

**ANNUAL REPORT ON REMUNERATION OF DIRECTORS**

# Report of the Remuneration Committee



**Dame Marjorie Scardino**  
Chairman of the Remuneration Committee

## Committee members

Date appointed	Meetings attended
<b>Marc Bolland (Chair)</b> June 16, 2016	4/5
<b>Dame Marjorie Scardino (Chair until January 24, 2019)</b> December 19, 2013	4/5
<b>María Fernanda Mejía</b> October 30, 2014	5/5
<b>Alberto Terol</b> December 19, 2013	5/5
<b>Nicola Shaw</b> January 1, 2018	2/2

## From Dame Marjorie Scardino

### Dear Shareholder,

This will be my final report to you, as Marc Bolland has succeeded me as Chairman of the Committee from January 24, 2019. Marc will sign this report on behalf of the Board.

### Overall strategy and link to remuneration

IAG's aim is to become the world's leading international airline group. Its strategy is to create value and sustainable returns through leadership in core markets and the realisation of cost and revenue synergies across our airlines and aviation related businesses.

That strategy is executed and sustained by consistent and strong financial performance and return on investment in each part of the Group. We have transformed programmes through the use of the IAG Platform at each of our airlines, while leveraging opportunities across the Group.

The central focus of the Committee in the early part of 2018 was completing the review of the Company's Remuneration Policy in readiness for submission to the annual Shareholders' Meeting. In reviewing the policy, the Committee's main objective has been to ensure remuneration retains a strong link to the strategy, because we see that as the best way to drive performance. We were delighted that shareholders

gave a solid vote in favour at the meeting in June 2018.

IAG's executive remuneration framework aims to support the business objectives and the financial targets attached to them through the following two schemes:

The Company's long-term incentive plan, known as the *performance share plan* (PSP), measures our performance by:

- earnings per share (EPS), adjusted for exceptional items, which reflects the profitability of our business and the core elements of value creation for our shareholders. Growing earnings indicates that the Group is on the right path to create value for our shareholders;
- total shareholder return (TSR) to ensure alignment with our shareholders; and
- Return on Invested Capital (RoIC) to assess efficient return on the Group's asset base.

The *annual incentive plan* has its main focus on strong financial performance, and therefore the primary measure in the plan is the Group's operating profit before exceptional items. A customer measure, Net Promoter Score, was introduced for the first time at the Group level in 2017, and this drives a stronger focus on improving customer advocacy as a source of competitive advantage. Lastly, performance against

role-specific objectives allows us to focus on key strategic and business targets which may not be suitably captured under the financial or customer elements.

The policy in general is designed to deliver total remuneration that is competitive and with a strong emphasis on "pay for performance". The Committee will continue to ensure that executive remuneration is aligned with our business strategy and that the overall reward framework for 2019 and beyond is in the best interests of our shareholders.

### Summary of performance and incentive outcomes

The PSP that was awarded in 2016 had a three-year performance period (2016 to 2018), and had the same performance measures as current awards. Performance targets for all three measures were set at the beginning of 2016 at a level that the Committee considered to be appropriately stretching based on internal and external expectations for performance.

The Company has produced strong financial performance over the last three years, leading to 2018 adjusted EPS reaching 117.7 euro cents. As a result, the 2016 PSP has an outcome of 39 per cent of its maximum for the EPS element. RoIC in 2018 reached 16.6 per cent, resulting in an outcome of 100 per cent of its maximum level for the RoIC

element. TSR for the Company has grown by 15 per cent over the three years, but has underperformed against the index that the Company measures itself against, resulting in a zero payout for the TSR element. Overall, this has resulted in the 2016 PSP award having an outcome of 46 per cent of the maximum. The PSP award has an additional two-year holding period. This applies until the end of 2020.

The financial target for the 2018 annual incentive plan set at the beginning of the year was for an IAG operating profit of €3.15bn. Strong financial performance during the year has led to IAG operating profit slightly exceeding this target and paying out at 66 per cent of the maximum level for the 60 per cent weighting linked to financial performance. The result for Net Promoter Score was below the threshold level at which payments begin – although some airlines in the Group saw strong customer performance, the overall Company score is pulled down by Vueling, who had a very challenging year, caused partly by external factors such as air traffic control issues.

### Decisions during 2018

Following the approval of the new Remuneration Policy at the 2018 annual Shareholders' Meeting, the Committee has considered how the policy will be applied for 2019 and beyond. In particular, the Committee has reviewed the new UK Corporate Governance Code which was published during 2018, and is committed to embracing the principles of the revised Code. The Committee has undertaken an initial review of our remuneration framework, and in many areas, the Company is already compliant with the terms of the revised Code: for example the Committee has always reviewed and approved the remuneration policy for the first layer of management below Board level. The Committee is committed to complying with all the provisions of the Code in 2019. The Committee has also reviewed the UK Government changes to reporting regulations.

### Working with shareholders

We have met with many of the largest shareholders over the past year, and we appreciate their constructive comments about remuneration in general. In our meetings with them, we reviewed what was considered best practice. We were very pleased with their support for our final Remuneration Policy changes. Our overall intention throughout has been to ensure that we have a strong alignment to our strategy because we think that is the way to create long-term, sustainable shareholder value.

### Dame Marjorie Scardino

Chairman of the Remuneration Committee



**Marc Bolland**  
Chairman of the Remuneration Committee

### From Marc Bolland

This is my first report to you as Chairman of the Remuneration Committee, having succeeded Dame Marjorie Scardino on January 24, 2019. I would like to take the opportunity to thank Dame Marjorie for her excellent work in the role over the past three years and I am very much looking forward to serving you in this new role.

IAG has always recognised the need to build strong relationships with our investors through a process of open and transparent dialogue. It is pleasing that this has been reflected in strong shareholder support for our remuneration policies and practices in recent years. I very much intend to continue with this approach and look

forward to working with you closely as Chair, as the Committee and I seek to ensure that remuneration at IAG continues to be aligned with, and drives delivery of, our business and strategic priorities.

Looking ahead, 2019 promises to be another busy year. We will continue to focus on ensuring that there is alignment between performance and pay outcomes, ensuring that the management team receive fair outcomes under our incentive plans only where this can be supported by company and individual performance. In addition, the Committee will keep working through the implications for IAG of the new UK Corporate Governance Code (the "Code"). We fully support the principles behind the new Code, and took steps in 2018 to address some of the new provisions. We look forward to reviewing how the remaining areas can be implemented in the most effective manner for IAG and all our stakeholders.

On behalf of the Committee, I appreciate your time in reading our 2018 DRR and I hope that you find it accessible and informative.

Approved by the Board and signed on its behalf by

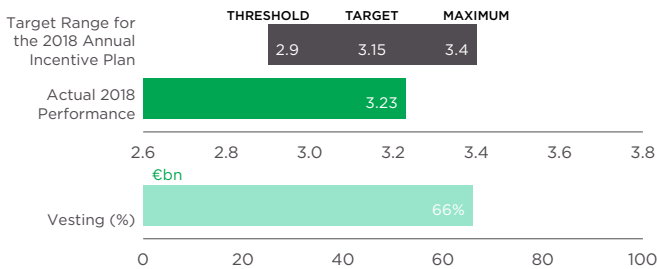
**Marc Bolland**  
Chairman of the Remuneration Committee

## At a Glance

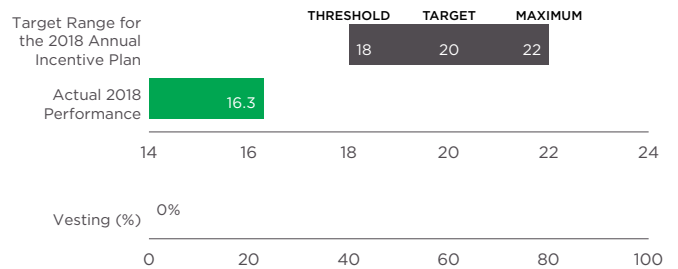
### Implementation of Remuneration Policy in 2018

The following two charts show Company performance for the two corporate measures in the 2018 annual incentive plan. Financial performance and customer performance has resulted in 66 per cent and 0 per cent vesting respectively:

#### IAG Operating Profit (before exceptional items)

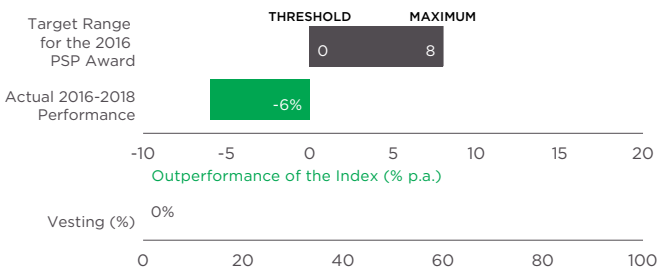


#### Net Promoter Score

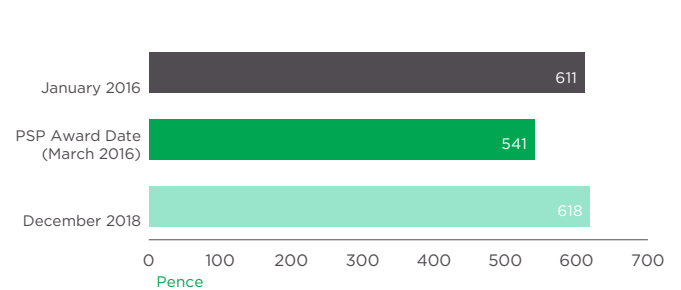


The following four charts show Company performance for the three performance measures in the 2016 PSP award, and share price performance:

#### Total Shareholder Return

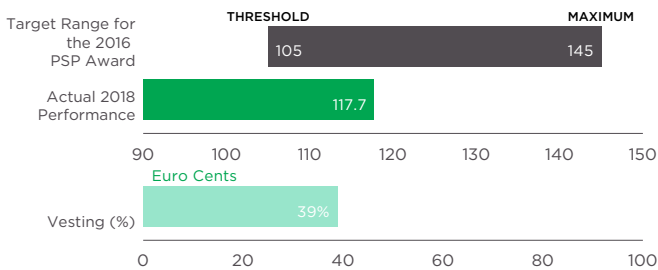


#### Share Price

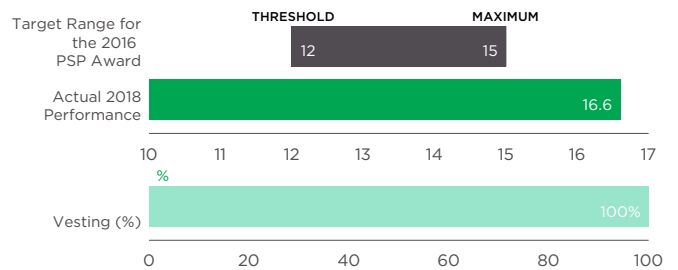


Strong EPS and return performance in 2018 has resulted in good vesting levels for the following two measures in the 2016 PSP award:

#### Adjusted Earnings per Share



#### Return on Invested Capital



## Introduction

The Remuneration Committee takes responsibility for the preparation of the report, which is approved by the Board.

The Company's current policy on directors' remuneration was approved by shareholders at the annual Shareholders' Meeting on June 14, 2018. It is intended that this policy will apply for three years, and therefore there are no changes to the policy this year.

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 Spanish CNMV allowing companies to prepare free format reports. Therefore, IAG is presenting a consolidated report this year responding to Spanish and UK disclosure requirements. This report will be accompanied by a duly completed form which is required by the CNMV covering some relevant data. This is prepared in accordance with Spanish legislation and is available on the Company's website, and the CNMV website.

It is the Company's intention once again to comply voluntarily with all reporting aspects of the UK legislation of 2013 and to follow best practice UK standards, for the benefit of our UK shareholder base.

In addition to the Remuneration Committee Chairman's statement, this Directors' Remuneration Report contains two sections:

- The first section covers the segments of the Directors' Remuneration Policy that require an updating of the data each year.
- The second section, the Annual Report on Remuneration, covers the information on directors' remuneration paid in the reported year.

Accompanying the Report, the CNMV mandatory form will be available on the Company's website and the CNMV website.

## Directors' Remuneration Policy

### Key elements of pay

#### Executive directors

The Company's remuneration policy aims to provide total remuneration packages which are linked to the business strategy, are competitive, and take into account each individual's performance of their role in the Company's work.

The Committee is updated on pay and conditions of the employees within the Group and takes this into account when considering executive directors' remuneration.

The policy as approved by shareholders at the annual Shareholders' Meeting on June 14, 2018 was shown in full in the 2017 Directors' Remuneration Report and is not repeated here. The only sections of the policy shown on the following pages are the sections where we have chosen to update the data for this year, i.e. the remuneration scenarios charts and the date of last re-election of the non-executive directors.

## Remuneration scenarios

A significant portion of the Company's total remuneration package is variable, with emphasis placed on longer-term reward to align closely executive directors' and senior managers' interests with shareholder interests. The charts below show, for 2019 and for each executive director, the minimum remuneration receivable, the remuneration receivable if the director performs in line with the Company's expectations, the maximum remuneration receivable, and the maximum remuneration receivable with 50 per cent share price growth. Apart from the final bar (showing 50 per cent share price growth) on each chart, share price variation during the performance period is not taken into consideration in these scenarios.

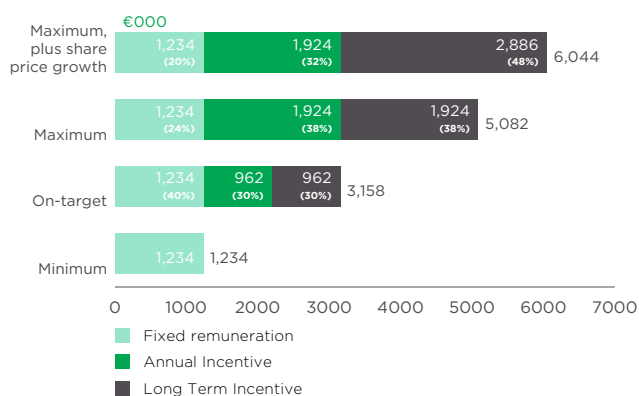
### Chief Executive Officer of IAG

Fixed remuneration is basic salary (2019 level of €962,000), plus taxable benefits (2018 actual of €31,000) plus pension related benefits (2018 actual of €241,000).

The annual incentive amount is zero at the minimum remuneration level, €962,000 at the on-target level (100 per cent of salary), and €1,924,000 at maximum (200 per cent of salary).

The long-term incentive amount is zero at the minimum remuneration level, €962,000 at the on-target level (half of the face value award of 200 per cent of salary), €1,924,000 at maximum (200 per cent of salary), and €2,886,000 at the maximum with 50 per cent share price growth.

All amounts are actually paid in sterling, and are shown here in euro at the €:£ exchange rate of 1.1317.



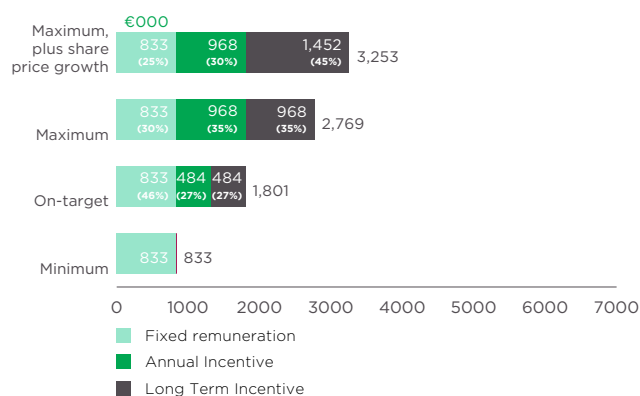
### Chief Financial Officer of IAG

Fixed remuneration is basic salary (2019 level of €645,000), plus taxable benefits (2018 actual of €31,000) plus pension related benefits (2018 actual of €157,000).

The annual incentive amount is zero at the minimum remuneration level, €484,000 at the on-target level (75 per cent of salary), and €968,000 at maximum (150 per cent of salary).

The long-term incentive amount is zero at the minimum remuneration level, €484,000 at the on-target level (half of the face value award of 150 per cent of salary), €968,000 at maximum (150 per cent of salary), and €1,452,000 at the maximum with 50 per cent share price growth.

All amounts are actually paid in sterling, and are shown here in euro at the €:£ exchange rate of 1.1317.



## Service contracts and exit payments policy

### Non-executive directors

Non-executive directors (including the Chairman) 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. The dates of the Chairman's and current non-executive directors' appointments are as follows:

Non-executive director	Date of the first appointment	Date of last re-election
Antonio Vázquez	May 25, 2010	June 14, 2018
Patrick Cescau	September 27, 2010	June 14, 2018
Kieran Poynter	September 27, 2010	June 14, 2018
Alberto Terol	June 20, 2013	June 14, 2018
Dame Marjorie Scardino	December 19, 2013	June 14, 2018
María Fernanda Mejía	February 27, 2014	June 14, 2018
Marc Bolland	June 16, 2016	June 14, 2018
Emilio Saracho	June 16, 2016	June 14, 2018
Nicola Shaw	January 1, 2018 <sup>1</sup>	June 14, 2018
Deborah Kerr	June 14, 2018	-

<sup>1</sup> Appointment approved by the annual Shareholders' Meeting on June 15, 2017 but effective January 1, 2018.

## Annual Remuneration Report

### The Remuneration Committee

The Committee's composition, competencies and operating rules are regulated by article 31 of the IAG Board Regulations. A copy of these Regulations is available on the Company's website.

Beyond executive directors, the Committee oversees the general application of the remuneration policy to the IAG Management Committee (and also occasionally considers remuneration matters of managers generally across the Group).

According to article 31 of the Board Regulations the Remuneration Committee shall be made up of no less than three and no more than five non-executive directors appointed by the Board, with the dedication, capacity and experience necessary to carry out their function. A majority of the members of the Remuneration Committee shall be Independent directors. Dame Marjorie Scardino chaired the Committee until January 24, 2019, being succeeded by Marc Bolland. For the reporting period all members were considered Independent non-executive directors of the Company and none of the members has any personal financial interest, other than as a shareholder, in the matters to be decided.

### The Committee's activities during the year

In 2018, the Committee met five times and discussed, amongst others, the following matters:

Meeting	Agenda items discussed
January	Review of IAG Management Committee members' basic salaries Approval of the 2018 annual incentive plan Approval of the 2018 Performance Share Plan
February	2017 annual incentive plan payments to IAG Management Committee members Vesting outcome of the Performance Share Plan 2015 award Final review of 2017 Directors' Remuneration Report
May	Preparation for the AGM
October	Executive remuneration market update Remuneration strategy for 2019 Review of the new UK Corporate Governance Code
December	Approval of remuneration for a new Management Committee member

### Advisers to the Committee

The Committee appointed Deloitte as its external adviser in September 2016. Deloitte report directly to the Committee. The fees paid to Deloitte for advice provided to the Remuneration Committee during 2018 were €43,285, charged on a time and materials basis. Deloitte is a member of the Remuneration Consultants Group and a signatory to the voluntary UK Code of Conduct. As well as advising the Remuneration Committee, other Deloitte teams provided advice in relation to remuneration, pensions, global employment programmes, data governance, internal audit and tax to the Group in 2018. The Committee has reviewed the remuneration advice provided by Deloitte during the year and is comfortable that it has been objective and independent.

The Company obtained high level headline remuneration survey data from a variety of sources. During the year, the CEO of IAG provided regular briefings to the Committee apart from when his own remuneration was being discussed.



## Single total figure of remuneration for each director

### Subject to full audit

#### Non-executive directors

Director (€'000)	2018 fees	Taxable benefits	Total for year to December 31, 2018	2017 fees	Taxable benefits	Total for year to December 31, 2017
Antonio Vázquez	645	4	649	645	35	680
Patrick Cescau	150	37	187	150	47	197
Marc Bolland	120	6	126	120	6	126
Deborah Kerr <sup>1</sup>	65	4	69	-	-	-
Baroness Kingsmill <sup>2</sup>	-	-	-	55	12	67
James Lawrence <sup>3</sup>	55	4	59	120	13	133
María Fernanda Mejía	120	10	130	120	17	137
Kieran Poynter	140	27	167	140	21	161
Emilio Saracho	120	18	138	120	26	146
Dame Marjorie Scardino	140	68	208	140	89	229
Nicola Shaw <sup>4</sup>	120	7	127	-	-	-
Alberto Terol	120	22	142	120	36	156
<b>Total (€'000)</b>	<b>1,795</b>	<b>207</b>	<b>2,002</b>	<b>1,730</b>	<b>302</b>	<b>2,032</b>

1 Deborah Kerr joined the Board on June 14, 2018

2 Baroness Kingsmill retired from the Board on June 15, 2017

3 James Lawrence retired from the Board on June 14, 2018

4 Nicola Shaw joined the Board effective January 1, 2018, appointment approved by the annual Shareholders' Meeting on June 15, 2017

#### Additional explanations in respect of the single total figure table

Each director has confirmed in writing that they have not received any other items in the nature of remuneration other than those already disclosed in the table above.

#### Fees

Fees paid in the year for non-executive directors.

#### Taxable benefits

Taxable benefits including personal travel.

For the year to December 31, 2018, €:£ exchange rate applied is 1.1317 (2017: 1.1461).

#### Executive directors

The table below sets out the single total figure and breakdown for each executive director. An explanation of how the figures are calculated follows the table. The remuneration for each executive director reflects the performance of the Company and the contribution each individual has made to the ongoing success of the Company.

## 2018

Director ('000)	Base salary	Taxable benefits	Pension related benefits	Annual incentive award	Long-term incentive vesting	Total for year to December 31, 2018
Executive directors						
Willie Walsh (GBP) <sup>1</sup>	850	27	213	1,051	889	3,030
Willie Walsh (euro)	962	31	241	1,189	1,006	3,429
Enrique Dupuy de Lôme (GBP) <sup>1</sup>	557	27	139	498	412	1,633
Enrique Dupuy de Lôme (euro)	630	31	157	564	466	1,848
<b>Total (€'000)</b>	<b>1,592</b>	<b>62</b>	<b>398</b>	<b>1,753</b>	<b>1,472</b>	<b>5,277</b>

<sup>1</sup> Willie Walsh and Enrique Dupuy de Lôme remuneration is paid in sterling and expressed in euro for information purposes only.

### Additional explanations in respect of the single total figure table for 2018

Each director has confirmed in writing that they have not received any other items in the nature of remuneration other than those already disclosed in the table above.

#### Base salary

Salary paid in year for executive directors.

#### Taxable benefits

Taxable benefits including personal travel and, where applicable, a company car, fuel and private health insurance.

#### Pension related benefits

Employer contribution to pension scheme, and/or cash in lieu of pension contribution.

#### Annual incentive plan

Annual incentive award for the period ended December 31, 2018 (accrued at December 31, 2018, but cash payments (50 per cent of the award) not paid until March 2019). The outcomes of the performance conditions which determined the award are described in the next section. Half of the annual incentive award is deferred into shares for three years (Incentive Award Deferral Plan (IADP)). For the 2018 annual incentive plan, these will vest in March 2022.

#### Long-term incentive vesting

This relates to the IAG PSP 2016 award based on performance measured to December 31, 2018, although the shares vested will not be delivered until January 1, 2021, i.e. after the two-year holding period. For the purposes of this table, the award has been valued using the average share price in the three months to December 31, 2018 of 612.2 pence. The outcomes of the performance conditions which determined vesting are described below.

For the year to December 31, 2018, €:£ exchange rate applied is 1.1317 (2017: 1.1461).

## 2017

Director ('000)	Base salary	Taxable benefits	Pension related benefits	Annual incentive award	Long-term incentive vesting	Total for year to December 31, 2017
Executive directors						
Willie Walsh (GBP) <sup>1</sup>	850	25	213	1,580	1,286	3,954
Willie Walsh (euro)	974	29	244	1,810	1,474	4,531
Enrique Dupuy de Lôme (GBP) <sup>1</sup>	547	20	137	732	467	1,903
Enrique Dupuy de Lôme (euro)	627	23	157	839	535	2,181
<b>Total (€'000)</b>	<b>1,601</b>	<b>52</b>	<b>401</b>	<b>2,649</b>	<b>2,009</b>	<b>6,712</b>

<sup>1</sup> Willie Walsh and Enrique Dupuy de Lôme remuneration is paid in sterling and expressed in euro for information purposes only.

### Life insurance

The Company provides life insurance for all executive directors. For the year to December 31, 2018 the Company paid contributions of €22,987 (2017: €16,839).

## Variable pay outcomes

### Subject to audit

#### 2018 Annual Incentive Plan

At the beginning of 2018, the Board, upon a recommendation by the Committee, set IAG operating profit (before exceptional items) as the financial target in the annual incentive plan for that year, with a 60 per cent weighting. Operating profit was considered to be the most appropriate financial measure in aligning shareholder interests with the Company. For the customer measure, there was a weighting of 15 per cent. Outcomes were calculated based on Net Promoter Score (NPS). NPS is used to gauge the loyalty of the Group's customer relationships. It is calculated based on survey responses, by subtracting the percentage of customers who are 'Detractors' from the percentage of customers who are 'Promoters'. The final 25 per cent weighting is based on personal performance against objectives. The Remuneration Committee, on the proposal of the Chairman, considered the Chief Executive Officer's performance against his objectives; and on the proposal of the Chief Executive Officer, considered the Chief Financial Officer's performance against his objectives. Both performance evaluations were submitted to the Board for final approval on February 27, 2019.

The maximum award for the Chief Executive Officer of IAG was 200 per cent of salary (100 per cent of salary for on-target performance), and for the Chief Financial Officer of IAG 150 per cent of salary (75 per cent of salary for on-target performance).

The outcomes of the performance conditions were as follows:

Measure		Chief Executive Officer of IAG	Chief Financial Officer of IAG
<b>IAG operating profit (before exceptional items) (60 per cent)</b>	Payout	€761,860	€374,432
		£673,200	£330,858
	per cent of maximum awarded	66 per cent	66 per cent
		Please see below for details of the performance target ranges	Please see below for details of the performance target ranges
<b>Group Net Promoter Score (15 per cent)</b>	Outcomes versus targets	€0	€0
		£0	£0
	per cent of maximum awarded	0 per cent	0 per cent
		Please see below for details of the performance target ranges	Please see below for details of the performance target ranges
<b>Personal performance against objectives (25 per cent)</b>	Outcomes versus targets	€428,066	€189,107
		£378,250	£167,100
	per cent of maximum awarded	89 per cent	80 per cent
		Please see below for details of the extent of the achievement of objectives.	Please see below for details of the extent of the achievement of objectives.
<b>Details of any discretion exercised</b>			
<b>Overall outcome</b>		€1,189,926	€563,539
		£1,051,450	£497,958

Half of the overall outcome of the annual incentive detailed above is payable in deferred shares in the Company vesting after three years (under the Incentive Award Deferral Plan). IAG operating profit (before exceptional items) for 2018 (60 per cent of the annual incentive) was between the on-target level and the stretch target level and has resulted in 66 per cent of the maximum paying out for this element of the incentive (2017: 100 per cent). The target range for 2018 was as follows: the threshold level at which payments would begin was €2,900 million, the on-target level at which 50 per cent of the maximum would pay out was €3,150 million, and the stretch target level at which the maximum would pay out was €3,400 million. There was 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. Net Promoter Score for 2018 (15 per cent of the annual incentive) achieved 16.3, which is below the threshold level at which payments begin for this element (2017: 60 per cent of the maximum). The target range for 2018 was as follows: the threshold level at which payments would begin was 18.0, the on-target level at which 50 per cent of the maximum would pay out was 20.0, and the stretch target level at which the maximum would pay out was 22.0. There was 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.

## Personal Performance

In assessing personal performance, the Committee considers a range of factors to ensure there is a holistic and detailed assessment of the executive directors' contribution to the overall strategic priorities of the Group. This is summarised below for executive directors:

### Chief Executive Officer of IAG

#### Unrivalled customer proposition

- Leading the Group's commitment to strengthening its customer focus, ensuring that each of the airlines invested significantly in improving their customer experience
- This included British Airways delivering catering improvements, opening new lounges, investing in technology, and extending the use of biometric boarding gates; and Iberia delivering an improved customer experience in its premium economy product
- Overseeing the launch of shorthaul operations under the LEVEL brand, and the further launch of longhaul LEVEL services

#### Value accretive and sustainable growth

- The CEO of IAG is respected across the global airline industry, and during 2018 became Chairman of Airlines For Europe, the largest airline association in Europe
- Reinforcing the Group's leadership positions in its home markets with the addition of 48 new routes
- Continuing to optimise the Group's longhaul network and customer proposition together with its joint business partners
- Overseeing the activity to be a leading airline group with regard to sustainability, including the option to acquire a site to develop the UK's first commercial scale waste to jet fuel project

#### Efficiency and innovation

- Continuing the focus on efficiency and cost reduction programmes to ensure customer and shareholder value creation
- Ensuring that digital innovation has remained a core part of the Group's focus, continuing the Hangar 51 accelerator programmes to attract global talent, and making strategic investments to automate the business above and below the wing
- Continuing to develop capabilities to support data customisation and data analytics, allowing Avios members a smoother online experience
- Continuation of the roll out of Wi-Fi connection on the Group's fleet

### Chief Financial Officer of IAG

#### Unrivalled customer proposition

- Supported the significant focussed investment at each airline to strengthen customer focus and improve the customer experience
- Continued focus on reducing costs and improving efficiency by leveraging Group scale and synergy opportunities. This has ensured customer and shareholder value creation

#### Value accretive and sustainable growth

- Supporting the CEO as the Group delivered a strong performance in 2018 with operating profit, earnings per share and Return on Invested Capital all increasing
- Careful management of financial risk, maintaining adequate cash balances and substantial committed financing facilities
- Development of an internal framework to assess the value to shareholders which would potentially be created by organic and inorganic growth opportunities

#### Efficiency and innovation

- Proactive leadership to continue the focus on disciplined capital allocation, active portfolio management, and flexible and rapid decision making
- Driving the CASK ex-fuel cost reduction - 11.1 per cent reduction at constant currency since IAG's founding in 2011

### IAG PSP award 2016

The IAG PSP award granted on March 7, 2016 was tested at the end of the performance period which began on January 1, 2016 and ended on December 31, 2018. The awards were equivalent to 200 per cent of salary for the Chief Executive Officer of IAG and 150 per cent of salary for the Chief Financial Officer of IAG.

One-third of the award was subject to a TSR performance condition measured against an index, one-third subject to achievement of the Company's adjusted EPS targets (diluted EPS, adjusted for exceptional items), and one-third subject to a RoIC performance condition. The vesting of any award was subject to the Board being satisfied that the Group's underlying financial performance was satisfactory in the circumstances prevailing over the three-year period.

The outcome of the performance condition was as follows:

Measure	Threshold	Maximum	Outcome	Vesting (as per cent award granted in 2016)
<b>TSR performance compared to the TSR performance of the MSCI European Transportation (large and mid-cap) index (one-third)</b>	IAG's TSR performance equal to the index (25 per cent of award vests)	IAG's TSR performance exceeds index by 8 per cent p.a. (100 per cent of award vests)	IAG underperformed the index by 6 per cent p.a.	0 per cent
<b>Adjusted earnings per share (EPS) (one-third)</b>	2018 EPS of 105 €cents (10 per cent of award vests)	2018 EPS of 145 €cents (100 per cent of award vests)	117.7 €cents	39 per cent
<b>Return on Invested Capital (RoIC) (one-third)</b>	2018 RoIC of 12 per cent (10 per cent of award vests)	2018 RoIC of 15 per cent (100 per cent of award vests)	16.6 per cent	100 per cent
<b>Details of any discretion exercised</b>				
<b>Overall outcome</b>				46.19 per cent

### IAG PSP award 2015

The IAG PSP award granted on May 28, 2015 was tested at the end of the performance period which began on January 1, 2015 and ended on December 31, 2017. The awards were equivalent to 200 per cent of salary for the Chief Executive Officer of IAG and 120 per cent of salary for the Chief Financial Officer of IAG.

One-third of the award was subject to a TSR performance condition measured against an index, one-third subject to achievement of the Company's adjusted EPS targets (as defined above in the 2016 award), and one-third subject to a RoIC performance condition. The vesting of any award was subject to the Board being satisfied that the Group's underlying financial performance was satisfactory in the circumstances prevailing over the three-year period.

The outcome of the performance condition was as follows:

Measure	Threshold	Maximum	Outcome	Vesting (as per cent award granted in 2015)
<b>TSR performance compared to the TSR performance of the MSCI European Transportation (large and mid-cap) index (one-third)</b>	IAG's TSR performance equal to the index (25 per cent of award vests)	IAG's TSR performance exceeds index by 8 per cent p.a. (100 per cent of award vests)	IAG underperformed the index by 4 per cent p.a.	0 per cent
<b>Adjusted earnings per share (EPS) (one-third)</b>	2017 EPS of 70 €cents (10 per cent of award vests)	2017 EPS of 100 €cents (100 per cent of award vests)	102.8 €cents	100 per cent
<b>Return on Invested Capital (RoIC) (one-third)</b>	2017 RoIC of 12 per cent (10 per cent of award vests)	2017 RoIC of 15 per cent (100 per cent of award vests)	16.0 per cent	100 per cent
<b>Details of any discretion exercised</b>				
<b>Overall outcome</b>				66.67 per cent

## Scheme interests awarded during the financial year

### Subject to audit

The IAG PSP is a discretionary plan targeted at key senior Group executives and managers who directly influence shareholder value. The Company granted an award under the PSP on May 10, 2018. The table in this section sets out the key details of the award.

The Committee believes that comparing the Company's TSR to that of European transportation companies, including airlines, is appropriate, given that these companies are subject to external influences impacting share price performance similar to those of the Group. This comparison therefore provides a good reference point for management outperformance and value creation.

Earnings per share reflect the profitability of our business and the core elements of value creation for our shareholders. Growing earnings indicates that the Group is on the right path to create value for our shareholders.

The Company uses rolling Return on Invested Capital (RoIC) as a profitability indicator to assess efficient return on the Group's asset base. It quantifies how well the airlines generate cash flow in relation to the capital invested in their businesses together with their ability to fund growth and to pay dividends.

### PSP 2018 – eligibility, metrics and targets

Type of award	Shares		
Basis of determination of the size of award	Awards only made to those executives who are consistently high-performing, and/or are in key roles, and/or whom the Company wishes to retain in the long term.		
Face value awarded (per cent of salary)	CEO of IAG – 200 per cent	Other executive directors – 150 per cent	
Grant price	£6.91		
Performance period	January 1, 2018 to December 31, 2020		
Performance conditions	Adjusted EPS performance targets	RoIC performance targets	TSR performance compared to the TSR performance of the MSCI European Transportation (large and mid-cap) index
Weighting	One-third	One-third	One-third
Threshold	2020 EPS of 130 €cents 10 per cent vests	2020 RoIC of 13 per cent 10 per cent vests	IAG's TSR performance equal to the index 25 per cent vests
Target	2020 EPS between 130 €cents and 170 €cents (straight line vesting between threshold and maximum)	2020 RoIC between 13 per cent and 16 per cent (straight line vesting between threshold and maximum)	IAG's TSR performance between index return and 8 per cent p.a. outperformance (straight line vesting between threshold and maximum)
Maximum	2020 EPS of 170 €cents 100 per cent vests	2020 RoIC of 16 per cent 100 per cent vests	IAG's TSR performance exceeds index by 8 per cent p.a. 100 per cent vests
Holding period	Additional period of two years after the performance period		

Adjusted EPS measure is as defined for the 2016 PSP award earlier in the report. The Board, after considering the recommendation of the Remuneration Committee, retains the discretion to review and, if appropriate, revise the EPS targets and/or definition in the context of any corporate transactions, provided that, in its view, any revised targets are no more or less challenging than the original targets. To the extent that any such adjustments are made, the Committee will disclose the basis for any adjustments and the rationale in subsequent reports.

## Total pension entitlements

### Subject to audit

Willie Walsh is not a member of the Company's pension scheme, and the Company therefore did not pay any contributions during the reporting period (2017: zero). He received cash in lieu of contributions of €212,500 (2017: £212,500).

Enrique Dupuy de Lôme is not a member of the Company's pension scheme, and the Company therefore did not pay any contributions during the reporting period (2017: zero). He received cash in lieu of contributions of €139,250 (2017: £136,750).

### Payments for loss of office

No executive directors have left office during 2018. There were no payments made to non-executive directors after they left office during 2018.

### Payments to past directors

José Pedro Pérez-Llorca received travel benefits worth €6,920 during 2018 after he had left the Company. Baroness Kingsmill received travel benefits worth €15,001 during 2018 after she had left the Company. James Lawrence received travel benefits worth €10,536 during 2018 after he had left the Company.

### Statement of voting

The table below shows the consultative vote on the 2017 annual Directors' Remuneration Report at the 2018 annual Shareholders' Meeting, and the binding vote on the Directors' Remuneration Policy at the 2018 annual Shareholders' Meeting:

	Number of votes cast	For	Against	Abstentions/Blank
2017 Annual Directors' Remuneration Report	1,463,865,426	1,391,707,784 (95.070 per cent)	8,644,928 (0.591 per cent)	63,512,714 (4.339 per cent)
Directors' Remuneration Policy	1,463,865,426	1,396,029,011 (95.366 per cent)	13,091,180 (0.894 per cent)	54,745,235 (3.740 per cent)

## Statement of directors' shareholding and share interests

### Subject to audit

In order that their interests are aligned with those of shareholders, each executive director is required to build up and maintain a minimum personal shareholding in the Company.

Under the Group's shareholding guidelines, the CEO of IAG is required to build up and maintain a shareholding of 350 per cent of salary. Other executive directors are required to build up and maintain shareholdings of 200 per cent of salary. In addition, they are required to retain the entire 100 per cent of shares (net of tax) which vest from share plans until their respective shareholding requirement is attained. The Committee has reviewed executive directors' progress against the requirements and notes that both executive directors are well above the shareholding requirement. There has been a significant improvement in shareholding for the executive directors over the past five years, as a result of PSP awards vesting, and deferred shares awards from annual incentive plans.

Interests in share awards following departure can enable departing directors to remain aligned with the interests of shareholders for an extended period after leaving the Company. For good leavers, share awards will not vest early on departure except in certain circumstances (for example on death). Deferred annual incentive awards and PSP awards will normally vest (and be released from their holding periods) at the normal time. This means that directors may retain a significant interest in shares for up to 5 years following departure from the Company.

Shares which count towards the guideline include shares already held by the executive, vested and exercised shares, vested and unexercised shares including those in the *performance share plan* holding period, and unvested deferred annual incentive shares. The table below summarises current executive directors' interests as of December 31, 2018:

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	Unvested shares from deferred annual incentive plans	Total qualifying shareholding
Willie Walsh	350 per cent of salary	72,000	1,671,971	296,226	154,697	2,194,894 (1,257 per cent of salary)
Enrique Dupuy de Lôme	200 per cent of salary	100	492,007	109,760	63,432	665,299 (644 per cent of salary)

### External non-executive directorship

The Nominations Committee's consent is required before an executive director can accept an external non-executive appointment. During the reporting period in question no executive director held a directorship from which they retained a fee. Until December 31, 2018, Willie Walsh was a non-executive director of the Irish National Treasury Management Agency, for which he has declined a fee. Enrique Dupuy de Lôme is Chairman of Iberia Cards.

### Non-executive directors

Non-executive directors are paid a flat fee each year. The Non-Executive Chairman's fee is €645,000. Other non-executive directors have a fee of €120,000. The additional fee for holding a Committee chairmanship is €20,000, and the additional fee for discharging the functions of Senior Independent Director is €30,000.

In relation to the Chairman, as set out in the British Airways and Iberia merger documentation, the conditions of the service contract with Iberia were taken into account at the time of the merger. This means that he will therefore continue to be entitled to a lump-sum retirement benefit in an amount of €2,800,000. The fund balance under the policy (including accrued interest) will be paid upon exit from the Company for any reason.

### Directors' interests in shares

#### Subject to audit

	Total shares and voting rights	Percentage of capital
Antonio Vázquez	512,291	0.026
Willie Walsh	1,930,985	0.097
Marc Bolland	0	0.000
Patrick Cescau	0	0.000
Enrique Dupuy de Lôme	562,165	0.028
Deborah Kerr	0	0.000
María Fernanda Mejía	100	0.000
Kieran Poynter	15,000	0.001
Emilio Saracho	0	0.000
Dame Marjorie Scardino	100	0.000
Nicola Shaw	1,517	0.000
Alberto Terol	26,537	0.001
<b>Total</b>	<b>3,048,695</b>	<b>0.153</b>

There have been no changes to the shareholdings set out above between December 31, 2018 and the date of this report.

### Share scheme dilution limits

The Investment Association sets guidelines that restrict the issue of new shares under all the Company's share schemes in any ten-year period to 10 per cent of the issued ordinary share capital and restrict the issues under the Company's discretionary schemes to 5 per cent in any ten-year period. At the annual Shareholders' Meeting on June 18, 2015 the Company was given authority to allocate up to 67,500,000 shares (3.31 per cent of the share capital) in 2015, 2016, 2017 and 2018. Of this a maximum of 7,650,000 shares could be allocated to executive directors under all IAG share plans for awards made during 2015, 2016, 2017 and 2018. At December 31, 2018, 3.17 per cent of the share capital had been allocated under the IAG share plans.

The highest and lowest closing prices of the Company's shares during the period and the share price at December 31, 2018 were:

At December 31 2018	618p
Highest in the period	727p
Lowest in the period	557p

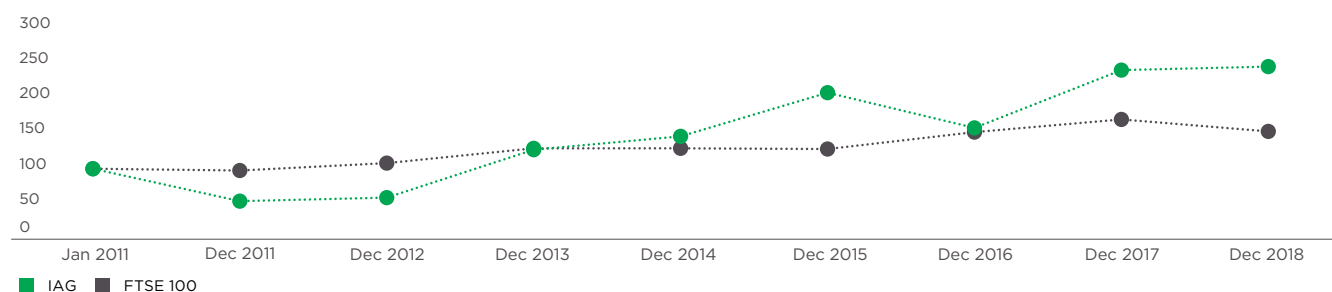


### Company performance graph and Chief Executive Officer of IAG 'single figure' table

The chart shows the value by December 31, 2018 of a hypothetical £100 invested in IAG shares on listing compared with the same amount invested in the FTSE 100 index over the same period. 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.

### IAG's total shareholder return (TSR) performance compared to the FTSE 100



The table below shows the CEO 'single total figure' of remuneration for each year since the creation of IAG in January 2011:

	CEO of IAG - 'total single figure' of remuneration	Annual incentive	Long-term incentive
2011	£1,550,000	Includes annual incentive payment of £302,000 (18 per cent of maximum).	Includes £251,594 value of long-term incentives vesting (35 per cent of maximum).
2012	£1,083,000	No annual incentive payment.	Zero vesting of long-term incentives.
2013	£4,971,000	Includes annual incentive payment of £1,299,375 (78.75 per cent of maximum).	Includes £2,593,569 value of long-term incentives vesting (100 per cent of maximum).
2014	£6,390,000	Includes annual incentive payment of £1,662,222 (97.78 per cent of maximum).	Includes £3,640,135 value of long-term incentives vesting (85 per cent of maximum).
2015	£6,455,000	Includes annual incentive payment of £1,360,000 (80 per cent of maximum).	Includes £4,405,185 value of long-term incentives vesting (100 per cent of maximum).
2016	£2,462,000	Includes annual incentive payment of £566,667 (33.33 per cent of maximum).	Includes £807,741 value of long-term incentives vesting (50 per cent of maximum).
2017	£3,954,000	Includes annual incentive payment of £1,579,583 (92.92 per cent of maximum).	Includes £1,285,819 value of long-term incentives vesting (66.67 per cent of maximum).
2018	£3,030,000	Includes annual incentive payment of £1,051,450 (61.85 per cent of maximum).	Includes £888,605 value of long-term incentives vesting (46.19 per cent of maximum).

Single total figure of remuneration includes basic salary, taxable benefits, pension related benefits, annual incentive award and long-term incentive vesting.

2011 figure includes 20 days of remuneration in January 2011 paid by British Airways.

### Percentage change in remuneration of the Chief Executive Officer of IAG compared to employees

The table below shows how the remuneration of the Chief Executive Officer of IAG has changed for 2018 compared to 2017.

This is then compared to a group of appropriate employees. It has been determined that the most appropriate group of employees is all UK employees in the Group, comprising around 40,000 employees in total. To make the comparison between the CEO of IAG and employees as meaningful as possible, it was determined that as large a group as possible of employees should be chosen.

The selection of all UK employees in the Group (roughly two-thirds of the entire Group's employees) meets these criteria. The majority of the 40,000 UK employees in the Group are employed by British Airways, but there are also a number of employees from all other companies in the Group based in the UK. It was determined that employees outside the UK would not be considered for the comparison, as very different employment market conditions exist in other countries.

	Chief Executive Officer of IAG	UK employees
Basic salary	No basic salary increase for 2018.	Basic salary awards in 2018 at UK companies in the Group varied from around 2 per cent to 4.1 per cent.
Annual incentive	Decrease from £1,579,583 in March 2018 (covering the 2017 performance period) to £1,051,450 in March 2019 (covering the 2018 performance period). This represents a 33 per cent decrease.	Changes in overall annual incentive payments for 2018 versus 2017 varied considerably around the Group, depending on the incentive design, financial performance, and non-financial performance at each individual company.
Taxable benefits	No change in benefits policy. Actual payments increased to £27,000 in 2018 from £25,000 in 2017.	No change in benefits policy. Overall costs 2018 versus 2017 increased very slightly in line with inflation.

### Relative importance of spend on pay

The table below shows, for 2018 and 2017, total remuneration costs, operating profit and dividends for the Company.

	2018	2017
Total employee costs, IAG	<b>€4,812,000,000</b>	€4,740,000,000
Total remuneration, directors (including non-executive directors)	<b>€7,279,000</b>	€8,744,000
IAG operating profit (before exceptional items)	<b>€3,230,000,000</b>	€3,015,000,000
Dividend declared	<b>€288,000,000</b>	€550,000,000
Dividend proposed	<b>€1,027,000,000</b>	-

Total employee costs are before exceptional items.

### CEO pay ratio

Following UK Government changes to reporting regulations, IAG has voluntarily chosen to disclose the median pay ratio a year early. The table below shows the ratio of pay between the CEO of IAG and IAG's UK employees. The CEO of IAG remuneration is the 2018 'single figure' total remuneration, and this is compared to the median 2018 total remuneration of full-time equivalent UK employees in IAG. The Government's methodology "A" has been used to calculate the remuneration. The data for the UK employees is from the payroll records of 35,559 UK employees who were in the Group for the whole of 2018, approximately 98 per cent of the UK employee total. It is recognised that this is not aligned with the new regulations for this first year of voluntary disclosure, but from when the regulations formally start on January 1, 2019 we will be in a position to be able to fully report this from next year's report onwards.

Percentile	CEO of IAG pay ratio
50th (Median)	60:1

## Implementation of remuneration policy for 2019

### Basic salary

Basic salaries for executive directors are reviewed from January 1 each year. After careful consideration of Company affordability, the worth of each executive, retention risks and the size of pay increases generally across the Group for 2019 (which varied across the Group from 2.0 per cent to 3.0 per cent), the Board, following the recommendation of the Remuneration Committee, approved the following:

Executive director	Basic salary review
Chief Executive Officer of IAG	£850,000 (€962,000) (no increase from 2018).
Chief Financial Officer of IAG	£570,000 (€645,000) (in UK sterling terms, an increase of 2.3% from 2018).

The Remuneration Committee recommended the Board to offer the Chief Executive a salary increase in line with that applied to other executives, however it was respectfully declined by him.

### 2019 annual incentive plan

For 2019, the maximum award for the Chief Executive Officer of IAG will be 200 per cent of salary and for the Chief Financial Officer of IAG 150 per cent of salary. The weighting for the IAG operating profit (before exceptional items) measure will be 60 per cent, and for role-specific objectives will be 25 per cent. The remaining 15 per cent weighting will be for the Net Promoter Score (NPS) measure. The Board, after considering the recommendation of the Committee, has approved a stretching target range for IAG operating profit and NPS for 2019 at the threshold, on-target and maximum levels. At threshold, there will be a zero pay-out, 50 per cent of the maximum will pay out at the on-target level, and 100 per cent of the maximum will pay out at the stretch target level. There will be a straight line sliding scale between threshold and on-target, and on-target and the stretch target. For commercial reasons, the target range for IAG operating profit will not be disclosed until after the end of the performance year. It will be disclosed in next year's Remuneration Report.

### 2019 Performance Share Plan award

The Board, on the Committee's recommendation, has approved a PSP award for 2019, with a performance period of January 1, 2019 to December 31, 2021.

For 2019, the face value of awards for the Chief Executive Officer will be 200 per cent of salary and for the Chief Financial Officer 150 per cent of salary.

The Board has approved the use of three performance conditions, each with a one-third weighting. These are the same three performance conditions and weightings that have been used since 2015. The reasons for the Board considering these measures to be appropriate are the same reasons as those mentioned for the 2018 PSP award earlier in the report.

The first is based on IAG TSR performance relative to the MSCI European Transportation Index. The target range is identical to 2018, and is outlined earlier in this report.

The second performance condition is based on adjusted EPS (as defined in the 2016 award). The Board and the Committee have agreed that the adjusted earnings per share (EPS) target range for the 2019 PSP award will be increased compared to the 2018 PSP award. The adjusted EPS measure will be as follows:

Weighting	One-third
Threshold	2021 adjusted EPS of 150 €cents 10 per cent vests
Target range (straight line vesting between threshold and maximum)	2021 adjusted EPS between 150 €cents and 190 €cents
Maximum	2021 adjusted EPS of 190 €cents 100 per cent vests

The third performance condition is RoIC. The target range has been increased at the bottom end. The measure will be as follows:

Weighting	One-third
Threshold	2021 RoIC of 14 per cent 10 per cent vests
Target range (straight line vesting between threshold and maximum)	2021 RoIC between 14 per cent and 16 per cent
Maximum	2021 RoIC of 16 per cent 100 per cent vests

There will be an additional holding period of two years. This means that executives will be required to retain the shares for a minimum of two years following the end of the performance period. This is to strengthen the alignment between executives and shareholders.

### Taxable benefits and pension related benefits

Taxable benefits remain unchanged for 2019. Pension related benefits as a percentage of basic salary will decrease for new externally recruited executive directors as stated in the Remuneration Policy.

### Non-executive director fees

Non-executive director fees were last reviewed in 2017 and remain unchanged for 2019. The fees have remained unchanged since 2011.

### Supplementary information

#### Directors' share options

The following directors held nil-cost options over ordinary shares of the Company granted under the IAG PSP.

Director	Date of grant	Number of options at January 1, 2018	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 December 31, 2018
<b>Executive directors</b>									
Willie Walsh	May 28, 2015	309,091	-	-	103,031	-	January 1, 2020	December 31, 2024	206,060
	March 7, 2016	314,233	-	-	-	-	January 1, 2021	December 31, 2025	314,233
	March 6, 2017	311,355	-	-	-	-	January 1, 2022	December 31, 2026	311,355
	May 10, 2018	-	-	-	-	246,020	January 1, 2023	December 31, 2027	246,020
<b>Total</b>		<b>934,679</b>	<b>-</b>	<b>-</b>	<b>103,031</b>	<b>246,020</b>			<b>1,077,668</b>
Enrique Dupuy de Lôme	May 28, 2015	112,364	-	-	37,455	-	January 1, 2020	December 31, 2024	74,909
	March 7, 2016	145,647	-	-	-	-	January 1, 2021	December 31, 2025	145,647
	March 6, 2017	147,198	-	-	-	-	January 1, 2022	December 31, 2026	147,198
	May 10, 2018	-	-	-	-	118,741	January 1, 2023	December 31, 2027	118,741
<b>Total</b>		<b>405,209</b>	<b>-</b>	<b>-</b>	<b>37,455</b>	<b>118,741</b>			<b>486,495</b>

The award granted on May 28, 2015 was tested at the end of the performance period, and as a result 66.67 per cent of the award vested, as detailed earlier in this report in the section on Variable pay outcomes.

The performance conditions for each of the other PSP awards listed above will be tested to determine the level of vesting. For each of these awards, one-third of the award is subject to TSR performance measured against an index, one-third is subject to adjusted EPS performance, and one-third is subject to RoIC performance. The performance conditions will be measured over a single three-year performance period. For each of these awards, following the performance period there is an additional holding period of two years.

The value attributed to the Company's ordinary shares in accordance with the plan rules on the dates of the PSP awards were as follows: 2018: 691 pence; 2017: 546 pence; 2016: 541 pence; and 2015: 550 pence.

### Incentive Award Deferral Plan

The following directors held conditional awards over ordinary shares of the Company granted under the IAG IADP (awarded as a result of IAG performance for the periods that ended December 31, 2014, December 31, 2015, December 31, 2016, and December 31, 2017).

Director	Relates to incentive award earned in respect of performance	Date of award	Number of awards at January 1, 2018	Awards released during the year	Date of vesting	Awards lapsing during the year	Awards made during the year	Number of awards at December 31, 2018
<b>Executive directors</b>								
Willie Walsh	2014	May 28, 2015	151,111	151,111	March 8, 2018	-	-	-
	2015	March 7, 2016	125,693	-	March 7, 2019	-	-	125,693
	2016	March 6, 2017	51,893	-	March 6, 2020	-	-	51,893
	2017	May 10, 2018	-	-	March 8, 2021	-	114,297	114,297
<b>Total</b>			328,697	151,111		-	114,297	291,883
Enrique Dupuy de Lôme	2014	May 28, 2015	50,252	50,252	March 8, 2018	-	-	-
	2015	March 7, 2016	44,665	-	March 7, 2019	-	-	44,665
	2016	March 6, 2017	22,080	-	March 6, 2020	-	-	22,080
	2017	May 10, 2018	-	-	March 8, 2021	-	52,939	52,939
<b>Total</b>			116,997	50,252		-	52,939	119,684

There are no performance conditions to be tested before vesting for the IADP, except that the director must still be employed by the Company at the time of vesting, or have left as a Good Leaver.

The value attributed to the Company's ordinary shares in accordance with the plan rules on the date of the 2018 IADP award was 691 pence (2017: 546 pence; 2016: 541 pence; and 2015: 550 pence).

The value attributed to the Company's ordinary shares in accordance with the plan rules on the date of the 2015 IADP award was 550 pence. The share price on the date of the vesting of this award (March 8, 2018) was 629 pence. The money value of the shares received was the share price on the date of the vesting multiplied by the number of shares in respect of the award vested, as shown in the table above.



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**ANNEX III – STATISTICS ON ANNUAL REPORT ON REMUNERATION OF DIRECTORS OF LISTED COMPANIES**

THE ISSUER'S IDENTIFYING DATA

DATE OF END OF REFERENCE FINANCIAL YEAR	31/12/2018
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TAX IDENTIFICATION NO.	A-85845535
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CORPORATE NAME

International Consolidated Airlines Group, S.A.

REGISTERED OFFICE

El Caserío, Iberia Zona Industrial, nº 2 (La Muñoza), Camino de la Muñoza, s/n, 28042 Madrid

**STATISTICAL ANNEX OF THE ANNUAL REPORT ON REMUNERATION OF DIRECTORS OF LISTED COMPANIES**

**B OVERALL SUMMARY OF HOW REMUNERATION POLICY WAS APPLIED DURING THE YEAR ENDED**

B.4 Report on result of consultative vote at General Shareholders' Meeting on annual report on remuneration from previous year, indicating number of votes against, as the case may be.

	Number	% of total
Votes cast	1,463,865,426	71.131

	Number	% of votes cast
Votes against	8,644,928	0.591
Votes in favour	1,391,707,784	95.070
Abstentions	63,512,714	4.339

**C ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR**

Name	Type	Period of accrual in year t
Antonio Vázquez	Independent	From 01.01.2018 to 12.31.2018
Willie Walsh	Executive	From 01.01.2018 to 12.31.2018
Patrick Cescau	Independent	From 01.01.2018 to 12.31.2018
Marc Bolland	Independent	From 01.01.2018 to 12.31.2018
Enrique Dupuy de Lôme	Executive	From 01.01.2018 to 12.31.2018
Deborah Kerr	Independent	From 06.14.2018 to 12.31.2018
James Lawrence	Other external	From 01.01.2018 to 06.14.2018
María Fernanda Mejía	Independent	From 01.01.2018 to 12.31.2018
Kieran Poynter	Independent	From 01.01.2018 to 12.31.2018
Emilio Saracho	Independent	From 01.01.2018 to 12.31.2018
Dame Marjorie Scardino	Independent	From 01.01.2018 to 12.31.2018
Nicola Shaw	Independent	From 01.01.2018 to 12.31.2018
Alberto Terol	Independent	From 01.01.2018 to 12.31.2018

C.1 Complete the following tables on individual remuneration of each director (including the remuneration for exercising executive functions) accrued during the year.



a) Remuneration from the reporting company:

i) Remuneration in cash (thousand euros)

Name	Fixed remuneration	Per diem allowances	Remuneration for membership of Board's committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Severance Pay	Other grounds	Total in year t	Total in year t-1
Antonio Vázquez	645	0	0	0	0	0	0	4	649	680
Willie Walsh	0	0	0	962	595	0	0	272	1,829	2,152
Patrick Cescau	150	0	0	0	0	0	0	37	187	197
Marc Bolland	120	0	0	0	0	0	0	6	126	126
Enrique Dupuy de Lôme	0	0	0	630	282	0	0	188	1,100	1,226
Deborah Kerr	65	0	0	0	0	0	0	4	69	-
James Lawrence	55	0	0	0	0	0	0	4	59	133
María Fernanda Mejía	120	0	0	0	0	0	0	10	130	137
Kieran Poynter	120	0	20	0	0	0	0	27	167	161
Emilio Saracho	120	0	0	0	0	0	0	18	138	146
Dame Marjorie Scardino	120	0	20	0	0	0	0	68	208	229
Nicola Shaw	120	0	0	0	0	0	0	7	127	-
Alberto	120	0	0	0	0	0	0	22	142	156











The summary should include the amounts corresponding to all the items of remuneration included in this report that have been accrued by the director, in thousand euros.

Name	Remuneration accrued in the company					Remuneration accrued in group companies				
	Total cash remuneration	Grossprofit of consolidated shares or financial instruments	Remuneration from saving systems	Remuneration for other items	Total FY2018 company	Total cash remuneration	Grossprofit of consolidated shares or financial instruments	Remuneration from saving systems	Remuneration for other items	Total year t group
Antonio Vázquez	649	0	0	0	649	0	0	0	0	0
Willie Walsh	1,829	1,076	0	14	2,919	0	0	0	0	0
Patrick Cescau	187	0	0	0	187	0	0	0	0	0
Marc Bolland	126	0	0	0	126	0	0	0	0	0
Enrique Dupuy de Lôme	1,100	358	0	9	1,467	0	0	0	0	0
Deborah Kerr	69	0	0	0	69	0	0	0	0	0
James Lawrence	59	0	0	0	59	0	0	0	0	0
María Fernanda Mejía	130	0	0	0	130	0	0	0	0	0

Kieran Poynter	167	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Emilio Saracho	138	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dame Marjorie Scardino	208	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nicola Shaw	127	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Alberto Terol	142	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

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This annual report on remuneration has been approved by the Board of Directors of the company, at its meeting on February 27, 2019.

State if any directors have voted against or abstained from approving this report.

Yes

No

<b>Name or company name of the member of the Board of Directors who has not voted for the approval of this report</b>	<b>Reasons (against, abstention, non- attendance)</b>	<b>Explain the reasons</b>