100% of the value of British Airways flights, and can link their Iberia Plus and Vueling Club accounts in a new digital wallet. IAG Loyalty also launched our first British Airways long-haul Avios-Only Flight and extended Avios-Only Flights to Iberia Plus and AerClub members.

IAG Loyalty, in partnership with British Airways, is also engaging customers on other material impacts relating to sustainability, announcing on 30 December that as of April 2025, British Airways Executive Club members will be able to earn up to 1,000 Tier Points per year when they contribute to SAF.

G Governance

ESRS G1 Business conduct

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Topic	Name	Impact, risk or opportunity	Description	Location
Business conduct				
Ethical business and regulatory compliance	Protection of whistleblowers	i	If whistleblowers are safeguarded from retaliation, employees are more likely to come forward with reports of unethical or illegal behaviour, leading to the early detection and prevention of corporate misconduct.	Upstream and own operations
Responsible supply chain	Assurance of ethical practices of suppliers	i	External audits entail reviewing labour conditions and environmental practices, which ensures that suppliers operate ethically and responsibly.	Upstream
Corporate governance	Sustainability embedded into overall business strategy	i	The integration of sustainability practices, targets and goals into the company's overall business framework signals a commitment to long-term value creation and responsible business practices, aligning governance structures with sustainability goals.	Own operations
	Provision of internal sustainability governance bodies	i	The establishment of internal governance bodies within the company to oversee and ensure compliance with regulatory requirements, positively impacts a company by enhancing oversight, accountability and risk management related to sustainability issues.	Own operations
	Financial management incentives linked to carbon efficiency	i	IAG aligns sustainability goals with financial management incentives, encouraging innovation and investment in environmentally friendly practices.	Own operations

i Positive impact i Negative impact

G1-1– Business conduct policies and corporate culture

At IAG our core principles include fair and equal treatment, non-discrimination, fairness and respect for human rights. These are central to our IAG Code of Conduct which applies to all employees and directors across the Group. Employees have access to comprehensive training and development opportunities, ensuring they are well versed in essential topics such as the Code of Conduct and compliance with competition laws.

Operating companies are responsible for their own supplementary employee policies and procedures, including appropriate reward frameworks aligned to local markets and roles, so they remain competitive in attracting the best talent. We have seen a wide selection of employee benefits and recognition schemes introduced in the operating companies.

For senior leader remuneration across our operating companies, we have deliberately focused on variable pay and long-term incentives, aligning leadership compensation with performance and long-term strategic goals to drive performance. We have taken a restrained approach to executive pay, remaining committed to fairness and competitiveness.

Our operating companies have focused on securing collective bargaining agreements with unions to ensure fair, competitive and sustainable pay – providing stability for our business and colleagues in challenging times. These arrangements are in place for 85% of the workforce.

IAG complies with International Labour Organization (ILO) conventions. These conventions cover fundamental principles and rights at work: freedom of association, the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labour and the elimination of discrimination in respect of employment and occupation.

IAG operating companies have effective dialogue through employee forums and through trade unions where they are recognised. In addition, the IAG European Works Council (EWC) facilitates communication and consultation between employees and management on transnational European matters. The EWC includes representatives from the different EEA countries. It meets regularly throughout the year.

Each operating company continues to focus on engagement, listening to and acting on colleague feedback. In addition to specific initiatives to measure employee satisfaction, IAG runs a twice-yearly OHI survey to track our transformation and culture development, and to benchmark management practices and leaders against a global external framework. Alongside leadership support, each operating company has established teams to identify themes and incorporate these into broader people plans.

Finally, Board members carry out workforce engagement visits with colleagues across our operating companies – meeting a variety of employees and leaders in their work context to better understand the challenges and opportunities of the different businesses, employee issues and levels of engagement. This provides the Board with a balanced perspective of stakeholder views and supports broader decision-making.

Training and development

Each operating company is responsible for learning, development and talent management within its business and for ensuring its workforce has the necessary skills to support its strategy.

While training policies and programmes are implemented at the operating company and functional levels, all our businesses are required to run mandatory corporate training courses on topics such as the Code of Conduct, compliance with competition laws, anti-bribery and corruption compliance, and data privacy, security and protection.

Governance *continued*

Whistleblowing policy
IAG has in place a Group-wide whistleblowing policy and a consolidated whistleblowing channel provided by an independent third-party provider, where concerns can be raised on an anonymous and confidential basis. This channel is available to members of staff as well as suppliers, with information on how to access it published in IAG's Code of Conduct and Third Party Code of Conduct. If any employee has a concern about unethical behaviour or organisational integrity, they are encouraged to first speak with their manager or a member of the Legal, Compliance or Human Resource teams. Similarly, suppliers are encouraged to contact their primary contact within the business. Regardless, the whistleblowing channel is available for anyone who wishes to report a concern.

IAG does not tolerate any retaliation against individuals using the whistleblowing channel or contributing to investigations arising from reports to the whistleblowing channel or any other official complaint. Whistleblowing reports received for each operating company are triaged by the Compliance teams to direct them to the most appropriate area for investigation, maintaining independence in this investigation process.

The Code of Conduct and 'Speak Up' policy explicitly outline protections for whistleblowers, to ensure that individuals who report concerns in good faith are protected from retaliation.

The IAG Audit and Compliance Committee reviews the effectiveness of the external whistleblowing channel and internal relevant reporting channels on an annual basis. This annual review considers: the volume of reports by category; timeliness of follow-up; process and responsibility for follow-up; emerging themes and lessons; and any issues raised of significance to the financial statements or reputation of the Group or other areas of compliance.

During 2024, IAG received 399 reports through its 'Speak Up' platform. Each report was carefully assessed, and all relevant cases were investigated independently under the supervision of the Compliance Officers of each operating company, in line with IAG 'Speak Up' procedures.

	vly	**2024**	2023	2022	2021	2020
'Speak up' (whistleblower) reports	23 %	399	324	252	164	193

Refer to sections 'ESRS S1 - Own Workforce' and 'ESRS S2 - Workers in the Value Chain' of this Sustainability statement for more information regarding the IAG Code of Conduct and 'Speak Up' policies.

G1-2 – Management of relationships with suppliers
Relevant standards: GRI 308-2, GRI 414-2.
Approach and policies .
The IAG GBS Group Procurement team leads IAG's Supply Chain Sustainability Programme by delivering in four key areas:

- Sharing the Third Party Code of Conduct (TPCoC) with suppliers;
- Facilitating independent risk screening and sustainability assessments;
- Coordinating corporate social responsibility audits; and
- Embedding sustainability as standard in the procurement process.

IAG GBS implemented a Sustainability committee in 2024 with representation by IAG GBS Sustainability, IAG GBS Procurement, IAG Sustainability and IAG Legal. The committee develops the objectives related to the key areas above and monitors progress through reporting on relevant KPIs as listed in section ESRS S2 - Workers in the Value Chain of this Sustainability statement.

Updates on the programme are fed into the IAG Sustainability Network (ISN), Sustainability Steering Group (SSG) and Safety, Environmental and Corporate Responsibility (SECR) Committee as required.

All suppliers also undergo annual compliance screening for any legal and financial risks. The Group Procurement and Compliance teams assess any suppliers identified as having potentially higher levels of risk and implement mitigation plans where necessary. Any issues are flagged to the risk owners within the Group to jointly take appropriate action.

IAG GBS has verified the existing, active supplier base and IAG's airlines' interline relationships in Russia and Belarus in order to determine the potential implications of, and actions to be taken, due to the trade sanctions issued as a response to the war in Ukraine. IAG has provided operating companies with support on mitigation actions to be taken (e.g. payment stop/ blockage). This has been performed in coordination with the Compliance teams.

Actions, metrics and targets
The Third Party Code of Conduct continues to be shared with new suppliers as part of the on-boarding process. New suppliers are requested to acknowledge their commitment to achieving net zero emissions by 2050, and the need for a roadmap, supported by deliverable plans, to achieve this target.

IAG GBS is also partnering with EcoVadis, a provider of business sustainability ratings, to assess supplier scorecards with a methodology that covers environment, labour and human rights, ethics and sustainable procurement. This gives IAG and its suppliers a baseline for improvements, and suppliers can share their scorecards with customers and other stakeholders, which benefits wider industry sustainability.

Once a scorecard is shared with IAG GBS, results are reviewed to ensure the supplier's sustainability performance is aligned with IAG's vision and strategy. If a supplier's performance score is assessed as less than 45 (out of 100), a corrective action plan (CAP) is requested for improvement.

In 2024, IAG GBS has continued to work to have supplier EcoVadis scorecards in place covering 79% of IAG's total spend.

IAG became a SEDEX member in 2023. SEDEX provides data insights to help companies improve ESG performance. As part of the TPCoC adherence, suppliers are subject to analysis under a labour and human rights protocol such as the SEDEX Members Ethical Trade Audit (SMETA) methodology. IAG aims to understand information about the ethical practices of its suppliers, including audits.

IAG GBS has embedded sustainability aspects into the day-to-day operation of the organisation and includes sustainability targets in the performance objectives of all IAG GBS employees.

G1-3 – Prevention and detection of corruption and bribery

Our approach and policies

IAG and its operating companies do not tolerate any form of bribery or corruption. This is made clear in the Group Code of Conduct and supporting policies which are available to all employees and directors. An anti-bribery policy statement is also set out in the Third Party Code of Conduct.

IAG has in place a Group-wide anti-bribery and corruption policy. This document sets out the minimum standards that are expected by the Group, its directors and employees, including definitions and guidance for bribery, gifts and hospitality guidance, political and charitable donations, public officials, facilitation payments among other things.

Each Group operating company has a compliance officer, responsible for managing the anti-bribery programme in its business. The compliance teams from across the Group meet regularly through working groups and steering groups, under the coordination of IAG's Group Head of Ethics and Compliance. They conduct an annual review of bribery risks at operating company and Group level.

Actions, metrics and targets

The main compliance risks identified for 2024 were unchanged from the previous year and relate to the use of third parties, operational and commercial decisions involving government agencies and the inappropriate use of gifts and hospitality. No material compliance breaches were identified in 2024, as in 2023. Anti-bribery and corruption training is mandatory for all relevant personnel in IAG operating companies and Group functions. Individual training requirements are set by each operating company and function and are determined by factors such as the level and responsibilities of an employee. A Group-wide anti-bribery e-learning module was rolled out in 2019 and is required to be completed every three years.

To identify, manage and mitigate potential bribery and corruption risks, IAG uses risk-based third-party due diligence which includes screenings, external reports, interviews and site visits depending on the level of risk that a third party presents. Any risks identified during the due diligence process are analysed and a mitigation plan is put in place as necessary. Certain risks could result in termination of the proposed or existing relationship with the counterparty. The IAG Audit and Compliance Committee receives an annual update on the anti-bribery compliance programme.

IAG has processes and procedures in place across the Group, such as supplier vetting and management, Know Your Counterparty procedures and financial policies and controls, which help to combat money laundering and other compliance risks across the business.

Metric	Unit	2024
Number of employees who completed the annual Code of Conduct training	#	**56,495**
Number of employees who completed the annual anti-bribery training*	#	**12,088**

*denotes total training completed over a period of 3 years

G1-4 – Incidents of corruption or bribery

There were no legal cases regarding corruption brought against the Group and its operating companies in 2024, as in 2023, and management is not aware of any impending cases or underlying issues.

G1-5 – Political influence and lobbying activities

The aviation industry will reduce its lifecycle carbon emissions faster with stakeholder and policy support. The Group and its operating airlines regularly engage with key stakeholders, including governments and regulators, shareholders, lenders and other financial stakeholders, trade associations, customers, suppliers, employees, communities, NGOs and academic institutions. We advocate for support for emissions reductions and to share progress on our Flightpath net zero strategy. Internal governance ensures that wider stakeholder engagement on climate change is consistent with addressing our material issues and environmental goals.

Key stances on climate change

IAG supports cost-effective approaches to deliver net zero emissions by 2050, advance low-carbon solutions, and support global efforts to align with the 1.5°C ambition.

Actions taken by IAG within associations focused on UK aviation, Spanish aviation and global aviation policy are listed in the table below. If the climate-related positions of trade associations are deemed to be substantially weaker than or inconsistent with IAG's internal stances, IAG representatives take roles on task forces and working groups and respond to consultations to communicate our position and constructively move to alignment.

IAG is proud to have views on climate change that are consistent with all the organisations of which it is a member (see below). IAG has positively influenced this outcome by contributing expertise and time to drive net zero commitments, and create and support roadmaps to net zero emissions across organisations such as SA, A4E, **one**world, and ATAG. IAG has also driven and encouraged higher SAF ambitions across JZT, **one**world and WEF. IAG and key trade associations are listed on the EU Transparency Register.

Key principles of climate-related engagement

Aviation is a global industry and IAG remains committed to global policy approaches. IAG supports carbon pricing as a key instrument to determine both the pace of emissions reductions for the aviation industry and the balance of in-sector and out-of-sector reductions. We advocate for the use of greenhouse gas emission removal technologies in carbon markets, by both natural and engineered means. By 2050 we are committed to using only greenhouse gas removals to cover our carbon emissions.

IAG also prioritises policy advocacy on SAF, as this will be a key lifecycle emissions reduction driver in the next decade, and supports policies on operational efficiency, carbon offsets and removals.

The Group seeks to ensure that policies delivered are effective and fair across multiple airlines.

Governance *continued*

Member of organisation	IAG involvement in organisation and actions to ensure, or move to, consistent stances
Global focus	
Coalition for Negative Emissions	Founding member in 2020. Steering Group member and active contributor to consultation responses to UK Government on how to scale up carbon removals
oneworld (represents 15 airlines)	Chaired the Environment Strategy Board (ESB), coordinated net zero roadmap and 10% SAF ambition across 2020-2021, hosted two ESB meetings in London in 2023, and continues to provide support for advancing low carbon solutions
Air Transport Action Group (ATAG)	Significant airline contributor to global aviation roadmap to net zero in 2020-2021, which helped to inform industry priorities for continual advancement of low carbon solutions
World Economic Forum (WEF) – Clean Skies for Tomorrow Coalition	Regular contributor to reports on how to scale up SAF as a low-carbon solution; advocated for 10% SAF ambition by 2030
IATA (represents 300 airlines worldwide)	Chaired the IATA Sustainability and Environment Advisory Council (SEAC). The IAG Head of Sustainability represents IAG at the IATA working groups to advance policies for low-carbon solutions. Supported advocacy for net zero commitment at ICAO and strengthening of CORSIA baseline in 2021. Moderated a panel at the inaugural IATA World Sustainability Symposium in Madrid in October 2023
Sustainable Markets Initiative (SMI)	In February 2024 IAG CEO Luis Gallego was appointed the chair of the Sustainable Markets Initiative's (SMI) Aviation Industry Task Force. The SMI Aviation Task Force is delivering work to accelerate the use of SAF by 2030, alongside supporting workstreams that will develop the use of transformative technology and fuels and improve contrail management

Member of organisation	IAG involvement in organisation and actions to ensure, or move to, consistent stances
Spain/Europe focus	
Grupo Español para el Crecimiento Verde (Spanish Group for Green Growth)	Formed in 2023. Iberia is one of over 50 corporate members supporting green growth
Alianza para la Sostenibilidad del Transporte Aéreo en España (AST) (Spanish Alliance for Sustainable Air Transport)	This group brings together the main stakeholders of the Spanish air transport sector with the objective of promoting the development of sustainable aviation. Three working groups have been established to respond to the main challenges that the sector now faces: operational efficiency, SAF and policy
Airlines 4 Europe (A4E)	Founding member. Drove development of net zero roadmap in 2021 and supported ReFuelEU consultation responses and other work to advance low-carbon solutions In 2023, IAG has supported the update of the A4E decarbonisation roadmap and participated in working groups looking to develop solutions for non-CO_2 emissions
UK focus	
Sustainable Aviation (SA)	One of 13 members of SA Council, which governs activities for 44 members Drove development of SA's net zero roadmap in 2023, which for the first time included the demand impact of a net zero transition. IAG was also an active participant in workstreams to advance low-carbon solutions
Jet Zero Taskforce (JZT)	Chairs SAF Delivery Group and supported creation of UK Jet Zero Strategy in 2022 to deliver net zero UK aviation by 2050. British Airways CEO is a member
Royal Aeronautical Society (RAeS) – Greener by Design group (GbD)	Member of the Executive Committee of GbD, attended non-CO_2 conferences in 2022 and 2023 to understand how best to mitigate these effects

G1-6 - Payment practices

IAG's standard payment terms with suppliers are payment within net 30 days of receipt of the invoice meeting the requirements of applicable legislation. In 2024, the average time to pay invoices from the date of the invoice was 27 days. The percentage of payments aligned with standard payment terms was 89%. There are no legal proceedings concerning late payments due to suppliers. In addition, a number of the operating companies have additional statutory and voluntary reporting obligations that they comply with. Payments to suppliers are actively monitored with a focus on ensuring payment terms are complied with suppliers who are small and medium businesses.

Additional governance disclosures required under Spanish Law 11/2018

Public subsidies received

Relevant standards: GRI 201-4

	Unit	vly	2024	2023	2022	2021	2020
Total public subsidies	€ million	(34)%	**157**	238	293	707	474
UK and EU ETS allowances at zero cost	€ million	(35)%	**153**	235	273	277	122

Description

Public subsidies are defined as EU, Swiss and UK Emissions Trading Schemes/Systems (ETS) allowances granted at zero cost, and personnel training grants, fuel grants and route support grants in Iberia and British Airways respectively. ETS allowances are held at prices paid for such allowances during the reporting year.

Commentary

Operating companies in the Group receive some EU and UK ETS emission allowances at zero cost and purchase the remaining allowances required for fulfilling annual compliance obligations in the EU and UK ETS markets.

Accounting profit/(loss) before tax

Relevant standards: GRI 207-4

	Unit	vly	2024	2023	2022	2021	2020
UK	€ million	21 %	**1,946**	1,610	46	(2,417)	(4,512)
Spain	€ million	16 %	**1,460**	1,254	408	(705)	(2,538)
Republic of Ireland	€ million	(17)%	**141**	170	(41)	(368)	(556)
Other countries	€ million	(27)%	**16**	22	2	(16)	(204)

Description

Profits by country – the Group's consolidated accounting profit or loss for the year broken down by the country in which it is taxable.

Commentary

The return to profitability in most of IAG's main countries of operation reflects the recovery of the Group's businesses from the global outbreak of COVID-19.

Income tax paid

Relevant standards: GRI 207-4

	Unit	vly	2024	2023	2022	2021	2020
UK	€ million	145 %	**164**	67	3	31	77
Spain	€ million	(65)%	**75**	216	126	(93)	(95)
Republic of Ireland	€ million	– %	**–**	–	–	(2)	(28)
Other countries	€ million	(25)%	**6**	8	5	1	1

Description

Taxes paid by country – the Group's consolidated cash tax payments for the year broken down by the country in which they were made. The numbers in brackets above represent refunds.

Commentary

The total net payment of €245 million is less than the tax charge for the Group of €831 million. The difference arises primarily due to the variance between when losses and depreciation are included in the accounting result and the period when these amounts are taken into account in calculating tax payments, and the timing of receipt of tax refunds.

'Other countries' comprises Belgium, Dominican Republic, France, Germany, Guatemala, Honduras, Hong Kong, India, Italy, Japan, Poland, Singapore, Sweden, and Switzerland.

Appendix

1. Sustainability due diligence

Core elements of due diligence	Section	Incorporation by reference in the Annual Report	Page number
a) Embedding due diligence in governance, strategy and business model	ESRS 2 General disclosures	Business model, Corporate governance	14-16, 91-152, 263-274
b) Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 General disclosures	Stakeholder engagement	21-31, 263-274
c) Identifying and assessing adverse impacts	ESRS 2 General disclosures, E1 Climate change	Risk management and principal risk factors	72-90, 263-274, 275-291
d) Taking actions to address those adverse impacts	E1 Climate change, S1 Own workforce, S2 Workers in the value chain, S4 Consumers and end-users, G1 Business conduct, EU Taxonomy	Stakeholder engagement	21-31, 275-332
e) Tracking the effectiveness of these efforts and communicating	E1 Climate change, S1 Own workforce, S2 Workers in the value chain, S4 Consumers and end-users, G1 Business conduct, EU Taxonomy	Stakeholder engagement	21-31, 275-332

2. Phase in reliefs taken

Disclosure requirement name	Paragraph and related application requirement	Relief taken	Page number (If applicable)
Breakdown of total revenue by material ESRS sectors	SBM-1, 40b	Not applicable until delegated act of corresponding sector is published	–
List of additional relevant ESRS sectors	SBM-1, 40c	Not applicable until delegated act of corresponding sector is published	–
Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	E1-9, 61-70	Qualitative data applicable from the 2025 financial year	–
Characteristics of the company's external workforce	S1-7	Applicable from the 2025 financial year	–
Social protection	S1-11	Applicable from the 2025 financial year	–
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health	S1-14, 88e	Applicable from the 2025 financial year	–
Work-life balance metrics	S1-15	Applicable from the 2025 financial year	–

3. Calculation methodology and factors

Footprint metric	Unit	Description
Carbon emissions and energy consumption		
Scope 1 emissions (gross)	tCO_2e	Direct emissions associated with IAG's operations including use of jet fuel, diesel, petrol, natural gas and halon. Sources of emissions include aircraft engines, boilers, auxiliary power units and ground vehicle engines. Gross emissions include reductions from Sustainable Aviation Fuel (SAF), in line with globally recognised accounting standards. SAF emission reductions are calculated using the volume of SAF uplifted, multiplied by the lifecycle assessment (LCA) carbon saving of the fuel, relative to conventional jet kerosene, and subtracted from our jet fuel emissions.
Scope 2 emissions	tCO_2e	Indirect emissions associated with electricity use in ground facilities like offices, lounges, data centres and hangars. Market-based emissions are based on the carbon intensity of electricity purchased from suppliers. Location-based emissions are based on the carbon intensity of national electricity grids. CO_2e is calculated using gCO_2e/kWh factors from national agencies in Ireland, Spain and the UK and IEA national electricity emissions factors.
Scope 3 emissions	tCO_2e	Indirect emissions associated with Group activities across its value chain. Please refer to the description of Scope 3 emission metrics later in this section for more details.
Flight-only carbon intensity	gCO_2/pkm	Grammes of CO_2 per passenger kilometre (gCO_2/pkm) is a standard industry measure of flight fuel efficiency. It is calculated by dividing total jet fuel use by total passenger-km, assuming one cargo-tonne-km is equivalent to 10 passenger-km – then multiplying this value by a conversion factor of 3.15. IAG discloses this figure without emission reductions from the use of SAF for the purpose of third-party corporate reporting. This calculation excludes the jet fuel used by franchises, cargo carried on other airlines. It excludes no-show passengers, in line with industry guidance.
Flight-only carbon intensity (inclusive of emission reductions from use of SAF)	gCO_2/pkm	As per 'Flight-only carbon intensity' but with emission reductions from the use of SAF included. This metric is used for the calculation of the IAG-specific carbon efficiency management incentive.
Scope 1 emissions (net)	tCO_2e	Net emissions are calculated based on gross emissions less any carbon savings from EU, Swiss and UK Emissions Trading Schemes (ETS) compliance obligations, volumes of offsets purchased to meet Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) compliance obligations, and volumes of offsets voluntarily purchased by IAG. EU ETS allowances purchased from other sectors equate to a net reduction, aligned to European Commission guidance. IAG has been disclosing net emissions since 2017 using this methodology.
Renewable electricity	kWh	The share of electricity generated by renewable sources such as solar power and wind, based on volumes procured from renewable electricity suppliers. In overseas offices where data on electricity sources was unavailable, the source of electricity is assumed to be the national grid.
Carbon intensity (Scope 2)	gCO_2/pkm	Based on Scope 2 location-based emissions divided by business activity, as measured in revenue passenger-km, including cargo. Complements the flight-only emissions intensity metric.
GHG reduction initiatives	tonnes CO_2e	Reductions in CO_2e as a result of specific efficiency initiatives which started in the reporting year. This excludes reductions from externally driven changes applicable to all airlines, such as airspace changes.
Electricity	kWh	Consumption of electricity across IAG ground facilities, in millions of kWh. This includes usage in main offices, overseas offices, hub airports and maintenance facilities.
Energy	kWh	The sum of the electricity across IAG ground facilities and energy use from fuel. Fuel energy use is based on volumes of jet fuel, diesel, petrol, natural gas and gas oil, multiplied by the latest available UK Government conversion factors. UK factors are used across the Group as these are considered the most robust available.
Energy intensity per net revenue (otherwise known as revenue per tonne CO_2e)	$tCO_2e/€$	Calculated by dividing total Group revenue by the sum of Scope 1 emissions and Scope 2 location-based emissions.
CO_2 per revenue tonne kilometre	gCO_2e/RTK	The total number of revenue-generating tonnes of both passengers and freight, multiplied by the distance flown. Grammes of CO_2 per revenue tonne kilometre (gCO_2e/RTK) is an activity statistics indicator commonly used by the aviation industry and third parties including the EU Commission and Transition Pathway Initiative (TPI). This metric represents the distance flown and weight transported associated with the revenue passengers of a flight. The great circle distance is used for the distance flown and the mass and balance documentation of the flight for the weight which, according to the policy of each airline, a default value of 100kg can be used (or a different value approved by the competent authorities, representing the weight of the passenger plus the hand luggage),

Appendix *continued*

Footprint metric	Unit	Description
Jet fuel consumed	tonnes	Jet fuel used within the aircraft fleet and for engine testing during the reporting year.
SAF fuel consumed	tonnes	SAF used within the aircraft fleet and for engine testing during the reporting year. SAF is the main term used by the aviation industry to describe a non-conventional (fossil derived) aviation fuel. SAF is the preferred IATA term for this type of fuel although when other terms such as sustainable alternative fuel, sustainable alternative jet fuel, renewable jet fuel or biojet fuel are used, in general, the same intent is meant. Please refer to section 'E1-3 – Actions and resources in relation to climate change policies' of this statement for more information.
Fleet age	years	The average age of aircraft in the IAG fleet as of 31 December in a given year. The average age of operational aircraft increases each year. This is offset by the impact of new deliveries and retirements.
Scope 3 emission categories		
Category 1: Purchased goods and services	million tCO_2e	Emissions from all purchased goods and services not captured in other upstream Scope 3 categories. Calculated using a spend based methodology and Watershed's Comprehensive Environmental Data Archive (CEDA) or supplier specific emission factors, for those with CDP disclosures.
Category 2: Capital goods	tCO_2e	Emissions associated with aircraft manufacture. Calculated by multiplying the number of aircraft delivered within the reporting year by an effective tCO_2e per plane, based on disclosed operational emissions from aircraft and engine manufacturers.
Category 3: Fuel and energy-related production	million tCO_2e	The well-to-tank emissions from jet fuel use, Scope 1 fuel use and Scope 2 electricity kWh. CO_2e values are calculated by multiplying the weight or energy content of various fuels by the latest standardised UK Government GHG conversion factors.
Category 4: Upstream transportation and distribution	tCO_2e	Emissions from subcontracted vehicles used in hub operations or cargo operations. The emissions generated through the transportation and distribution product that IAG's operating companies purchase from outside of the Group. This methodology uses both spend and activity based approach, depending on the availability of data.
Category 5: Waste generated in operations	tCO_2e	Emissions associated with processing waste via recycling, recovery, incineration or landfill, including disposed aircraft. These are calculated by multiplying total extrapolated global waste volumes by appropriate CO_2e/tonne conversion factors from international recognised sources (including the UK Government and the US Environmental Protection Agency).
Category 6: Business travel	tCO_2e	Emissions from fuel related to IAG staff travel on rail and other airline carriers. Staff travel on IAG aircraft is captured in Scope 1 emissions. Emissions from crew hotels were included in 2024, where such data was available.
Category 7: Employee commuting	tCO_2e	Emissions from staff travelling to and from workplaces and the emissions from the energy used when employees work from home. In the absence of detailed staff travel data, emissions were estimated using employee numbers, locations and work patterns.
Category 8: Upstream leased assets	tCO_2e	This category is not applicable to IAG.
Category 9: Downstream transportation and distribution	tCO_2e	The emissions previously reported under this category is recategorised into Scope 3 Category 4, since the activities are being paid by IAG. This category covers emissions associated with IAG Loyalty Retail, trading as the Wine Flyer, a subsidiary of IAG Loyalty, and specifically covering the activity of delivering products to end consumers.
Category 10: Processing of sold products	tCO_2e	This is not a material source of emissions for IAG.
Category 11: Use of sold products	million tCO_2e	Emissions related to products purchased by IAG loyalty programme members using Avios points and use of sold aircraft. Purchases of IAG flights are reported under Scope 1 emissions. Product categories reported here are flights on non-IAG carriers, hotel stays and car hire, as these are the most material categories. The use of sold aircraft, previously owned by the Group, are included. The average expected life of an aircraft for passenger or freight use is considered for the calculations.
Category 12: End-of-life treatment of sold products	tCO_2e	Total expected end-of-life emissions from all products sold in the reporting year. The methodology is consistent with disposed aircraft in Category 5.
Category 13: Downstream leased assets	tCO_2e	Jet fuel emissions from any aircraft leased to other carriers on a seasonal basis.
Category 14: Franchises	tCO_2e	Emissions from the jet fuel burn of aircraft franchises.
Category 15: Investments	tCO_2e	Emissions associated with Group investments in the reporting year that are not already included in our Scope 1 or Scope 2 footprint.

Waste metric		(as per GRI 306 standards)
Single-use plastic (SUP)	Volume	Items made wholly or partly of plastic which are typically intended to be used just once or for a short period of time before they are thrown away. This aligns to the EU definition.
On-board	kg/ passenger	Numerator: On-board waste is both cabin and catering waste. Cabin waste is defined as items collected from the cabin following flights, including newspapers, blanket and headphone wrapping, and packaging that passengers have brought onto the aircraft. Includes rubbish bins from toilets and excludes lost luggage. Catering waste is defined as food and packaging left over from on-board catering, including drinks cans and IAG-owned waste from food preparation at catering facilities. Includes all categories of catering waste covering international and domestic flights.
		Denominator: The number of inbound passengers at hub airports, plus outbound passengers on short-haul flights whose waste was kept on-board the aircraft and offloaded at the hub when the plane returned.
Cargo	kg/tonne of cargo handled	Numerator: Total waste from handling and packaging cargo. This consists largely of recyclable materials such as plastic, wood and cardboard but is impacted heavily by ad hoc disposal of perishable or hazardous cargo.
		Denominator: Tonnes of cargo and mail handled in three main hubs: Dublin, Madrid and London Heathrow.
Maintenance	kg/person-hour	Numerator: Materials from specific maintenance/engineering facilities including paper, metal and hazardous waste. Excludes airport waste, aircraft disposal, construction waste and effluent.
		Denominator: Number of available person-hours at maintenance facilities, as compiled by Maintenance teams.
Office	kg/ employee	Numerator: Materials from printing, office stationery and on-site catering. Includes offices, training facilities, and Irish, Spanish and UK call centres. Includes technology waste, defined as primarily data centre equipment and IAG-owned IT equipment.
		Denominator: Total FTE employees at the end of the reporting period.
Waste disposal method		(as per GRI 306 standards)
Landfilled	These categories and their definitions are used within the calculation of IAG's waste metrics.	Defined as 'final depositing of solid waste at, below, or above ground level at engineered disposal sites'. Includes: waste sent directly to disposal. Excludes: waste sent to third parties.
Incinerated		Defined as 'controlled burning of waste at high temperatures'. Includes: incineration with energy recovery.
Recovered		Defined as 'any operation wherein products, components of products, or materials that have become waste are used or prepared to be used to fulfil a purpose in place of new products, components, or materials that would otherwise have been used for that purpose.' Includes: incineration including energy from waste if the incinerator meets set standards. Excludes: reprocessing into materials that are to be used as fuels.
Recycled		Defined as 'reprocessing of products or components of products that have become waste, to make new materials'. Includes: downcycling, upcycling, composting and anaerobic digestion, uniforms reused and plastics turned into new plastic products. Excludes: reprocessing into materials that are to be used as fuels.
Noise metric		
Noise per LTO	QC/LTO	Average noise per flight considering arrival and departure noise for each aircraft type. Based on the number of flights of all aircraft which operated during the year, including leased aircraft. Quota Count (QC) values from the UK Government are used to create a relative categorisation based on certified noise levels. For example, for a single flight, a Boeing 747 would have had a score of 6.0, while an Airbus A320neo would have a score of 0.5 or lower.
NOx per LTO	kg/LTO	Average emissions of the air pollutants nitrogen oxides (NOx) as aircraft take off and land. This calculation considers the engine certifications and aircraft types of all aircraft that operated during the year, including leased aircraft, referencing information from the ICAO emissions database.
ICAO Chapter 14	% of fleet at standard	ICAO Chapter standards compare aircraft noise against standardised limits that are a combination of lateral, approach and flyover noise levels. Higher standards are more stringent. Chapter 14 applies to new aircraft certified from 1 January 2017.
CAEP Chapter 6	% of fleet at standard	ICAO CAEP standards are for NOx emissions from aircraft engines. Higher standards are more stringent. The CAEP 6 NOx standard applies to engines manufactured from 1 January 2008.
CAEP Chapter 8	% of fleet at standard	The CAEP 8 standard applies to engines manufactured from 1 January 2014.

4. Datapoints from other legislation

Disclosure points reported with alignment to ESRS

Disclosure requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Page number
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	X		X		265-266
ESRS 2 GOV-1 Percentage of Board members who are independent paragraph 21 (e)			X		265-266
ESRS 2 GOV-4 Statement on due diligence paragraph 30	X				314
ESRS 2 SBM-1 Involvement in activities related to fossil-fuel-related activities paragraph 40 (d) i	X	X	X		14-16, 268
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	X		X		not material
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	X		X		not material
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			X		not material
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				X	275-283
ESRS E1-1 Undertakings excluded from Paris-aligned benchmarks paragraph 16 (g)		X	X		275-283
ESRS E1-4 GHG emission reduction targets paragraph 34	X	X	X		286-287
ESRS E1-5 Energy consumption from fossil source disaggregated by sources (only 'high-climate-impact' sectors) paragraph 38	X				287
ESRS E1-5 Energy consumption and mix paragraph 37	X				287
ESRS E1-5 Energy intensity associated with activities in 'high-climate-impact' sectors paragraphs 40 to 43	X				287
ESRS E1-6 Gross Scope 1, 2, 3 and total GHG emissions paragraph 44	X	X	X		288-289
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	X	X	X		288-289
ESRS E1-7 GHG removals and carbon credits paragraph 56				X	289-290
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			X		not disclosed, subject to phase in
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a); ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).		X			not disclosed, subject to phase in
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		X			not disclosed, subject to phase in
ESRS E1-9 Exposure of the portfolio to climate-related opportunities paragraph 69	X		X		not disclosed, subject to phase in
ESRS E1-9 Breakdown of the carrying value of real estate assets by energy-efficiency classes paragraph 67 (c).	X				not disclosed, subject to phase in
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69	X				not disclosed, subject to phase in
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil paragraph 28	X				not material
ESRS E3-1 Water and marine resources paragraph	X				not material
ESRS E3-1 Dedicated policy paragraph 13	X				not material
ESRS E3-1 Sustainable oceans and seas paragraph 14	X				not material
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	X				not material
ESRS E3-4 Total water consumption in m^3 per net revenue from own operations paragraph 29	X				not material
ESRS 2- IRO 1 - E4 paragraph 16 (a) i	X				not material
ESRS 2- IRO 1 - E4 paragraph 16 (b)	X				not material
ESRS 2- IRO 1 - E4 paragraph 16 (c)	X				not material
ESRS E4-2 Sustainable land/agriculture practices or policies paragraph 24 (b)	X				not material
ESRS E4-2 Sustainable oceans/seas practices or policies paragraph 24 (c)	X				not material
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	X				not material
ESRS E5-5 Non-recycled waste paragraph 37 (d)	X				not material
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	X				not material

Disclosure requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Page number
ESRS 2 - SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	X				292
ESRS 2 - SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	X				292
ESRS S1-1 Human rights policy commitments paragraph 20	X				292-294
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labour Organization (ILO) Conventions 1 to 8, paragraph 21			X		292-294
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	X				292-294
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	X				292-294
ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c)	X				295
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	X		X		300-301
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	X				300-301
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	X		X		301-303
ESRS S1-16 CEO pay ratio paragraph 97 (b)	X				301-303
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	X				303
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 104 (a)	X				303
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	X				305
ESRS S2-1 Human rights policy commitments paragraph 17	X				305-306
ESRS S2-1 Policies related to value chain workers paragraph 18	X				305-306
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 19	X		X		305-306
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8, paragraph 19			X		305-306
ESRS S2-4 Human rights issues and incidents connected to upstream and downstream value chain paragraph 36	X				305-306
ESRS S3-1 Human rights policy commitments paragraph 16	X				not material
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	X		X		not material
ESRS S3-4 Human rights issues and incidents paragraph 36	X				not material
ESRS S4-1 Policies related to consumers and end-users paragraph 16	X		X		307-308
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	X				307-308
ESRS S4-4 Human rights issues and incidents paragraph 35	X				307-308
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ESRS G1-1 Protection of whistleblowers paragraph 10 (d)	X				309-310
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	X		X		311
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	X				311

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EU Taxonomy

Overview

What is the EU Taxonomy Regulation?

Regulation EU 2020/852 (the 'EU Taxonomy Regulation') is a framework to identify and to facilitate sustainable investment across the EU. This framework operates through a classification system for determining when an economic activity can be considered environmentally sustainable according to EU standards, to promote a transition to a zero-carbon future. The taxonomy regulation aims to guide funding towards solutions that tackle the climate crisis and prevent further environmental degradation. It aims to encourage investment in a low-carbon economy by creating common definitions of sustainability and mandatory disclosures to help investors make informed decisions.

How does it work?

The EU Taxonomy Regulation includes economic activities against which companies can report their business activities. These economic activities are then screened against the technical criteria of each of the environmental objectives and minimum safeguard requirements to arrive at the taxonomy-aligned activities.

Having identified the relevant (eligible) economic activities, the Group calculates and reports the aligned revenue (turnover), capital expenditure (capex) and operating expenditure (opex) for the financial year.

The reporting scope

The EU Taxonomy Regulation's reporting scope covers the Group's business activities, based on the same principles of consolidation as the consolidated financial statements, adjusted for the various narrower scope definitions of the EU Taxonomy Regulation. The period for the EU Taxonomy Regulation is the year to 31 December.

The Group's eligible activities principally relate to the activities of our airline operations and associated maintenance, repair and overhaul (MRO) operations. For 2023 we were not required to report aligned revenues or expenditures for these activities, which became applicable for reporting in 2024.

The reporting basis of the EU Taxonomy Regulation differs from that of our consolidated financial statements, which are prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS). Such differences include, but are not limited to, not recognising the investment in or results from equity-accounted investments, as well as a very narrow scope definition for opex. These and other differences result in lower reported eligible turnover, capex and opex under the EU Taxonomy Regulation when compared to other financial and sustainability disclosures.

While the Group is supportive of efforts to enhance and increase the comparability of climate disclosures more broadly, the limited scope of the EU Taxonomy Regulation does not enable the Group to outline all of our investment activity in its Flightpath net zero transition. The limitations of the Regulation in the following areas prevent the Group from fully disclosing our investment in sustainability: (i) any joint ventures to produce SAF or hydrogen-fuelled aircraft do not fall within the scope of our reporting; (ii) our long-term purchase agreements for SAF and other renewable power products, which underpin investment and enable financing of large-scale renewable production, are excluded. The additional reporting restrictions on aviation (where the growth of the entire global aviation fleet is used to discount an individual company's investment in best-in-class aircraft and SAF) also limit the Group's ability to fully express its financial commitment to the transition to a low-carbon environment. This approach, requiring company-specific performance to be adjusted based on global trends, is unique to the aviation sector and we feel dilutes the impact of the Taxonomy in driving more investment at an individual company level.

Changes in EU Taxonomy Regulation in 2024

While there have been no amendments made to the EU Taxonomy Regulation during the course of 2024, the European Commission, on 29 November 2024, published a draft commission notice (the 'Notice') on the interpretation and implementation of certain legal provisions of the EU Taxonomy Environmental Delegated Act, the EU Taxonomy Climate Delegated Act and the EU Taxonomy Disclosures Delegated Act. The notice provides a wide range of responses to frequently asked questions, including, but not limited to, those economic activities pertaining to the aviation industry.

Further details regarding the application of the aviation specific economic activities are given below in the section entitled 'Understanding the aviation economic activities'.

Snapshot of eligible and aligned activities

For the years to 31 December 2024 and 2023, the Group's eligible and aligned KPIs were as follows:

	Eligible		Aligned	
Year to 31 December 2024	Absolute €million	Percentage of denominator	Absolute €million	Percentage of denominator
Turnover	30,487	95%	11,323	35%
Capex	2,779	78%	2,318	65%
Opex	2,673	98%	1,558	57%

	Eligible		Aligned	
Year to 31 December 2023	Absolute €million	Percentage of denominator	Absolute €million	Percentage of denominator
Turnover	27,166	92%	–	– %
Capex	3,543	86%	–	– %
Opex	2,509	99%	–	– %

Understanding the EU Taxonomy Regulation

Basis of preparation

The Group prepares its disclosures in accordance with the Delegated Act EU 2021/2178 (enacted 4 June 2021), the associated Delegated Regulation EU 2021/2139 (enacted 6 July 2021), the amendments to Delegated Regulation EU 2021/2139 (enacted 21 November 2023) (referred to as the Amended Delegated Regulation), several Commission Notices containing answers to frequently asked questions, the annually updated EU Taxonomy User Guide and the EU Taxonomy Compass (a website that offers a range of online tools to enable users to better understand the EU Taxonomy Regulation and the associated reporting obligations).

In accordance with the disclosure requirements of Article 8 of the EU Taxonomy Regulation, the Group confirms that it does not carry out, fund or have exposures to nuclear and fossil gas related activities.

The EU Taxonomy Regulation framework

The EU Taxonomy Regulation establishes 150 predefined and prescriptive economic activities across the following six environmental objectives:

1. Climate change mitigation;
2. Climate change adaptation;
3. Sustainable use and protection of water and marine resources;
4. Transition to a circular economy;
5. Pollution prevention and control; and,
6. Protection and restoration of biodiversity and ecosystems.

The EU Taxonomy Regulation also sets out four overarching conditions that an economic activity must meet in order to qualify as environmentally sustainable and accordingly able to be reported as taxonomy-aligned:

1. Making a substantial contribution to at least one environmental objective;
2. Doing no significant harm to any of the other five environmental objectives;
3. Complying with minimum safeguards; and,
4. Complying with the detailed technical screening criteria set out in the EU Taxonomy Regulation delegated acts.

Taxonomy-eligible

The EU Taxonomy Regulation defines taxonomy-eligible economic activities as those activities of the Group that comply with any of the aforementioned 150 economic activities across nine sectors. Such activities are eligible whether they comply with the technical screening criteria or not.

The most important of those, which relate to the aviation sector, are those activities associated with the (i) **Manufacturing of aircraft**, (ii) **Passenger and freight air transport** and (iii) **Air transport ground handling** which now require alignment reporting for 2024.

If an activity is not included in the EU Taxonomy Regulation, then it is not considered to be eligible. The main categories for eligible spend in 2024 are set out in the table below:

Identified economic activities of the Group

For 2024, the Group has identified a total of 15 economic activities as eligible for reporting as follows:

Aviation
Manufacturing of aircraft (CM)
Passenger and freight air transport (CM)
Air transport ground handling operations (CM)
Construction and real estate activities
Renovation of existing buildings (CM)
Acquisition and ownership of buildings (CM)
Installation, maintenance and repair of energy–efficiency equipment (CM)
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) (CM)
Installation, maintenance and repair of renewable energy technologies (CM)
Energy
Electricity generation using solar photovoltaic technology (CM)
Information and communication
Data-driven solutions for GHG emissions reductions (CM)
Technical, scientific and professional activities
Research into innovative low-carbon technologies (CM)
Transport
Transport by motorbikes, passenger cars and light commercial vehicles (CM)
Urban and suburban transport, road passenger transport (CM)
Water supply, sewerage, waste management and remediation
Depollution and dismantling of end-of-life products (CE)
Manufacturing
Sale of spare parts (CE)
Preparation for re-use of end-of-life products and product components (CE)

Key: CA – climate adaptation; CM – climate mitigation; CE – circular economy

Note that the categories of eligible activities have been reduced from 2023 following further clarification on the relevance of certain activities to specific taxonomy-eligible assets.

In practical terms, identifying taxonomy-eligible economic activities is the first step towards assessing the alignment of economic activities against the technical screening criteria.

In addition, companies are required to ensure that and explain how taxonomy-eligible turnover, capex or opex are not double counted where the activities of the Group fall under more than one economic activity.

Taxonomy aligned

A taxonomy-aligned activity is one that having identified eligibility, contributes substantially to at least one of the six environmental objectives, does no significant harm to the other environmental objectives and complies with the minimum safeguards. Details on substantial contribution, do no significant harm and minimum safeguards are given below.

Substantial contribution

The EU Taxonomy Regulation provides detailed substantial contribution criteria to ensure that the associated economic activity has either a substantial positive impact on one of the six aforementioned environmental objectives or substantially reduces the negative impact on the environment. The most relevant objective for the Group is Climate Mitigation; however, the categories of Circular Economy, Pollution Prevention and Water also have relevant activities for the Group. These substantial contribution criteria vary by economic activity and each economic activity can apply to more than one environmental objective.

Do no significant harm (DNSH)

Together with the criteria to assess if an activity substantially contributes to at least one of the EU Taxonomy Regulations environmental objectives, the criteria for DNSH specify the minimum requirements that the economic activity should meet to avoid harming any of the other five environmental objectives. The DNSH criteria differ by economic activity and by environmental objective.

Any breach of the DNSH criteria would automatically disqualify an activity from being environmentally sustainable and as such lead to the associated activities not meeting the criteria for alignment.

In addition, there are four generic DNSH criteria that apply to all economic activities, being: (i) climate change adaptation; (ii) water and marine resources; (iii) pollution prevention and control regarding the use and presence of chemicals; and (iv) protection and restoration of biodiversity and ecosystems. These generic criteria apply to several of the Group's identified economic activities.

Minimum safeguards

The EU Taxonomy Regulation defines the minimum safeguards as due diligence and remedy procedures implemented by a company that is carrying out an economic activity in order to ensure alignment with the Organisation for Economic Cooperation and Development Guidelines for Multinational Enterprises (OECD MNEs) and the UN Guiding Principles on Business and Human Rights (UNGP). The latter includes the principles and rights set out in eight of the ten fundamental conventions identified in the International Labour Organization (ILO) Declaration of the Fundamental Principles and Rights at Work and the International Bill of Human Rights.

The Group complies at all times with the requirements of the OECD MNEs. In addition, the Group considers respect and the upholding of human rights as a critical cornerstone of its operations and is embedded within its Code of Conduct. The Group considers that it complies with the UNGP.

Accordingly, the Group considers that all taxonomy-eligible activities are compliant with the minimum safeguard requirements of the EU Taxonomy Regulation.

Technical screening criteria

Each of the detailed technical screening criteria, under each environmental objective, are based on stringent levels of environmental performance as opposed to transitional activities or alternative acceptable approaches. In certain instances such requirements go significantly beyond other existing legislation and what is theoretically technically and operationally possible at the reporting date.

Due to their complexity and reliance on EU standards, the technical screening criteria can be difficult to interpret, especially for activities and key suppliers based outside of the EU.

Capex Plan

The EU Taxonomy Regulation permits capex and opex to be treated as taxonomy-aligned when such expenditure form part of a 'capex plan'. A capex plan is defined as a plan that either aims to expand the Group's taxonomy-aligned economic activities or to upgrade pre-existing taxonomy-eligible economic activities to taxonomy-aligned economic activities within a five-year period. In addition, the relevant plan must be approved by management and detailed at the taxonomy economic activity level.

Given the uncertainty of definitions and lack of guidance pertaining to capex plans within the EU Taxonomy Regulation, the Group has elected not to report any capex or opex as taxonomy-aligned as a result of the capex plan provisions.

Reporting financially aligned activities under the EU Taxonomy Regulation

The EU Taxonomy Regulation requires the reporting of KPIs associated with turnover, capex and opex, both for eligible and aligned activities. These KPIs differ to those determined by the Group in assessing and monitoring the Group's performance and should only be considered with reference to the EU Taxonomy Regulation. Each KPI is calculated as the amount associated with the eligible and aligned economic activities (the numerator) divided by the total (denominator).

The reporting basis of the EU Taxonomy Regulation differs to our consolidated financial statements, which are prepared in accordance with IFRS. Such differences include, but are not limited to, not recognising the investment in or results from equity-accounted investments, as well as a very narrow scope definition of opex. These and other differences result in a lower reported turnover, capex and opex under the EU Taxonomy Regulation when compared to other financial disclosures.

Turnover KPI

The turnover KPI comprises the total revenue line from the Income statement of the consolidated financial statements and is detailed below:

	Year to 31 December	
€ million	**2024**	2023
Passenger revenue	28,274	25,810
Cargo revenue	1,234	1,156
Other revenue	2,592	2,487
Total taxonomy turnover (denominators)	**32,100**	**29,453**

EU Taxonomy *continued*

The following table provides a summary of the taxonomy-eligible and taxonomy-aligned revenues by major economic activity, both as absolute figures (being the numerator) and as a percentage of the aforementioned denominator:

	Eligible		Aligned	
Year to 31 December 2024	Absolute €million	Percentage of denominator	Absolute €million	Percentage of denominator
Passenger and freight air transport	29,508	91.9%	11,190	34.9%
Manufacturing of aircraft	820	2.6%	–	0%
Air transport ground operations	159	0.5%	133	0.4%
Total taxonomy eligible and aligned turnover	**30,487**	**95.0%**	**11,323**	**35.3%**

	Eligible		Aligned	
Year to 31 December 2023	Absolute €million	Percentage of denominator	Absolute €million	Percentage of denominator
Passenger and freight air transport	26,288	89.3%	–	–%
Manufacturing of aircraft	683	2.3%	–	–%
Air transport ground operations	195	0.7%	–	–%
Total taxonomy eligible and aligned turnover	**27,166**	**92.3%**	**–**	**–%**

Capex KPI

The capex KPI comprises the Additions to Property, plant and equipment (note 13 of the consolidated financial statements) and Intangible assets (note 17 of the consolidated financial statements). The denominators are detailed as follows:

	Year to 31 December	
€ million	**2024**	2023[1]
Additions to Property, plant and equipment (note 13)	3,086	3,753
Additions to Intangible assets (note 17)[1]	494	366
Total taxonomy capex (denominators)	**3,580**	**4,119**

1 The 2023 capex denominator has been restated to align with the reclassification reported in the consolidated financial statements (notes 2, 17 and 37).

The numerator for aligned capex includes those expenditures included in the denominator that are any of the following: (i) related to taxonomy-aligned economic activities; (ii) part of the capex plan to expand taxonomy-aligned activities or to allow taxonomy-eligible economic activities to become taxonomy-aligned; or (iii) the purchase of output from taxonomy-aligned economic activities. However, given the uncertainty of definitions and lack of guidance pertaining to parts (ii) and (iii), the Group has elected only to report financial data relating to taxonomy-aligned economic activities.

The following table provides a summary of the taxonomy-eligible and taxonomy-aligned capex by major economic activity, both as absolute figures (being the numerator) and as a percentage of the aforementioned denominator:

	Eligible		Aligned	
Year to 31 December 2024	Absolute €million	Percentage of denominator	Absolute €million	Percentage of denominator
Passenger and freight air transport	2,779	77.6%	2,318	64.7%
Total taxonomy eligible and aligned capex	**2,779**	**77.6%**	**2,318**	**64.7%**

	Eligible		Aligned	
Year to 31 December 2023	Absolute €million	Percentage of denominator	Absolute €million	Percentage of denominator
Passenger and freight air transport	3,543	86.0%	–	–%
Total taxonomy eligible and aligned capex	**3,543**	**86.0%**	**–**	**–%**

Opex KPI

The opex KPI is defined as those costs not capitalised that relate to: (i) research and development; (ii) building renovation measures; (iii) short-term leases; (iv) maintenance and repair; and (v) other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment.

Other direct expenditures relating to day-to-day servicing of assets of property, plant and equipment is further defined as including: (i) maintenance materials; (ii) the employee costs of repairing an asset; and (iii) IT dedicated to sustainability-orientated maintenance, other than that capitalised. For the avoidance of doubt, other direct expenditures exclude the following: (i) overheads; (ii) raw materials; (iii) the employee costs associated with operating the asset; (iv) the cost of managing research and development projects; (v) general IT costs; (vi) general professional service costs; and (vii) electricity, fluids, or reagents needed to operate property, plant and equipment. The opex KPI definition is narrower than the Group's definition of operating expenditure and does not capture all of the expenditure on otherwise eligible activities. The opex KPI is reconciled to total operating expenditure as follows:

€ million	Year to 31 December 2024	2023[1]
Maintenance and repair	2,673	2,509
Expenses relating to short-term leases	56	26
Total taxonomy opex (denominators)	**2,729**	**2,535**
Other operating expenses outside the scope of the EU Taxonomy Regulation	25,088	23,411
Total operating expenditure per Income statement	**27,817**	**25,946**

1 The results for 2023 have been restated to conform with the current basis of assessment of opex to better reflect the eligibility nature of certain economic activities, including IT operating costs and research and development incurred.

2 Referred to as 'Engineering and other aircraft costs' from the Income statement of the consolidated financial statements.

The numerator for aligned opex includes those expenditures included the denominator that is any of the following: (i) related to taxonomy-aligned economic activities; (ii) part of the capex plan to expand taxonomy-aligned activities or to allow taxonomy-eligible economic activities to become taxonomy-aligned; or (iii) the purchase of output from taxonomy-aligned economic activities. However, given the uncertainty of definitions and lack of guidance pertaining to parts (ii) and (iii), the Group has elected only to report against taxonomy-aligned economic activities.

The Group considers that the definitions of the opex KPI, when considering the turnover KPI, do not reflect the economic reality of operating a taxonomy-aligned asset. For instance, all revenue associated with the operation of a taxonomy-aligned aircraft meets the definition of the turnover KPI; however, the costs associated with operating that aircraft are limited to the maintenance of that aircraft and, for example, exclude the expenditure on SAF used in the operation of those aircraft. The following table provides a summary of the taxonomy-eligible and taxonomy-aligned opex by major economic activity, both as absolute figures (being the numerator) and as a percentage of the aforementioned denominator:

	Eligible		Aligned	
Year to 31 December 2024	Absolute €million	Percentage of denominator	Absolute €million	Percentage of denominator
Passenger and freight air transport	2,673	97.9%	1,558	57.1%
Total taxonomy eligible and aligned opex	**2,673**	**97.9%**	**1,558**	**57.1%**

	Eligible		Aligned	
Year to 31 December 2023	Absolute €million	Percentage of denominator	Absolute €million	Percentage of denominator
Passenger and freight air transport	2,509	99.0%	–	–%
Total taxonomy eligible and aligned opex	**2,509**	**99.0%**	**–**	**–%**

Methodology/data collection and validation

The Group has established internal processes for the collection, validation and reporting of taxonomy data through the established governance structure described in the Governance section of this Annual Report. The Group utilises a seven-step process in preparing its taxonomy disclosures:

1. **Identification of applicable economic activities** – IAG Sustainability and IAG Finance undertake the initial scoping as to which economic activities are applicable to the operations of the Group. Representatives from the sustainability and finance functions of each operating company validate the completeness of this identification. In undertaking the scoping of these activities, the Group has identified eligible activities associated only with the climate change mitigation objective;
2. **Determination of assessment factors** – where judgement is required to be applied in the application of the EU Taxonomy Regulation, IAG Sustainability and IAG Finance develop a standardised approach to such application;
3. **Training on existing and new regulation** – annually IAG Sustainability and IAG Finance undertake workshops across the Group to ensure all relevant members of the sustainability and finance communities involved in taxonomy are trained on the existing methodology, changes in regulations and key judgements applied;
4. **Standardised reporting** – IAG Sustainability and IAG Finance have developed standardised reporting templates for the quantification, by economic activity, of taxonomy-eligible activities. As well as the detailed specific technical screening criteria, the DNSH criteria and the minimum safeguards to derive the taxonomy-aligned quantification;
5. **Review and validation** – IAG Sustainability and IAG Finance validate this information across operating companies and consolidate the information;
6. **Quantitative threshold for reporting** – the Group has developed a quantitative threshold of €2 million below which the Group assumes such taxonomy-eligible activities are not taxonomy-aligned. This assessment is performed at an individual economic activity level and by each operating company; and
7. **Reporting** – IAG Sustainability and IAG Finance calculate the associated consolidated KPI metrics for eligibility and alignment.

Understanding the aviation economic activities

The Amended Delegated Regulation, issued in 2023, introduced the economic activities of **Manufacturing of aircraft**, **Passenger and freight air transport** and **Air transport ground handling operations**.

The below information reflects the assessment criteria required in 2024.

Passenger and freight air transport

These economic activities cover all owned and leased aircraft that the Group operates for the transport of passengers and freight.

This section does not attempt to detail all of the technical screening criteria, but the pertinent screening criteria for meeting alignment are:

a. The aircraft has zero direct (tailpipe) CO_2 emissions[1];

b. As at the date of the Amended Delegated Regulation coming into force, those aircraft determined to be 'compliant aircraft'[2];

c. Subsequent to the date of the Amended Delegated Regulation coming into force, those aircraft determined to be 'compliant aircraft'[2]; and with the commitment that a non-compliant aircraft in the fleet is either:

   i. Permanently withdrawn from use within six months of delivery of the compliant aircraft; or

   ii. Permanently withdrawn from the fleet within six months of delivery of the compliant aircraft, in which case the replacement ratio[3] is applied.

d. Or if not determined to be a compliant aircraft, the aircraft can still meet the criteria for eligibility and alignment if it operates with a minimum of 9% SAF in 2024[4], increasing by 2% for each subsequent year.

Further technical screening criteria that comes into force from 1 January 2030, have not been included in the above summary.

For aircraft operation, the DNSH criteria are limited to the aforementioned generic criteria and certain criteria relating to a number of topics, including an assessment of climate adaptation, prevention of waste generation, recycling of such assets, the control of hazardous substances and restrictions on noise pollution. For these criteria, the Group has only considered aircraft compliant if the associated manufacturer has provided confirmation of compliance.

Having identified the compliant aircraft, the Group is required to report the turnover, capex and opex by those individual aircraft[5].

Key judgements the Group considers will be relevant in interpreting and applying the Amended Delegated Regulation

1 Zero direct CO_2 emissions are not defined but is interpreted to be both electric and hydrogen powered aircraft. Both of these technologies are in their infancy and while the Group expects both technologies to become commercially viable in due course, these are not expected before 2035, at the earliest. Accordingly, the Group will be unable to report any aligned spend in the foreseeable future.

2 A compliant aircraft is defined as those meeting the technical screening and DNSH criteria of the economic activity of the manufacturing of aircraft. These criteria include, but are not limited to: (i) a specific ratio of CO_2 emissions as a proportion of their maximum take-off mass; (ii) pollution prevention criteria, such as specific certification regarding noise pollution; and (iii) ensuring specific hazardous materials are not included in the construction of the aircraft, including certain anti-fouling paints which are required by law, for safety reasons, to be included in the aircraft. Each aircraft manufacturer is required to provide a self-declaration as to which of their aircraft meet the criteria for being a compliant aircraft. While certain manufacturers have provided these declarations during 2024, not all manufacturers have and accordingly, the Group expects further developments and self-certification during 2025.

   The Group is required under local and international safety standards to have installed certain hazardous materials on its aircraft that are prohibited under the EU Taxonomy Regulation as defined in Appendix C of the DNSH category.

   The Group has conducted an analysis of all hazardous materials in its operations, as defined in Appendix C of the DNSH category of the EU Taxonomy Regulation. The Group has identified a limited number of materials that are installed on our aircraft that are required by local and international law, for safety reasons, but are prohibited under the EU Taxonomy Regulation.

   Certain of these materials, including anti-fouling paints used in the aircraft, have been clarified in the draft commission notice published by the European Commission on 29 November 2024 as being exempt from the DNSH criteria.

   However, the aforementioned draft commission notice does not cover all hazardous materials which are required by safety standards. The only product that the Group has installed in its aircraft not covered by existing exemptions are halons, which are required for fire suppression equipment. The Group has such materials installed as there are no suitable alternative products and such materials are installed and used under strict controlled conditions. In addition, such hazardous materials are only used in emergency scenarios, none of which occurred in 2024.

   The Group expects that with technological advancement, suitable alternative products will be identified by aircraft manufacturers and these hazardous materials will be withdrawn.

   The Group considers there to be uncertainty in the EU Taxonomy Regulation as to whether it meets the DNSH criteria, given that exemptions are given for some, but not all, safety critical materials. Therefore, the Group has applied judgement in determining whether it meets all of the DNSH criteria and has concluded that it has met the alignment requirements.

   Had the Group not reached this conclusion, the Group would have reported no alignment for each of its KPIs in 2024.

3 The replacement ratio is defined as the 10-year average of the total global number of aircraft permanently withdrawn from use divided by the total global number of aircraft delivered. The draft commission notice published by the European Commission on 29 November 2024 confirmed that the replacement ratio to be applied for 2024 was 0.48. In accordance with the Delegated Act 2023/2485, the application of the replacement ratio is limited to the revenues of the Group and does not apply to opex and capex. If the global number of aircraft delivered exceeds the global number of aircraft permanently withdrawn, then the taxonomy-aligned financial revenues of the Group are reduced. As a result, the replacement ratio does not reflect the individual activities of the Group as part of its transition to a low-carbon environment, but instead the entirety of the global aviation sector. Actions that influence such a global measure are outside the control of the Group and do not provide enhanced comparability within the airline sector to investors or users of our taxonomy reporting.

4 As detailed, the EU Taxonomy Regulation permits the allocation of SAF to non-compliant aircraft to make them compliant if a minimum of 9% of the fuel consumption is SAF. The EU Taxonomy Regulation does not provide any guidance as to how to undertake this allocation and accordingly the Group has applied judgement in such allocation. In undertaking this allocation, the Group has allocated SAF on the basis of the total fuel consumed by aircraft family.

5 At of 31 December 2024, the Group operates 601 aircraft within its fleet and does not monitor or report all revenue and expenditure on an individual aircraft basis. Accordingly, the Group has applied judgement in determining the basis on which to allocate revenue and expenditure to the associated assets. The details of which are as follows:

Revenues - The Group is able to monitor revenue denominated metrics by aircraft family (such as across all of the Airbus A320 family) using metrics such as Average Seat Kilometres (ASKs) and Revenue Passenger Kilometres (RPKs), but cannot monitor the level of such activity to an individual aircraft. Accordingly, the Group has allocated revenues to individual assets based on the proportion of ASKs for those compliant aircraft at the operating company level;

Capex - The Group is able to monitor certain capex on an aircraft-by-aircraft basis and, accordingly, has not needed to apply judgement in the allocation of such capex. For other fleet related capex, such as the purchase of rotable spare parts, the Group is unable to assign these to a specific aircraft family. As such, the Group has allocated capex to individual assets based on the proportion of ASKs for each aircraft family at the operating company level; and

Opex - For expenditure related to the maintenance and repair of aircraft, those expenditures that do not form part of capex, the Group is not able to monitor the expenditure on an aircraft-by-aircraft basis. Accordingly, the Group has allocated maintenance and repair expenditure to individual assets based on the proportion of ASKs for those compliant aircraft at the operating company level.

A reconciliation has been made to total turnover, capex and opex to avoid double counting. Further, to avoid double counting, all maintenance expenditure associated with aircraft operations, both capitalised and recorded within operating expenditure, is included in this economic activity and the economic activity of manufacturing of aircraft (see below) will only include the revenues associated with the performance of maintenance activities to parties external to the Group.

Manufacturing of aircraft

The economic activity for manufacturing of aircraft covers a wider range of activities including: (i) manufacture; (ii) repair; (iii) maintenance; (iv) overhaul; (v) retrofitting; and (vi) repurposing and upgrade of aircraft and aircraft parts and equipment. While the Group does not manufacture aircraft, all other aspects of the activities detailed in parts (ii) to (vi) are undertaken by the Group, both internally on operating aircraft and externally to third parties as part of the MRO business operations.

The EU Taxonomy Regulation does not provide definitions as to the nature of these sub-activities and they do not align with the industry terminology. Absent such guidance, the Group has considered that all of the MRO business operations of the Group would fall under this economic activity, including airframes, engines and other components of aircraft.

From a technical screening perspective, points (a) to (c) as described above relating to passenger and freight air transport economic activities also apply. In addition, the DNSH criteria are limited to the aforementioned generic criteria and certain criteria relating to the prevention of waste generation, maximising the reuse and use of secondary materials and restrictions on noise pollution.

Having identified the taxonomy-aligned activities, the Group is required to report the turnover, capex and opex by those individual services provided. The Group's accounting policy for maintenance events differs between those major maintenance events and those that are considered non-major, with further details given below:

- Major maintenance events for owned aircraft are capitalised as incurred and monitored on a project-by-project basis;
- Major maintenance events for leased aircraft are provided for in advance of the event and monitored on a project-by-project basis; and
- Those maintenance events considered to be non-major by nature are expensed as incurred and the associated expenditure is not monitored on a project-by-project basis. Accordingly, for the purpose of reporting taxonomy-aligned expenditure, the total expenditure is allocated based on the total number of maintenance events on compliant aircraft as a proportion of total number of non-major maintenance events.

The provision of MRO services to third parties is monitored on a project-by-project basis. To ensure that maintenance activities on aircraft are not double counted, only revenues arising from transactions with parties external to the Group are included in this economic activity. All capex and opex associated with the MRO business operations are included within the economic activity of passenger and freight air transport. In addition, where one operating company provides MRO services to another operating company, then the intercompany expenditure incurred and the intercompany revenue earned by the provider of the services is eliminated on consolidation.

During the course of 2024, the Group was unable to meet the DNSH criteria for reporting KPI alignment on the provision of MRO services.

Air transport ground handling operations

The economic activity for air transport ground handling operations covers a wider range of activities that occur within the operations of the Group, including, but not limited to: (i) pushback tugs; (ii) equipment for baggage and freight handling; (iii) vehicles for aircraft marshalling; (iv) equipment for passenger boarding; (v) de-icing equipment; and (vi) equipment for catering.

The technical screening criteria are limited to only those vehicles that have zero CO_2 emissions from the tailpipe, with the DNSH criteria limited to the aforementioned generic criteria and certain criteria relating to the prevention of waste generation, recycling of such assets and protection of water resources associated with de-icing activities.

Across the economic activity, the Group has several thousand individual assets for which it is not possible to identify the revenue and expenditure by individual asset. Accordingly, for 2024, the Group has allocated turnover figures based on the proportion of zero emission vehicles compared to the overall ground handling fleet.

KPIs of non-financial undertakings

Proportion of turnover from products or services associated with taxonomy-aligned economic activities – disclosure covering year 2024

Financial year N		Year 2024		Substantial contribution criteria						DNSH criteria ('Do No Significant Harm') (h)										
Economic Activities (1)	Code (2)	Turnover (currency € million) (3)	Proportion of turnover, year 2024 % (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water & Marine Resources (7)	Pollution (8)	Circular economy (9)	Biodiversity & Ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of taxonomy-aligned (A.1) turnover, year 2024 (18)	Proportion of taxonomy-aligned (A.1) turnover, year 2023 (19)	Category enabling activity (20)	Category transitional activity (21)
				Y; N; N/EL						Y/N							%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (taxonomy-aligned)																				
Passenger and freight air transport	CCM 6.19	11,190	34.9%	Y						Y	Y	-	Y	Y	-	Y	34.9%	–%		T
Air transport ground handling operations	CCM 6.20	133	0.4%	Y						Y	Y	Y	Y	Y	-	Y	0.4%	–%		T
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)		**11,323**	**35.3%**														**35.3%**	**–%**		
of which enabling		–	0%														–%	–%	E	
of which transitional		11,323	100%														100%	–%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (g)																				
Manufacturing of aircraft	CCM 3.21	820	2.5%	E	N/EL	N/EL	N/EL	N/EL	N/EL								2.5%	2.3%		T
Passenger and freight air transport	CCM 6.19	18,318	57.1%	E	N/EL	N/EL	N/EL	N/EL	N/EL								57.1%	89.3%		T
Air transport ground handling operations	CCM 6.20	26	0.1%	E	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%	0.7%		T
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		**19,164**	**59.7%**														**59.7%**	**92.3%**		
A. Turnover of taxonomy-eligible activities (A.1+A.2)		**30,487**	**95.0%**														**95.0%**	**92.3%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of taxonomy-non-eligible activities		1,613	5.0%																	
TOTAL		**32,100**	**100%**																	

EL – eligible
N/EL – non-eligible

EU Taxonomy *continued*

Proportion of capex from products or services associated with taxonomy-aligned economic activities – disclosure covering year 2024

Financial year N		Year 2024		Substantial contribution criteria						DNSH criteria ('Do No Significantly Harm') (h)									
Economic Activities (1)	Code (2)	Capex (currency € million) (3)	Proportion of capex, year 2024 % (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water & Marine Resources (7)	Pollution (8)	Circular economy (9)	Biodiversity & Ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) capex, year 2024 (18)	Proportion of Taxonomy-aligned (A.1.) capex, year 2023 (19)	Category enabling activity (20)	Category transitional activity (21)
				Y; N; N/EL						Y/N							%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (taxonomy-aligned)																				
Passenger and freight air transport	CCM 6.19	2,318	64.7%	Y						Y	Y	-	Y	Y	-	Y	64.7%	–%		T
Capex of environmentally sustainable activities (taxonomy-aligned) (A.1)		**2,318**	**64.7%**														**64.7%**	–%		T
of which enabling		–	0%														0%	–%	E	
of which transitional		2,318	100%														100%	–%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (g)																				
Passenger and freight air transport	CCM 6.19	461	12.9%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								12.9%	86.0%		T
Capex of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		**461**	**12.9%**														**12.9%**	**86.0%**		
A. Capex of taxonomy eligible activities (A.1+A.2)		**2,779**	**77.6%**														**77.6%**	**86.0%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Capex of taxonomy-non-eligible activities		801	22.4%																	
TOTAL		**3,580**	**100%**																	

EL – eligible

N/EL – non-eligible

EU Taxonomy *continued*

Proportion of opex from products or services associated with taxonomy-aligned economic activities – disclosure covering year 2024

Financial year N		Year 2024		Substantial contribution criteria						DNSH criteria ('Do No Significantly Harm') (h)										
Economic Activities (1)	Code (2)	Opex (currency € million) (3)	Proportion of opex, year 2024 % (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water & Marine Resources (7)	Pollution (8)	Circular economy (9)	Biodiversity & Ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of taxonomy-aligned (A.1) opex, year 2024 (18)	Proportion of taxonomy-aligned (A.1) opex, year 2023 (19)	Category enabling activity (20)	Category transitional activity (21)
				Y; N; N/EL						Y/N							%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
Opex of environmentally sustainable activities (taxonomy-aligned) (A.1)																				
Passenger and freight air transport	CCM 6.19	1,558	57.1%	Y						Y	Y	-	Y	Y	-	Y	57.1%	–%		T
Opex of environmentally sustainable activities (taxonomy-aligned) (A.1)		**1,558**	**57.1%**														**57.1%**	–%		
of which enabling		–	–%														–%	–%	E	
of which transitional		1,558	100%														100%	–%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (g)																				
Passenger and freight air transport	CCM 6.19	1,115	40.9%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								40.9%	99.0%		T
Opex of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		**1,115**	**40.9%**														**40.9%**	**99.0%**		
A. Opex of taxonomy eligible activities (A.1+A.2)		**2,673**	**98.0%**														**98.0%**	**99.0%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Opex of taxonomy-non-eligible activities		56	2.0%																	
TOTAL		**2,729**	**100%**																	

EL – eligible

N/EL – non-eligible

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American Depositary Receipt programme
IAG has a Sponsored Level 1 American Depositary Receipt (ADR) facility that trades on the OTC market in the US (see www.otcmarkets.com). Deutsche Bank is the ADR depositary bank.

For shareholder enquiries, contact:

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Financial calendar
Financial year end: 31 December 2024

Q1 results: 9 May 2025

Half-year results: 1 August 2025

Q3 results: 7 November 2025

Other key dates can be found on our website: www.iairgroup.com

ShareGift
UK shareholders with a small number of shares may like to consider donating their shares to charity under ShareGift, administered by Orr Mackintosh Foundation. Details are available from the UK Registrar.

Certain statements included in this report are forward-looking. These statements can be identified by the fact that they do not relate only to historical or current facts. By their nature, they involve risk and uncertainties because they relate to events and depend on circumstances that will occur in the future. Actual results could differ materially from those expressed or implied by such forward-looking statements.

Forward-looking statements often use words such as ‘expects’, ‘believes’, ‘may’, ‘will’, ‘could’, ‘should’, ‘continues’, ‘intends’, ‘plans’, ‘targets’, ‘predicts’, ‘estimates’, ‘envisages’ or ‘anticipates’ or other words of similar meaning or their negatives. They include, without limitation, any and all projections relating to the results of operations and financial conditions of International Consolidated Airlines Group, S.A. and its subsidiary undertakings from time to time (the ‘Group’), as well as plans and objectives for future operations, expected future revenues, financing plans, expected expenditure, acquisitions and divestments relating to the Group and discussions of the Group’s business plans, and its assumptions, expectations, objectives and resilience with respect to climate scenarios. All forward-looking statements in this report are based upon information known to the Group on the date of this report and speak as of the date of this report. Other than in accordance with its legal or regulatory obligations, the Group does not undertake to update or revise any forward-looking statement to reflect any changes in events, conditions or circumstances on which any such statement is based.

Actual results may differ from those expressed or implied in the forward-looking statements in this report as a result of any number of known and unknown risks, uncertainties and other factors, including, but not limited to, economic and geo-political, market, regulatory, climate, supply chain or other significant external events, many of which are difficult to predict and are generally beyond the control of the Group, and it is not reasonably possible to itemise each item. Accordingly, readers of this report are cautioned against relying on forward-looking statements. Further information on the primary risks of the business and the Group’s risk management process is set out in the Risk management and principal risk factors section in this report. All forward-looking statements made on or after the date of this report and attributable to IAG are expressly qualified in their entirety by the primary risks set out in that section.

IAG INTERNATIONAL AIRLINES GROUP



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