



ENVIRONMENTAL SUSTAINABILITY POLICY

This policy was approved by the
IAG Board of Directors in July 2022

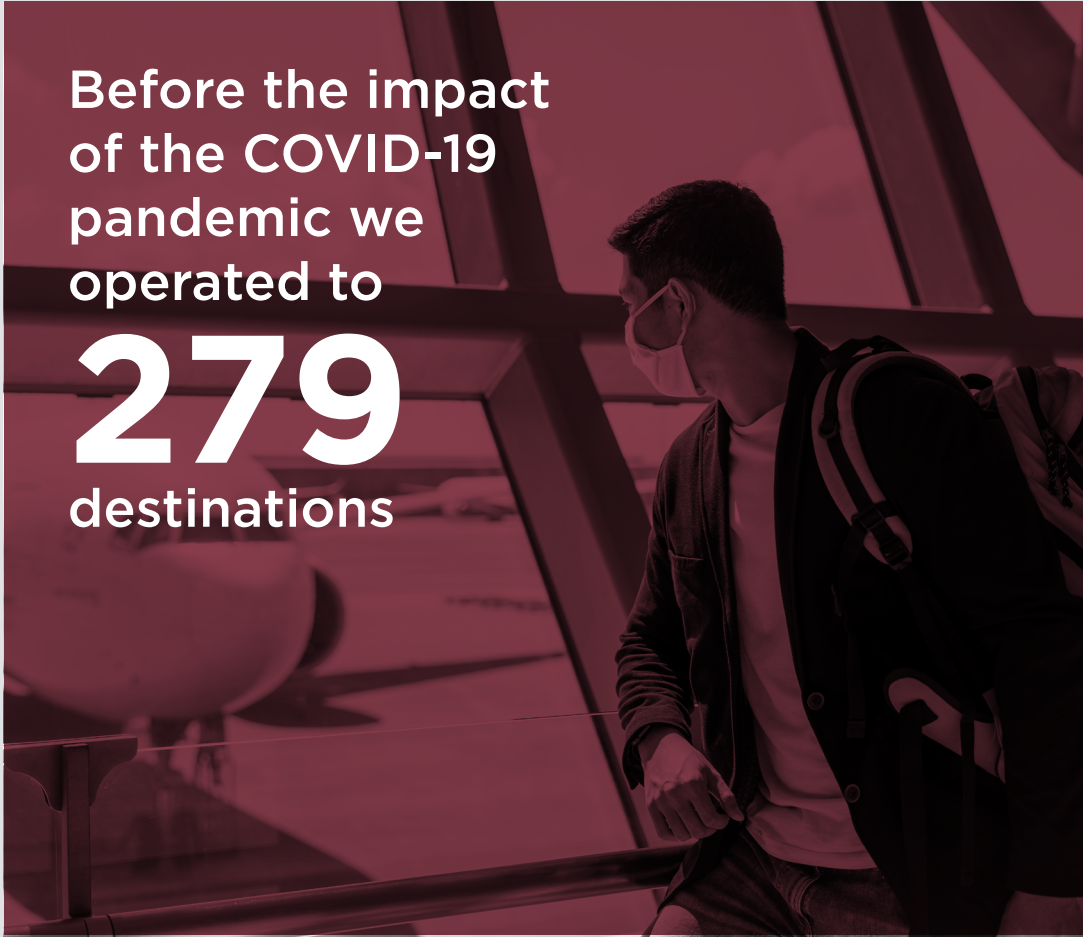
Our activity

Our purpose is to connect people, businesses and countries.

IAG is one of the world's largest airline groups, with leading airlines in Ireland, Spain and the UK.

Before the impact of the COVID-19 pandemic we carried around 118 million passengers to 279 destinations.

We are committed to creating and delivering long-term sustainable value for our stakeholders. Our unique model enables our airlines to perform in the long-term interests of our customers, people, shareholders and society – knowing that success in each reinforces the others.



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Our environmental sustainability governance

Our vision is to be the world's leading airline group on sustainability.

We monitor compliance with environmental policies, associated risks and their management across Group businesses:

- 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 company-wide **Enterprise Risk Management** processes.
- The **IAG Code of Conduct** and **Supplier Code of Conduct** set out our commitment to doing business ethically, transparently and with integrity and 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 Safety, Environment and Corporate Responsibility (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.



“ We monitor compliance with environmental policies, associated risks and their management across Group businesses. ”

Our environmental sustainability commitments

IAG will continue 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:

- Protecting our natural environment including through our sustainable aviation fuel and offset programmes
- Regularly engaging with key stakeholders to assess our most material issues
- Minimising negative environmental impacts, including more efficient use of resources and energy, and reducing emissions, noise and waste
- 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 truly sustainable airline industry



Focus areas and targets

Our vision

To be the world's leading airline group on sustainability.

Strategic environmental objectives

We track progress towards our vision of industry leadership against the following strategic aims:

- Ambitious targets for our most material issues
- Low carbon transition plan embedded in business strategy
- Management incentives aligned to delivering a low-carbon transition plan
- Leadership in carbon disclosures
- Accelerating progress in low-carbon technologies including aircraft technology, sustainable aviation fuels, and carbon offsets and removals
- Accelerating innovation in low-carbon technologies as above
- Industry leadership in the innovation and deployment of SAF including power-to-liquids
- Industry leadership in stakeholder engagement

Environmental management

All operating airlines are working towards the highest accreditation level of the IATA Environmental Assessment system IEnvA, which is ISO-14001 aligned.

Material issues

We regularly engage with key stakeholders on our most material environmental impacts. In 2021 our stakeholders identified these environmental issues as most important to focus on:

- Climate change impacts
- Waste
- Aircraft noise
- Air quality

“ IAG was the first airline group in the world to commit to net zero emissions by 2050. ”

Group climate targets

We support efforts to keep global warming below 1.5°C and in 2019 were the first airline group worldwide to target net zero emissions by 2050.

Our “Flightpath Net Zero” plan has these targets:

- 2019–25: 11% better fuel efficiency, 80gCO₂/pkm
- 2019–30: 20% lower net CO₂ emissions
- 2030: 10% sustainable aviation fuel
- 2050: Net zero Scope 1, 2 and 3 CO₂ emissions

Any residual Scope 1 and 2 emissions in 2050 will be mitigated by carbon removals only. Our 2019 Scope 1, 2 and 3 emissions were 38 million tonnes CO₂e.

Group noise target

- 2020–25: Reduce average noise per flight by 10%

Noise per flight dropped 19% between 2016–21. We also continue to invest in aircraft which meet the latest certified air quality standards.

Group waste targets

Our comprehensive targets for 2025:

- Zero-based approach to Single-Use Plastic (SUP):
 - Eliminating from all areas where possible
- Onboard waste (at hub airports):
 - -20% kg/passenger
 - 40% recycled or recovered
- Cargo waste:
 - -25kg/kg of cargo handled
 - 80% recycled or recovered
- Office waste:
 - -50% kg/staff
 - 60% recycled or recovered
- Maintenance waste:
 - -25% kg/person-hour
 - 70% recycled or recovered

These targets are expected to save 20,000 tonnes a year from landfill and incineration by 2025, versus 47,728 tonnes landfilled or incinerated in 2019.

