



**IAG** INTERNATIONAL  
AIRLINES  
GROUP

# Directors' Remuneration Report 2023



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Annex III. Statistics relation to the Annual report on Director remuneration of Listed Companies

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# Report of the Remuneration Committee



**Heather Ann McSharry**  
Remuneration Committee Chair

<b>Committee members</b>	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 2023 Directors' Remuneration Report. This report includes both: (i) our 2023 Annual Report on Remuneration, detailing how our current Directors' Remuneration Policy was implemented during 2023 and our proposed approach for 2024; and (ii) our proposed Directors' Remuneration Policy that is intended to apply from the date of our 2024 Annual General Meeting, in line with the three-year cycle in UK and Spanish remuneration regulations.

It has been an important year for IAG, in which the Group has continued its strong recovery after a very difficult period, delivering strong financial performance and having communicated our updated strategic and transformation plans to the market. In this context, the Committee continued to oversee the implementation of the Remuneration Policy during the period, focusing in particular on our

existing remuneration framework and its possible evolution in the short and medium term. In discharging its responsibilities, the Committee has remained mindful of the need to continue to attract, retain and incentivise our senior executives, in what has continued to be a dynamic and tight labour market, while consistently taking into account the wider experience of the workforce, our shareholders and all other stakeholders.

### Performance delivered in 2023

IAG achieved strong operating profits as we continue to transform our businesses to deliver world-class operating margins and returns on invested capital. This result led to strong cash generation in the year, strengthening our balance sheet, with net leverage back within IAG's target range and improved credit ratings, and enabling us to invest in improving our customer experience.

The Group's performance has been against a background of continued uncertainty driven by the macroeconomic and geopolitical environment.

- Operating profit before exceptional items €3,507 million;
- Capacity recovered to 95.7% of 2019 levels and more than 115 million passengers flown;
- Significantly strengthened our balance sheet, reducing gross debt by €3.9 billion by the end of the year;
- This improved financial position has enabled us to invest in our customers and brands, in products, services, and IT, as well as adding 32 new fuel-efficient aircraft to the fleet; and
- Significant progress towards 2025 carbon efficiency target as IAG continues to lead the industry on sustainability

### Workforce experience

Our workforce is at the heart of what we do, and their hard work has again been key to the strong performance we have delivered this year. On behalf of the Committee, I would like to take this opportunity to thank our employees across the Group for their ongoing effort, flexibility, and commitment.

Our financial performance has enabled us to invest more in our people, and we have continued to focus on making IAG a fair and rewarding place, where our people can develop and succeed. In 2023, our operating companies have made investments to improve colleague experience and our employee benefit packages. This includes enhanced flexible benefits offerings, mental and physical health offerings and financial wellbeing support.

With respect to workforce remuneration, across our operating companies, almost 90% of our employees are covered by collective bargaining agreements, many of which have been under review during 2023. Each operating company has sought to reach collective agreements which best support colleagues, whilst ensuring the business and pay remains competitive and sustainable.

The Committee has received regular updates on workforce experience and, in particular, on the steps the operating companies have taken to support colleagues both in terms of cost-of-living challenges, and their overall wellbeing. All of the members of the Committee participate in the Board workforce engagement programme and have also used this opportunity to engage with employees on remuneration matters.

The Committee has used these insights to ensure our decisions regarding executive remuneration take into account the approach taken across our workforce and reflect the expectations of all our stakeholders.

### **2023 annual incentive outcome**

There was no change to our annual incentive framework for 2023. 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 personal objectives.

These measures were chosen to reflect the most important priorities of the Group for the year, with a focus on strong financial performance, delivering the best experience for our customers and the strategic importance of ESG and sustainability to the Group.

The Annual Incentive Plan operated in line with our Remuneration Policy and reflects the strong execution of our strategy in the year. Under the scorecard measures, the annual incentive outcome was 82.9% of the maximum opportunity. Whilst the outcome of our customer measure is below target, we performed well against our financial and carbon measures with both paying out at stretch performance. Customer continues to remain a key area of focus for both the management team and the Board. IAG is committed to provide a best-in-class customer experience and the Group will keep investing to further improve it. Full details of achievement against targets are provided in the variable pay outcomes section of this report.

50% of the CEO's award will be deferred into shares for three years.

### **Vesting of the 2021 restricted share plan (RSP)**

The first restricted share award was made in June 2021 and is due to vest in June 2024. In advance of this vesting, the Committee assessed the performance underpin which applies to the restricted share awards, taking into consideration IAG's overall financial and non-financial performance.

As part of this process, the Committee was presented with a framework for it to use in order to assess whether the performance underpin had been satisfied, taking into account the performance for the financial years 2021, 2022 and 2023. This incorporated detail on: IAG's financial performance (including revenue, profitability,

operating margin, cash generation, return on capital, as well as performance relative to sector peers) and IAG's key non-financial and operational performance measures (including progress towards IAG's sustainability ambitions and its broader social agenda). The purpose of the framework was to ensure that the RSP vesting outcome can be justified and to guard against payment for failure.

The Committee agreed that, based on this assessment, the conditions set out in the underpin had been satisfied. As a result, it is expected that the 2021 RSP award for the IAG CEO will vest in full in June 2024. The estimated value of the award is included in the single total figure of remuneration in this year's report. The award is subject to a two-year holding period.

### **Remuneration Policy review**

In line with the three-year policy cycle, our Directors' Remuneration Policy is due for renewal at our next Annual General Meeting in 2024.

Our current Policy was developed at a time when the Group was significantly impacted by the biggest crisis the airline industry has ever faced. A key challenge for us at that time was to ensure that our remuneration framework remained effective in attracting and, crucially, retaining the executive talent necessary to drive the recovery of our business. In this context, and mindful of the challenge of setting long-term performance targets, we determined that the right approach for IAG was to introduce a restricted share plan, which would also allow our management team to focus on overcoming the crisis, while making the right decisions to ensure the long-term sustainability of the business.

The Committee has undertaken a thorough review of our existing Remuneration Policy during the year, considering the Group's strategic priorities, the macroeconomic environment, alternative remuneration frameworks and the effectiveness of the current Remuneration Policy; and concluded that the existing Policy continues to provide the most appropriate framework for aligning executive and shareholder interests at this time.

We believe that the current macroeconomic and geopolitical environment, as the industry continues to stabilise post COVID-19, creates a level of uncertainty and volatility that makes it very challenging to design and

set appropriate long-term performance targets, while effectively incentivising and retaining our senior executives. In addition, the Committee is mindful of the fact that none of the awards under the Company's RSP have yet vested, with the first awards vesting in June 2024. As we continue to drive the recovery, we consider IAG's RSP will continue to ensure focus on the long-term health of our business and our strategic transformation agenda.

While we propose to retain the current Directors' Remuneration Policy structure and framework, we are recommending some minor amendments to ensure that we remain competitive over the short term, the key change being the reduction of the annual incentive deferral from 50% to 20%, to apply only when the executive has met the shareholding guidelines (350% of salary for the IAG CEO). In this way, any reduction in deferral would only apply where an executive already has a substantial shareholding, therefore maintaining alignment with shareholder interests. The Committee also considers this change is more closely aligned with practice amongst our sector and Spanish peers, for whom bonus deferral is uncommon.

Our proposed 2024 Directors' Remuneration Policy can be found at the end of this report.

### **Shareholder engagement**

In developing our approach to our Directors' Remuneration Policy review, we consulted with our major shareholders and main proxy advisory bodies. No concerns were raised with our Policy proposal, and we received valuable questions and feedback which will help shape our future discussions. I would like to thank all those shareholders who engaged with us during this process.

### **Implementation of the Policy in 2024 Base salary**

The Committee seeks to ensure that the salary level for the IAG CEO is competitive in the context of a dynamic talent market in the geographies in which the Group operates and competes for talent. At the same time, the Committee is mindful of the current economic environment, the wider stakeholder experience, as well as investor and proxy advisor views. Following a detailed review, the Committee approved a salary increase of 4% for the IAG CEO for 2024. This is below the average increase for the wider workforce, which is more than 5%.

### **Annual incentive**

In 2024, IAG continues to face significant uncertainty and volatility driven by external factors. In this context, we have sought to ensure that the annual incentive plan continues to align with business priorities and reflect the underlying performance of the business.

The Committee has decided that the maximum annual incentive opportunity will remain at 200% of salary for the IAG CEO in line with the Policy, and that there will be no change to the performance measures for 2024, as the Committee believes the current measures continue to reflect the most important priorities of the Group for the year ahead. The targets for 2024 will be fully disclosed in next year's report.

### **Restricted share plan**

The Group CEO will receive a restricted share award of 150% of salary in March 2024 under the existing Remuneration Policy. The award will vest after three years subject to the satisfaction of the discretionary performance underpin and will also be subject to a holding period until five years from grant.

### **Looking forward**

The Committee will continue to review the economic and business context and consider any changes that might be appropriate to the Directors' Remuneration Policy in the coming years. We will consult with our major shareholders and the main proxy advisory bodies (and seek approvals as required) in the next three years, to the extent that changes are proposed. As the Group returns to strong sustainable performance, there may come a time when it becomes appropriate to incentivise IAG's management team to deliver our long-term financial and sustainability ambitions through robust long-term incentive targets. It is therefore our intention to keep our long-term incentive model under review to ensure that it remains effective.

This year the Remuneration Committee has again sought to take a responsible and considered approach to executive pay, taking into account the experience of our employees, shareholders and key stakeholders in the period. The Committee considers that the Directors' Remuneration Policy operated as intended during 2023, and the remuneration outcomes are fair and appropriate, considering the strong performance delivered in the year. I hope to receive your support for both our Remuneration Report and the renewal of our Remuneration Policy at our 2024 Annual General Meeting.

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 2023	Implementation in 2024	Proposed changes to Directors' Remuneration Policy
<b>Fixed remuneration</b>			
<b>Base salary</b>			
To attract and retain talent to help achieve our strategic objectives.	From 1 January 2023: £852,800 (€979,526) (an increase of 4% from 2022).	Following a review, an increase of 4% has been awarded. From 1 January 2024: £886,912 (€1,018,707).	No change.
Takes account of factors such as role, skills and contribution.	Below the average increase for the majority of the wider workforce.	Below the average increase for the wider workforce, which is more than 5%.	
<b>Taxable benefits and Pension-related benefits</b>			
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.	If a broad-based employee share plan is implemented, Executive Directors will be able to participate on the same basis as other employees.
<b>Variable remuneration</b>			
<b>Annual Incentive Plan</b>			
Incentivises annual corporate financial and non-financial performance and the delivery of role-specific objectives.	For our 2023 bonus, our scorecard was weighted to the following measures: 60% Operating profit (before exceptional items), 20% customer NPS, 10% carbon efficiency and 10% personal objectives.	Maximum opportunity unchanged at 200% of base salary.  No change to the scorecard measures and weightings for 2024.	Proposal to amend the approach to deferral of the annual incentive. Currently executives have to defer 50% of any bonus earned into shares for three years. We are proposing that, if the executive has met the shareholding guidelines (350% of salary for the IAG CEO), then the amount deferred will be reduced to 20%.
The deferred shares element aligns the interest of executives and shareholders and provides a retention tool.	Under those scorecard measures, the bonus outcome was 82.9% of maximum, and thus the 2023 bonus amount of £1,414,000.  50% deferred into shares for three years.		
<b>Long-Term Incentive (RSP)</b>			
Incentivises long-term shareholder value creation, and retention.	The first restricted share award was made in June 2021 and is due to vest in June 2024. Based on the Committee's assessment of the performance underpin, the Committee expects that 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 the report.	In line with IAG's remuneration policy, a restricted share award of 150% of salary will be granted to the IAG CEO in 2024. In line with previous years, the award will vest after three years subject to the satisfaction of the discretionary performance underpin and will also be subject to a holding period of two years post vesting.	No change.
<b>Shareholding requirement</b>			
Provides long-term alignment with shareholders.	The CEO of IAG is required to build up and maintain a shareholding of 350% of base salary.	No change to shareholding requirements. As at 31 December 2023 the IAG CEO had a shareholding of 518% of base salary.	No change.
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 stakeholders experience.			No change.

The Committee considers that the Directors' Remuneration Policy operated as intended during 2023.



## Alignment of IAG remuneration practices to Provision 40 of the UK Corporate Governance Code

### UK Corporate Governance Code – Provision 40

### How we have achieved alignment

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#### Clarity

Our policy is that Executive Directors only participate in an annual bonus and a single restricted share plan, to ensure this simplicity. Incentive awards are capped so that the maximum potential award under each plan is transparent.

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#### Simplicity

Our policy has improved the ability of participants, employees and shareholders to understand executive pay arrangements.

Additionally, the Company continues to make more remuneration analysis and information available to both employees and shareholders, via both UK and Spanish disclosures.

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#### Risk

The design of our policy also ensures independent control over remuneration outcomes, with all executive variable pay being awarded on a discretionary basis and subject to malus and clawback provisions. Our corporate governance structure provides for a crossover in Board Committee membership between the Remuneration Committee and the Audit and Compliance Committee. This ensures a joined-up view between emerging or crystallised risks and remuneration outcomes.

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#### Predictability

Our policy identifies the maximum opportunity for each component of executive remuneration and also illustrates potential total remuneration outcomes in various performance scenarios. These disclosures provide transparency around overall opportunities.

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#### Proportionality

Our executive remuneration performance measures and targets are transparently disclosed where awards are made, detailing the relationship between the performance achieved and the delivery of our long-term strategy and the creation of sustainable shareholder value. The transparency of this approach supports proportionate remuneration outcomes relative to company and individual performance measures, as well as the wider performance environment.

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#### Alignment to culture

The selection and balance of financial and non-financial measures for both short- and long-term incentives is designed to reinforce the values and behaviours that support the delivery of long-term sustainable returns to shareholders. In particular, the RSP, and overall proportion of deferred executive pay, enable a focus on transformation and long-term success.

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# Remuneration Report

## Introduction

The Remuneration Committee takes responsibility 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 17 June 2021, and amended at the 2022 Shareholders' Meeting, following close consultation with major shareholders.

In line with the three-year cycle in UK and Spanish remuneration regulations we will be submitting a new Directors' Remuneration Policy which will be put forward for shareholder approval at the 2024 Annual Shareholders' Meeting. The proposed policy can be found later in this report.

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 welcomed the opportunity provided by the Spanish CNMV allowing companies to prepare free-format reports. Therefore IAG is presenting a consolidated report responding to Spanish and UK disclosure requirements. This report will be accompanied by a duly completed document 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 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 reported year.

## Annual Remuneration Report

The Annual Remuneration Report sets out how the Directors' Remuneration Policy (as approved by shareholders at the Shareholders' Meeting on 17 June 2021 and amended at the Shareholders' Meeting held on 16 June 2022) was implemented in 2023 and how our proposed 2024 Directors' Remuneration Policy will be implemented in 2024.

## The Remuneration Committee

The Remuneration Committee is regulated by article 32 of the IAG Board Regulations and by its own Regulations approved on 25 February 2021. 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 for the members of the IAG Management Committee (and considers remuneration matters related to other senior managers and the broader workforce across the Group).

Article 32 of the Board Regulations ensures that the Remuneration Committee shall be made up of no fewer than three independent non-executive directors, with the dedication, capacity and experience necessary to carry out their function. Heather Ann McSharry chairs the Committee and also holds Senior Independent Director responsibility. 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 to review 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 2022 Annual Directors' Remuneration Report at the 2023 Shareholders' Meeting, the binding vote on the Directors' Remuneration Policy Amendments at the 2022 Shareholders' Meeting and the Directors' Remuneration Policy approval at the 2021 Shareholders' Meeting:

	Number of votes cast	For	Against	Abstentions
<b>2022 Annual Directors' Remuneration Report</b>	2,287,118,202 (100%)	2,060,520,717 (90.09%)	99,190,323 (4.34%)	127,407,162 (5.57%)
<b>2021 Directors' Remuneration Policy</b>	2,574,695,497 (100%)	2,407,953,176 (93.53%)	149,433,203 (5.80%)	17,309,118 (0.67%)
<b>2021 Directors' Remuneration Policy Amendments</b>	2,048,314,538 (100%)	1,525,324,299 (74.47%)	364,183,944 (17.78%)	158,806,295 (7.75%)

### The Committee's activities during the year

In 2023, the Committee met five times (four scheduled meetings and an extraordinary meeting held in early July focused on reviewing the Remuneration Policy) and discussed, amongst others, the following matters:

Meeting	Agenda items discussed
<b>January</b>	<ul style="list-style-type: none"> <li>• Review of the feedback from the investors' engagement process</li> <li>• 2022 Directors' Remuneration Report and Non-Financial Information Statements</li> <li>• 2022 Annual Incentive Plan update</li> <li>• Management Committee pay benchmarking review</li> <li>• IAG CEO 2023 base salary review</li> <li>• Approval of grants under the Restricted Share Plan (RSP)</li> <li>• Share ownership update: Review of executive holdings, share awards authority and dilution limits</li> </ul>
<b>February</b>	<ul style="list-style-type: none"> <li>• Review of the 2022 Annual incentive outturn</li> <li>• Vesting outcome of the 2020 Performance Share Plan (PSP) award</li> <li>• Approval of the 2022 Directors' Remuneration Report</li> <li>• Approval of the 2023 Annual Incentive Plan</li> <li>• 2023 Management Committee role-specific objectives</li> <li>• Approval of share awards for senior executives and delegation of authority for future awards</li> </ul>
<b>May</b>	<ul style="list-style-type: none"> <li>• 2023 Annual Incentive Plan update</li> <li>• Approval of remuneration for a new Management Committee member</li> <li>• Authorisation for the allotment of shares for IAG share plans</li> </ul>
<b>July</b>	<ul style="list-style-type: none"> <li>• Review of market trends and feedback from investors after the 2023 AGM</li> <li>• Initial review of IAG executive directors' Remuneration Policy</li> <li>• IAG CEO compensation benchmarking review</li> <li>• Approval of remuneration for new IAG Management Committee members</li> </ul>
<b>October</b>	<ul style="list-style-type: none"> <li>• Market update on executive remuneration trends</li> <li>• 2023 Annual Incentive Plan update</li> <li>• Workforce remuneration update</li> <li>• Remuneration strategy for 2024</li> <li>• IAG executive directors' Remuneration Policy proposal for consultation</li> <li>• Review of non-executive director fees</li> </ul>

### 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 2023 were £111,574 (€128,154), 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 advisory services to other parts of the Group in 2023. 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 2023.

### Single total figure of remuneration for the Executive Director

The table below sets out the single total figure of remuneration breakdown for the IAG CEO, who was the only executive director during 2023. An explanation of how the figures are calculated follows the table.

	CEO: Luis Gallego			
	£'000 <sup>1</sup>		€'000 <sup>1</sup>	
	2023	2022	2023	2022
Base salary	853	820	980	963
Benefits	64	285	74	334
Pension	107	103	122	121
Total fixed	1,024	1,208	1,176	1,418
Annual incentive	1,414	1,369	1,624	1,608
Cash	707	685	812	804
Deferred into shares for three years	707	685	812	804
Long-term incentive <sup>2</sup>	632	-	726	-
Total variable	2,046	1,369	2,350	1,608
<b>Single figure</b>	<b>3,070</b>	<b>2,577</b>	<b>3,526</b>	<b>3,026</b>

1 Remuneration is paid to the Executive Director in pound sterling and expressed in euro for information purposes only.

2 2023 Long-term incentive: the value shown in this table represents the estimated value of the 2021 RSP award granted in June 2021, which is expected to vest in full in June 2024. The estimate is based on a three-month average share price from 1 October 2023 to 31 December 2023 of 152 pence. Note that the value shown in this table differs from the value shown in the CNMV Statistical Annex accompanied to 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 2023

Only the current IAG CEO, Luis Gallego, served as an executive director in 2023. As the sole executive director, the IAG CEO has confirmed in writing that he has not received any other items in the nature 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.

January 2022 marked the first point at which the IAG CEO received full contractual salary of £820,000 since appointment, following COVID-19 pandemic related salary reductions made since he assumed the CEO role, demonstrating the significant length of time pay reductions were in place.

For 2023, an increase of 4% was awarded, the first increase since appointment in 2020 and below the average increase for the wider workforce, which was more than 6%.

#### Taxable benefits

Taxable benefits include the provision of a company car, a fuel allowance, executive support services and private health insurances.

As disclosed in our 2022 Directors' remuneration report, from January 2021 until December 2022 the IAG CEO was eligible for a transitional allowance of £250,000 p.a. (gross), to reflect that as a result of his role he and his family now live in the UK. This allowance provided a two-year fixed period of transitional support and considered that the IAG CEO continued to personally maintain a base in Madrid given the Company's significant operations and business in Spain. The value of the transitional allowance was not included in the calculation of any pension, incentive or other benefit values. Payment of the transitional allowance ceased in December 2022.

#### Pension-related benefits

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

#### Annual Incentive Plan

For our 2023 bonus, 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 those scorecard measures, the bonus outcome was 82.9% of maximum. The outcomes of the performance conditions which determined the award are described in detail later in the report.

Under the current policy, 50% of any Annual Incentive award for executive directors is made in deferred shares under the Executive Share Plan. Under this plan, shares are deferred for three years from date of grant.

For 2022, the bonus outcome was 83.5% of maximum. Half of the annual incentive was deferred into shares for three years; these will vest in March 2026.

### Long-term incentive vesting

In 2021 the existing performance share plan was replaced with a Restricted Share Plan (RSP). The first award was made to the IAG CEO in June 2021 and is due to vest in June 2024.

The Committee undertook an assessment of the performance underpin attached to the restricted share awards made in 2021 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 June 2024.

More detail on the Committee's assessment can be found later on in the report.

### Share price appreciation and depreciation

There is no value attributable to share price appreciation.

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 2023 the Company paid life insurance premium contributions of €17,050 (2022: €14,493).

### Exchange rate for 2023

For the year to 31 December 2023, £:€ exchange rate applied is 1.1486 (2022: 1.1744).

### Variable pay outcomes

#### 2023 Annual Incentive Plan

The IAG Annual Incentive Plan supports the business strategy through incentivising the delivery of identified priorities within the reporting period. The composition of measures selected reflects the most important priorities for the Group for the year to deliver long-term sustainable returns. For 2023, the Board at the beginning of the year, following a recommendation by the Committee, set the following measures:

Weighting	KPI	Description
<b>60% Financial</b>	IAG Operating profit (before exceptional items)	For 2023 it was considered that Operating profit continued to be the most appropriate financial KPI in aligning shareholder interest with the Company
<b>20% Customer</b>	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 towards the overall NPS score reflects the Group's areas of focus for 2023
<b>10% IAG-specific carbon efficiency measure</b>	Group grammes of CO <sub>2</sub> per passenger kilometre (gCO <sub>2</sub> /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
<b>10% Strategic and personal</b>	Recover capacity	Ensure IAG is able to operate closer to 2019 capacity
	Recover profitability	Ensure IAG delivers improved profitability and drives operating margin improvements
	Transform IAG	Define and implement key projects that transform cost, customer experience and culture
	Growth in shareholder value	Define medium-term strategic plan that creates shareholder value, strengthen's IAG's position in key markets and improves IAG's capital position
	Procurement	Leverage Group's scale to drive right long-term strategic partnerships and supplier value
	People	Build culture and capability to underpin the Group's long-term success, ensuring IAG can attract, retain and engage diverse talent
	Sustainability	Enable IAG to lead the aviation industry on sustainability, and secure access to alternative fuels to support our net zero ambitions
	Government affairs	Work with governments, industry associations, and other stakeholders to ensure the right foundations are in place to enable IAG to deliver its strategic goals

## 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 below table details the approved 2023 performance measures and the Board's assessment of both company and individual IAG CEO performance:

Category	Measure type	Weighting	Threshold	Target	Stretch	Performance delivered	Payout % of maximum for each measure	Weighted Payout %	CEO incentive outcome (£'000)
			At which payments begin (20% pay-out)	(50% pay-out)	Max pay-out (100% pay-out)				
<b>Financial measures</b> 2023	Operating profit before exceptional items (€m)	60%	1,469	2,098	2,727	3,507	100%	60%	£1,023

### Description of performance

In 2023, the Group benefited from its high-quality and increasingly diverse revenue stream, with recovery seen in all our businesses and with particular strength in Spain and the North and South Atlantic. Passenger capacity operated across the year was close to the levels operated in 2019 before the COVID-19 pandemic and we were able to generate higher unit revenues than in 2019, which offset higher fuel costs and supplier cost inflation. The results was a strong operating profit before exceptional items for the year of €3,507 million, versus a target of €2,098 million.

Category	Measure type	Weighting	Threshold	Target	Stretch	Performance delivered	Payout % of maximum for each measure	Weighted Payout %	CEO incentive outcome (£'000)
			At which payments begin (20% pay-out)	(50% pay-out)	Max pay-out (100% pay-out)				
<b>Customer</b> 2023	NPS <sup>1</sup>	20%	16.0	24.0	30.0	16.57	22%	4.4%	£75

### Description of performance

The outcome for 2023 was 16.57 vs a target of 24.0. Disruptions, stemming from diverse factors such as air traffic control failures, strikes, adverse weather events, supply chain challenges, and baggage issues across key airports impacted negatively our NPS. To mitigate this impact our airlines responded proactively to these challenges through initiatives and transformation plans aimed at improving on-time performance and all baggage-related processes, among others. Positive impacts to our NPS can be attributed to substantial investment in our cabins and cabin product, the enhancement of food and drink offering, the effort to digitalise the customer journey, and the improvements in customer care. 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 2023.

Category	Measure type	Weighting	Threshold	Target	Stretch	Performance delivered	Payout % of maximum for each measure	Weighted Payout %	CEO incentive outcome (£'000)
			At which payments begin (20% pay-out)	(50% pay-out)	Max pay-out (100% pay-out)				
<b>Carbon</b> 2023	gCO <sub>2</sub> /pKm	10%	83.5	82.0	80.5	80.5	100%	10%	£171

### Description of performance

The outcome for 2023 was 80.5 vs a target of 82.0. 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 is on track to deliver its 2025, 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.

Category	Measure type	Weighting	Threshold	Target	Stretch	Performance delivered	Payout % of maximum for each measure	Weighted Payout %	CEO incentive outcome (£'000)
			At which payments begin (20% pay-out)	(50% pay-out)	Max pay-out (100% pay-out)				
<b>Strategic and personal objectives</b>	As described in the table in the previous page	10%	Low (0% to 40%)	Good to high (45% to 65%)	Exceptional (70% to 100%)	Exceptional	85%	8.5%	£145

### 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 led the group's recovery with passenger capacity close to pre-pandemic levels and with strong operating profits. He has led the transformation of IAG, strengthening IAG's position in core markets, delivering world-class operating margins and returns on invested capital. This result led to strong cash generation in the year, strengthening our balance sheet and with a clear plan and delivery against key transformation initiatives. This is a significant achievement particularly given the continued economic uncertainty and challenges faced across the year. The IAG CEO has also driven progress across the ESG agenda, increasing diversity and bench-strength of IAG's senior leadership, and making significant progress towards its 2025 carbon efficiency target.

<b>Total</b>		<b>100%</b>						<b>82.9%</b>	<b>£1,414</b>
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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 Executive Share Plan).

For all measures, 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.

**2023 CEO performance annual incentive award outcome**

<b>Formulaic scorecard outcome</b>	<b>Remuneration Committee judgement</b>	<b>Final scorecard outcome as % of maximum</b>	<b>82.9%</b>
82.9%	–		X
% of Maximum	No adjustment		
		<b>Maximum bonus opportunity (% of base pay)</b>	<b>200%</b>
			X
		<b>Base pay (£'000)</b>	<b>£853</b>
			=
		<b>2023 Annual Incentive Award (£'000 shown in single figure table)</b>	<b>£1,414</b>
			<b>€1,624</b>

**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 an increased focus on the long-term, sustainable performance of the Company. The simplified structure and transparency of the RSP in comparison to the Performance Share Plan, also provided a better basis to attract and retain senior management talent.

A three-year vesting period and further two-year holding period applies 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 so far as nil value to further ensure that corporate or individual failure is not rewarded under the plan.

### 2021 Restricted Share Plan (RSP) award vesting

The first restricted share award was made in June 2021 and is due to vest in June 2024. In advance of the award vesting, 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 2021, 2022, and 2023. The different elements considered included:

- The overall financial results for the period including IAG's recovery from the pandemic. 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, where 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, which does not give rise to any material concerns.

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 this assessment, the conditions set out in the underpin had been satisfied. As a result, it is expected that the 2021 RSP award will vest in full in June 2024. The award is subject to a two-year holding period.

<b>2021 RSP (number of shares awarded)</b>	414,954
	x
<b>Estimated share price<sup>1</sup></b>	£1.5223
	=
<b>Award shown in the single figure table (£'000)</b>	£632
	€726

<sup>1</sup> Value shown represents the estimated value of the 2021 RSP award. The estimate is based on the award vesting in full in June 2024 and on a three-month average share price from 1 October 2023 to 31 December 2023.

### Scheme interests awarded during the financial year 2023 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 within 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	13 March 2023
Grant price	£1.53
Vesting period	Three years: 13 March 2023 to 13 March 2026
Holding period	Two years: 13 March 2026 to 13 March 2028
Discretionary underpin description	No performance measures are 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. 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, return on capital and benchmarked with 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.

### 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 2023 to 31 December 2023). He received cash in lieu of contributions of £106,600. 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 directors' shareholding 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 are required to build up and maintain a shareholding of 200% of basic salary.

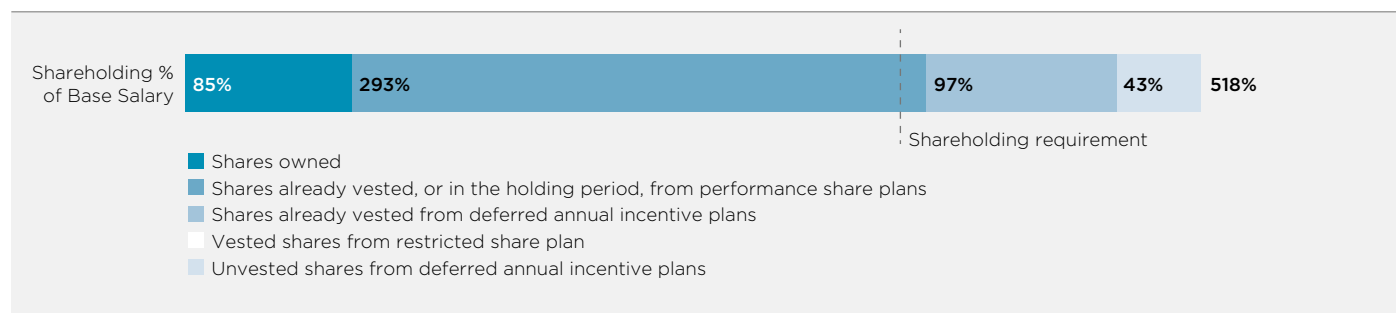
In addition, executive directors are required to retain all shares received via incentive plans until 100% of their shareholding requirement is attained.

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		5.18 times salary (1,475,751 shares)

Shares which qualify towards 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 2023:



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	Vested shares from restricted share plan	Unvested shares from deferred annual incentive plans	Total qualifying shares held <sup>1</sup>	Consequence of a +/- €0.5 share price change (€)
Luis Gallego	350% of salary	403,834	557,207	277,619	0	237,091	1,475,751 (518% of salary)	737,875

<sup>1</sup> 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, executive directors will be required to hold the number 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 from the Group. Shares will normally be retained in the nominee account administered by the Company to ensure this.



### 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
2014	Willie Walsh	£6,390,000	97.78% of maximum	85.00% of maximum
2015		£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		£3,070,000	82.9% of maximum	- <sup>1</sup>

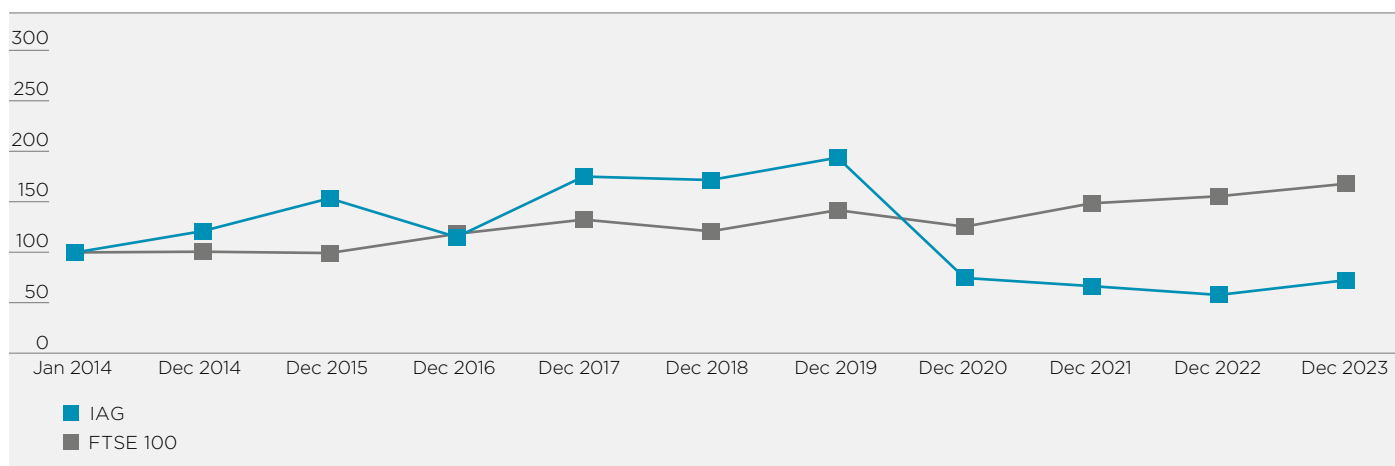
<sup>1</sup> 2023 Long-Term incentive: from 2021, restricted share awards were granted to the IAG CEO which have no performance conditions and vest subject to the satisfaction of performance underpins. The value of the restricted share awards are included in the single total figure table in the relevant year

Single total figure of remuneration includes basic salary, taxable benefits, pension-related benefits, Annual Incentive Award and 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 2023 of a hypothetical £100 invested in IAG shares on listing 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.



### Non-executive directors

Non-executive directors are paid a flat fee each year, as per the following table.

Role	2023 Fee	2024 Fee
Non-executive Chairman	€645,000	€645,000
Non-executive directors	€120,000	€120,000
Additional fee for holding the Chair of the Audit and Compliance Committee and of the Remuneration Committee	€20,000	€30,000
Additional fee for holding the Chair of the Nominations Committee and of the Safety, Environment and Corporate Responsibility Committee	€20,000	€20,000
Additional fee for Senior Independent Director	€30,000	€30,000

The fees for non-executive directors were reviewed in October 2023. The fees for the position of non-executive director will remain unchanged for 2024, as they have been since 2011.

However, the Board, with the favourable report from the Remuneration Committee, agreed that the additional fee for holding the Chair of a Committee would increase to €30,000, with effect from 1 January 2024, for the Chair of the Audit and Compliance Committee and 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 2023 and 31 December 2022 is set out in the table below.

Director (€'000)	2023			2022		
	Fees	Taxable benefits	Total	Fees	Taxable benefits	Total
Javier Ferrán <sup>1</sup>	645	8	653	645	5	650
Heather Ann McSharry <sup>1</sup>	170	3	173	147	6	153
Giles Agutter	120	0	120	120	0	120
Peggy Bruzelius	120	4	124	120	0	120
Eva Castillo	120	2	122	120	2	122
Margaret Ewing	140	4	144	140	3	143
Maurice Lam	120	9	129	120	12	132
Robin Phillips	120	18	138	120	4	124
Emilio Saracho	120	11	131	120	11	131
Nicola Shaw	140	4	144	140	12	152
Alberto Terol	-	-	-	79	17	96
<b>Total (€'000)</b>	<b>1,815</b>	<b>63</b>	<b>1,878</b>	<b>1,871</b>	<b>72</b>	<b>1,943</b>

1 Heather Ann McSharry was appointed Senior Independent Director and Remuneration Committee Chair in June 2022.

2 Alberto Terol stepped down from the Board in June 2022 and his fees reflect a part year of service. Received no fees in 2023.

### 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 items 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 2023, £:€ exchange rate applied is 1.1486 (2022: 1.1744).

### Directors' interests in shares

	Total shares and voting rights	Percentage of capital
Javier Ferrán	774,750	0.016
Luis Gallego	937,618	0.019
Giles Agutter	625	0.000
Peggy Bruzelius	0	0.000
Eva Castillo	0	0.000
Margaret Ewing	18,750	0.000
Maurice Lam	0	0.000
Heather Ann McSharry	55,000	0.001
Robin Phillips	0	0.000
Emilio Saracho	0	0.000
Nicola Shaw	4,285	0.000
<b>Total</b>	<b>1,791,028</b>	<b>0.036</b>

There have been no changes to the shareholdings set out above between 31 December 2023 and the date of this report.

### Payments to past directors

Travel benefits were received during 2023 by the following former non-executive directors:

Former non-executive directors	Value
Antonio Vázquez	€6,000
Alberto Terol	€11,000
Patrick Cescau	€27,000
Maria Fernanda Mejía	€15,000
Deborah Kerr	€3,000
Baroness Kingsmill	€7,000
Kieran Poynter	€11,000
Dame Marjorie Scardino	€19,000
James Lawrence	€10,000

### Wider workforce in 2023

A key area of focus for the Committee over 2023 has been understanding the broader workforce experience in light of the current economic environment and cost-of-living pressure and 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 recovery and key to delivering for our customers. Operating companies continue to support our people through these challenging times and ensure our pay models are sustainable, fair and aligned to the operating company’s competitiveness.
- Almost 90% of employees are subject to collective bargaining agreements with more than 30 collective bargaining agreements across the Group, many of them reviewed in 2023.
- 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 participate as designated directors in the Board workforce engagement plan. This engagement also includes remuneration and other workforce experience matters relevant to the Committee.

The key themes from the engagement were shared with the Board in order to understand colleague experiences and to identify any areas for improvement. Further explanations of the Board engagement with employees is set out in the Stakeholders engagement section of the Corporate Governance report.

#### 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 to women and providing educational programmes for girls and young women considering career paths in aviation.

As the Group built back resources during 2023, in particular in airport operations, customer and IT roles, the composition of the workforce has changed, with the resultant median pay point for both men and women changing compared to 2022. The result is that at Group level, there has been a year-on-year reduction in the median salary gap from 12.9% in 2022 to 8.4% in 2023.

#### Workforce remuneration

Each operating company has sought to reach collective agreements that best support colleagues whilst ensuring the business and pay remains competitive. This has 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 but 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.

Remuneration decisions made by the Committee align with our strategy, our stakeholders’ interest in our delivery of long-term sustainable value and with the wider workforce 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 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
<b>Base Salary</b>	<p>2023 was the first year since appointment in 2020 that the CEO received an increase. The 4% awarded was below the average increase for the majority of the wider workforce.</p> <p>Salary increases as a percentage of salary are normally aligned with, or lower than, those of the wider workforce.</p>	<p>Almost 90% of our employees are subject to collective bargaining agreements (CBA). Many of them were reviewed over the course of 2023, with the aim to create a stronger link to market alignment and to ensure that pay is both competitive and sustainable.</p> <p>Salary increase budgets for employees are determined by each operating company for each country.</p> <p>Salary increases reflect position against market, performance, skills, contribution and development in role.</p> <p>If we compare the 2023 base salary increases of the IAG CEO against the UK workforce in 2023, of the circa 31,600 employees present in both 2022 and 2023, the median salary increase awarded was 10.3% of contractual base salary.</p>
<b>Taxable Benefits</b>	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.
<b>Pension</b>	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.
<b>Annual Incentive Awards</b>	<p>The maximum opportunity in the annual incentive plan is 200% of salary.</p> <p>The majority of the annual incentive is based on financial measures. In 2023, 60% was based on operating profit before exceptional items, 20% on customer NPS, 10% on IAG-specific carbon efficiency measure, to further drive progress towards our Flightpath Net Zero 2050 commitment, and 10% on strategic and personal objectives.</p> <p>For 2023 50% of any bonus earned is deferred into shares for three years.</p>	For eligible employees incentive plans were in place against objectives designed to focus on financial, customers, carbon efficiency and personal. Opportunities vary by role and outturns and payments against these plans were managed at a local level.
<b>Long-term Incentives</b>	<p>Maximum restricted share plan opportunity of 150% of base salary and subject to the satisfaction of performance underpins.</p> <p>Awards are subject to a three-year vesting period followed by a two-year holding period.</p>	<p>Restricted share awards granted to senior managers across the Group to incentivise long-term shareholder value creation.</p> <p>Also by exception, other identified employees may participate where an award of long-term incentives is deemed critical to retention.</p>

### CEO pay ratio

The following table sets out IAG's CEO pay ratio figures from 2019 to 2023.

Year	CEO single figure (£'000)	Method <sup>1</sup>	25 <sup>th</sup> percentile pay ratio	Median pay ratio	75 <sup>th</sup> percentile pay ratio
<b>2023</b>	<b>3,070</b>	<b>Option A</b>	<b>62:1</b>	<b>50:1</b>	<b>32:1</b>
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	25 <sup>th</sup> percentile pay	Median pay	75 <sup>th</sup> percentile pay
	<b>Basic salary (£'000)</b>	<b>30.2</b>	<b>43.5</b>	<b>66.8</b>
<b>2023<sup>2</sup></b>	<b>Total remuneration (£'000)</b>	<b>49.2</b>	<b>61.4</b>	<b>95.3</b>
	Basic salary (£'000)	27.7	40.9	62.4
2022	Total remuneration (£'000)	43.4	57.1	90.5
	Basic salary (£'000)	26.9	39.7	60.6
2021 <sup>3</sup>	Total remuneration (£'000)	38.6	53.4	80.7
	Basic salary (£'000)	17.2	28.6	45.2
2020 <sup>4</sup>	Total remuneration (£'000)	28.4	42.8	63.9
	Basic salary (£'000)	20.1	32.3	46.5
2019	Total remuneration (£'000)	29.4	44.2	64.7

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 40,248 employees who were in the Group for the whole of or some of 2023.

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 2023, payable to employees later in 2024, are modelled on an employee-by-employee basis against agreed frameworks. This approach enables fair and accurate comparison to the IAG CEO 2023 single total figure of remuneration.

3 To provide a fair and representative view to all remuneration received by UK employees, the 2021 basic salary and total remuneration figures include statutory and company top-up furlough payments. With the UK furlough scheme having ended in September 2021, this consideration is not relevant for 2022 or 2023.

4 The 2020 UK employee remuneration figures excluded all types of furlough payment and were representative of earnings for time worked but were not representative of the full level of pay received by employees and their actual remuneration experience.

The comparison in the ratio versus 2019 demonstrates the continuing impact of the pandemic and is an accurate reflection of the contraction in IAG CEO's pay, with the IAG CEO's remuneration currently being around 96% of 2019 levels.

The increase in the UK employee remuneration in 2023 reflects:

- Across our operating companies we have put in place a number of programmes to support our people through the current economic uncertainty.
- Payments made to managers under the 2023 annual incentive plan.
- Changes to the size and composition of the UK workforce between years, with pay for 36,474 employees being reported for 2022 and 40,248 for 2023.

The change in the IAG CEO's remuneration between 2022 and 2023, is due to:

- An increase of 4% in basic salary for 2023, first increase since appointment in 2020 and below the average increase of the wider workforce (with no increase in 2021 and 2022, 10% reduction in 2021 and 20% reduction in 2020).
- The inclusion of an estimated value of the 2021 RSP award, that is estimated to vest in full in June 2024.
- As disclosed in our 2022 Director's Remuneration Report, from January 2021 until December 2022 the Executive Director was eligible for a transitional allowance of £250,000 p.a., to reflect that as a result of his role as IAG CEO, he and his family moved to live in the UK. This allowance provided a two-year fixed period of transitional support. Payment of the transitional allowance ceased in December 2022.

The Committee recognises that the current ratio continues to reflect recovery from the pandemic, and will continue to increase to a more representative level.

### 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, against the equivalent change for UK employees from 2021 to 2023.

Director (€'000)	2022 to 2023			2021 to 2022			2020 to 2021		
	Salary or fees	Taxable benefits	Annual incentive	Salary or fees <sup>1</sup>	Taxable benefits	Annual incentive	Salary or fees <sup>1</sup>	Taxable benefits	Annual incentive
Luis Gallego <sup>2</sup>	2%	(78%)	1%	13%	3%	100%	269%	315%	0%
Javier Ferrán <sup>3</sup>	0%	60%		13%	25%		436%	0%	
Heather Ann McSharry <sup>4,6</sup>	16%	(50%)		36%	100%		-	-	
Giles Agutter <sup>5</sup>	0%	0%		11%	(100%)		260%	100%	
Peggy Bruzelius <sup>6</sup>	0%	100%		11%	0%		-	-	
Eva Castillo <sup>6</sup>	0%	0%		11%	100%		-	-	
Margaret Ewing	0%	33%		11%	100%		18%	(100%)	
Maurice Lam <sup>7</sup>	0%	(25%)		107%	500%		-	-	
Robin Phillips <sup>5</sup>	0%	350%		11%	100%		260%	0%	
Emilio Saracho	0%	0%		11%	57%		6%	17%	
Nicola Shaw	0%	(67%)		14%	100%		21%	(100%)	
<b>All UK employees<sup>8,9</sup></b>	<b>6%</b>	<b>0%</b>	<b>93%</b>	<b>3%</b>	<b>0%</b>	<b>(37%)</b>	<b>39%</b>	<b>0%</b>	<b>131%</b>

1 The comparison of fees for all directors in respect of 2020 and 2021, reflects a 20% COVID-19 related reduction operated between 1 April 2020 and 31 December 2020 and a 10% reduction operated for the full year in 2021.

2 Luis Gallego: An increase of 4% in basic salary for 2023 (below the average increase for the wider workforce) and no transitional allowance. 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. The comparison of 2020 vs 2021 reflects a part year of remuneration in 2020 versus a full year in 2021.

3 The uplift in fees for Javier Ferrán between 2020 and 2021 reflects his role as a non-executive director in 2020 and his assumption of the role of the Chairman from 7 January 2021, for the remainder of the reporting period.

4 The uplift in fees for Heather Ann McSharry between reflect her appointment as Senior Independent Director and Remuneration Committee Chair since June 2022.

5 The comparison of 2020 vs 2021 remuneration for Luis Gallego, Giles Agutter and Robin Phillips reflects a part year of director service and remuneration in 2020 versus a full year of director service and remuneration in 2021.

6 Eva Castillo, Heather Ann McSharry, and Peggy Bruzelius were appointed as directors on 31 December 2020, but received no remuneration for 2020.

7 The comparison of 2021 vs 2022 reflects a part year of director service in 2021 versus a full year in 2022.

8 The All UK Employee 2022 and 2023 salary medians underlying the 6% uplift in median salary are taken from UK employee earnings published in the 2023 CEO pay ratio section.

9 The reported change in the median value of all UK employee annual incentives from 2022 to 2023 (93%) reflects the strong financial performance of the Group in the year.

### Relative importance of spend on pay

The table below shows, for 2023 and 2022, total remuneration costs, adjusted operating profit/(loss) and dividends for the Company.

	2023	2022
Total employee costs, IAG <sup>1</sup>	<b>€5,423,000,000</b>	€4,647,000,000
Total remuneration, directors (including non-executive directors)	<b>€4,678,000</b>	€4,969,000
IAG operating profit before exceptional items	<b>€3,507,000,000</b>	€1,225,000,000
Dividend declared	-	-
Dividend proposed	-	-

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 2023:

Director	Date of grant	Number of options at 1 January 2023	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 2023
	28 May 2015	131,242	-	-	-	-	1/1/2020	31/12/2024	131,242
	7 March 2016	98,001	-	-	-	-	1/1/2021	31/12/2025	98,001
	6 March 2017	174,504	-	-	-	-	1/1/2022	31/12/2026	174,504
Luis Gallego	6 March 2020	538,805	-	-	538,805	-	lapsed		-
<b>Total nil-cost options over ordinary shares</b>		<b>942,552</b>	<b>-</b>	<b>-</b>	<b>538,805</b>	<b>-</b>			<b>403,747</b>

The award granted on 6 March 2020 was tested at the end of the performance period. Threshold performance was not achieved for any measure and therefore the award lapsed in full (one third of the award was subject to TSR performance measured against a comparator index, one third was subject to adjusted EPS performance, and one third was subject to RoIC performance).

The value attributed to the Company's ordinary shares in accordance with the plan rules on the date of the PSP awards was 2020: 459 pence; 2017: 546 pence; 2016: 541 pence; and 2015: 550 pence.

The following table details the conditional share 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 2023	Number of vested conditional shares at 31 December 2023
	23 June 2021	414,954	23 June 2024	-	23 June 2026	414,954	-
	21 March 2022	581,907	21 March 2025	-	21 March 2027	581,907	-
	28 October 2022	290,953	21 March 2025	-	21 March 2027	290,953	-
Luis Gallego	13 March 2023	835,751	13 March 2026	-	13 March 2028	835,751	-
<b>Total conditional share awards (RSP)</b>		<b>2,123,565</b>				<b>2,123,565</b>	

RSP awards are subject to a discretionary underpin prior to vesting. This 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 2023: 153 pence (both awards in 2022: 141 pence and 2021: 198 pence).



### Incentive Award Deferral Plan (IADP)

Under the current policy, 50% of any Annual Incentive Award for executive directors is made in deferred shares under the Executive Share Plan. 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 2019 and 31 December 2022.

No award was made in respect of 2020 (in March 2021) following the decision to cancel the 2020 IAG Annual Incentive Plan. Additionally, no award was made for 2021 (March 2022), as the IAG's CEO confirmed to the Board that he did not wish to be considered for a 2021 Annual Incentive Award, waiving any 2021 incentive opportunity.

Executive Director	Performance year award relates to <sup>1</sup>	Date of award	Number of Shares at 1 January 2023	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 2023
	2019	6 March 2020	81,520	81,520	6 March 2023	-	-	-
Luis Gallego	2022	13 March 2023	447,341	-	13 March 2026	-	-	447,341
<b>Total</b>			<b>528,861</b>	<b>81,520</b>		<b>-</b>	<b>-</b>	<b>447,341</b>

<sup>1</sup> For the performance period ended 31 December 2023 the award is expected to be made March 2024.

Under the Executive Share Plan rules an IADP 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 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 2020 award: 459 pence; and 2023 award: 153 pence.

The share price on the date of the vesting of the 2020 IADP award (6 March 2023) was 155 pence. The monetary 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.

# 2024 Directors' Remuneration Policy

## Introduction

Our current Directors' Remuneration Policy was approved by shareholders at the 2021 Annual General Meeting (and partially amended in 2022). In line with the three-year cycle in UK and Spanish remuneration regulations we will be submitting a new Directors' Remuneration Policy which will be put forward for shareholder approval at the 2024 Annual Shareholders' Meeting. The proposed policy can be found below.

## 2024 Directors' Remuneration Policy

This section sets out the Directors' Remuneration Policy of International Consolidated Airlines Group which will be put to shareholder approval at the 2024 Shareholders' Meeting.

This Directors' Remuneration Policy is adapted to the wording of article 529 novodecies of the Capital Companies Act, as amended by Law 5/2021 of 12 April, and shall apply, in accordance with the provisions of section 1 of said article 529 novodecies, from the date of its approval by the 2024

Shareholders' Meeting and during the following three financial years. Any amendment or replacement thereof during such period shall require the prior approval of the Shareholders' Meeting in accordance with the procedure established for its approval.

Although IAG, as a Spanish-incorporated company, is not subject to the remuneration reporting regulations that apply to UK-incorporated companies, it is firmly committed to UK best practice and will continue to operate in accordance with the UK remuneration reporting regulations.

In developing the proposed Directors' Remuneration Policy, input was received from the Remuneration Committee and management while ensuring that conflicts of interest were suitably mitigated. Input was also provided by the Remuneration Committee's appointed independent advisers throughout the process.

## IAG Remuneration Principles

<b>Alignment</b>	Our remuneration policies promote long-term value creation, through transparent alignment with our corporate strategy.
<b>Simplicity and clarity</b>	We will keep our remuneration structures as simple and clear as possible to ensure they are understandable and meaningful to employees and shareholders.
<b>Competitiveness</b>	Total remuneration will be competitive for the role, taking into account scale, sector, complexity of responsibility and geography. When setting senior executive pay, we will consider experience, external pay relativity, and the ability of IAG to compete for global talent.
<b>Pay for performance</b>	We promote a culture where all employees are accountable for delivering performance. We will ensure there is alignment between performance and pay outcomes, with fair outcomes supported by corporate and individual performance and wider stakeholder experience. Depending on the level of the individual in the organisation, we use long-term equity to incentivise performance, shareholder value creation, and retention. Performance measures and targets will seek to balance collective success with a clear line of sight for participants. Remuneration outcomes aim to reflect the sustained long-term underlying performance of IAG.
<b>Judgement</b>	We will use discretion and judgement to review formulaic performance outcomes to arrive at fair and balanced remuneration outcomes for both IAG and employees.
<b>Sustainability</b>	Our remuneration policies incentivise individual and corporate performance, support talent attraction and retention and promote sound risk management to enhance the sustainable long-term financial health of the Group. Individual contribution and values and behaviours will be reflected in remuneration outcomes.
<b>Wider workforce</b>	We are committed to understanding the experience of all our colleagues. When setting senior executive pay we will use this insight to ensure all decisions regarding executive remuneration reflect the experience and expectations of all stakeholders.

### **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.

In developing our approach to our Director's Remuneration Policy review, we consulted with our major shareholders and main proxy advisory bodies. No concerns were raised with our Policy proposal, and we received valuable questions and feedback which will help shape our future discussions.

The Committee discusses each year the issues and outcomes from the annual Shareholders' Meeting, and determines any appropriate action required as a result.

### **Consideration of employment conditions elsewhere in the Group**

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 Board is committed to understanding the experience of all our employees and uses its insight to ensure all decisions regarding executive remuneration reflect the experience and expectations of all stakeholders.

The pay of employees across all companies in the Group is taken into account when determining the level of any increase in the annual salary review of directors. This normally takes place each year at the January Committee meeting.

When determining the RSP awards for executive directors, the Committee takes note of the eligibility criteria and the potential size of awards for executives below director level in all companies within the Group.

At the operating company level, the Company consults with employee representative bodies, including trade unions and works councils. This includes consultation on company strategy, the competitive environment, and employee terms and conditions. In addition, some of the operating companies run employee opinion surveys in order to take into consideration employee views on a variety of subjects, including leadership, management, and the wider employee experience.

The IAG European Works Council (EWC) facilitates communication and consultation 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 impacting employees in two or more EEA countries.

### **Proposed changes to Directors' Remuneration Policy**

After a detailed review of the current Directors' Remuneration Policy the Committee has concluded that the existing policy continues to provide the most appropriate framework for aligning executive and shareholder interests at this current time. As IAG returns to strong sustainable performance, the Committee believes there will be a time when it is appropriate to incentivise our CEO and his team to deliver our long-term financial and sustainability ambitions through robust long-term incentive targets. It is therefore our intention to keep our long-term incentive model under review to ensure that it continues to remain effective. We will consult with shareholders (and seek approvals as required) in the next three years to the extent that any changes are proposed.

While we propose to retain the current Directors' Remuneration Policy structure and framework, the Committee is proposing some minor Policy amendments to ensure that we remain competitive over the short term, as outlined below:

- Approach to annual bonus deferral: under our 2021 remuneration policy, any annual bonus earned is paid 50% in cash, with 50% deferred into shares for three years. This deferral has been an important way of increasing personal shareholdings and satisfying the Group's minimum shareholding requirements of 350% of salary for the CEO. Recognising that our control mechanism for ensuring alignment with shareholder interests is the minimum shareholding requirement itself, and that the minimum shareholding requirement can be fully met without the reliance on annual bonus deferral, under our 2024 remuneration policy the Committee is proposing that the bonus deferral is rebalanced from 50% to 20% of any annual bonus earned deferred into shares, subject to the executive meeting their minimum shareholding requirement. The remaining 80% of the annual bonus earned will be paid in cash. The deferral rate will remain at 50% until the minimum shareholding requirement is met; and
- If a broad-based employee share plan is implemented, Executive Directors will be able to participate on the same basis as other employees.

The Policy as shown on the following pages is intended to apply for three years, until 2027, taking effect from the date of approval.

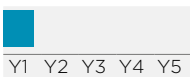


## Key elements of pay

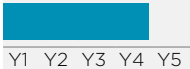
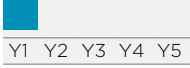

### Executive directors

The Company's Policy remains to attract, retain and motivate its leaders and to ensure they are focused on delivering business priorities within a framework designed to promote the long-term success of IAG, aligned with stakeholder interests. The table below illustrates the components of pay and time period of each element of the Policy for Executive Directors.

Total pay over 5 years	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Fixed Remuneration</b>	Salary, benefits and pension				
<b>Annual Incentive</b> (Malus and clawback provisions apply)	50% in cash <sup>1</sup>	50% in shares <sup>1</sup> – Three-year deferral period. No further performance conditions			
1 Where the IAG CEO has met the 350% shareholding guideline then 80% of the award will be paid out in cash with 20% deferred into shares for three years					
<b>Long-term Incentive</b> (Malus and clawback provisions apply)	Up to 150% of salary Three-year vesting period			Two-year holding period No further performance conditions	
<b>Shareholder requirements</b>	Executive Directors' minimum shareholding requirement (including post-cessation requirements)				

The table below summarises the main elements of remuneration packages for the executive directors:

Purpose and link to strategy	Operation of element of policy	Maximum opportunity	Performance metrics
<b>Base salary</b> To attract and retain talent to help achieve our strategic objectives 	Takes account of factors such as role, skills and contribution.  The positioning of base salaries is set with reference to factors such as the external market, as well as the individual's skills and contribution. Base salaries are normally reviewed annually, and normally take effect on 1 January each year.	Base salaries are normally reviewed annually by the Remuneration Committee by taking into account factors such as: company affordability, the value and worth of the executive, retention risks, and the size of pay increases generally across the wider workforce.	Individual and business performance are considered in reviewing and setting base salary.
<b>Benefits</b> Ensures total package is competitive 	Benefits include, but are not limited to, life insurance, personal travel and, where applicable, a company car, fuel, and private health insurance. Executive directors may also participate in any broad-based employee share plans that may be operated by the Company on the same basis as other eligible employees.  Where appropriate, benefits may include relocation, international assignment costs and tax advisory services. Executives will also be reimbursed for all reasonable expenses.	There is no formal maximum. In general, the Company expects to maintain benefits at the current level. The maximum value for any broad-based employee plans will be in line with the maximum value for eligible employees.	
<b>Pension</b> Provides post-retirement remuneration and ensures total package is competitive 	The Company operates a defined contribution scheme as a percentage of salary, and all executive directors are eligible for membership. Executives can opt instead to receive a salary supplement in lieu of a pension (in full or in part).	The level of employer contribution for executive directors, expressed as a percentage of basic salary, will be in line with the rate applicable to the majority of the workforce in the country in which the executive director is based. For the UK workforce, this is currently 12.5% of basic salary.	

Purpose and link to strategy	Operation of element of policy	Maximum opportunity	Performance metrics
<p><b>Annual incentive award</b></p> <p>Incentivises the delivery of annual KPIs and strategic objectives</p> <p>Up to 200% of salary</p>  <p>Y1 Y2 Y3 Y4 Y5</p> <p>Paid in cash</p>  <p>Y1 Y2 Y3 Y4 Y5</p> <p>Deferred</p>  <p>Y1 Y2 Y3 Y4 Y5</p>	<p>The Board, on a recommendation from the Remuneration Committee, sets the measures and targets that apply to the annual incentive award which are normally measured over a single financial year. These are set by reference to a number of factors, including the Business Plan (as approved by the Board), and the Group's strategic focus.</p> <p>The Board, after considering the recommendation of the Committee, retains the discretion to adjust the formulaic outcome of awards in order to, in its opinion, properly reflect overall corporate performance - see the 'Information supporting the policy tables' section.</p> <p>Once the minimum shareholding requirement is met, 20% of the annual incentive award is normally deferred into shares which will normally be released after a period of three years.</p> <p>Where the executive has not met their minimum shareholding requirement, 50% of the annual incentive award is normally deferred into shares which will normally be released after a period of three years.</p> <p>On vesting, executives will receive the benefit of any dividends paid over the deferred period in the form of dividend equivalent payments.</p> <p>Malus and clawback provisions apply - see the 'Information supporting the policy tables' section.</p>	<p>The maximum opportunity in the incentive plan is 200% of salary. Each performance metric in the incentive plan is independent. For each performance metric in the incentive plan, there will normally be no payment at all until performance for that particular metric has reached the threshold level of the target range. 50% of the maximum will be awarded for on-target performance, and the maximum for each element will only be awarded once a stretch target has been reached.</p>	<p>The majority of the annual incentive is subject to financial measures. Measurable non-financial measures may include, but are not limited to, strategic, personal, customer and ESG objectives.</p> <p>For the bonus deferral award, no other performance conditions apply because it is based on performance already delivered.</p>

Purpose and link to strategy	Operation of element of policy	Maximum opportunity	Performance metrics										
<p><b>Restricted Share Plan (RSP)</b></p> <p>Incentivises long-term shareholder value creation, and retention.</p> <p>Up to 150% of salary</p> <table border="1"> <tr> <td>Y1</td> <td>Y2</td> <td>Y3</td> <td>Y4</td> <td>Y5</td> </tr> </table> <p>5-year vesting + holding period</p> <table border="1"> <tr> <td>Y1</td> <td>Y2</td> <td>Y3</td> <td>Y4</td> <td>Y5</td> </tr> </table>	Y1	Y2	Y3	Y4	Y5	Y1	Y2	Y3	Y4	Y5	<p>The RSP consists of an award of the Company's shares which normally vests as long as the executive remains employed by the Company at the time of vesting and subject to the assessment of the underpin.</p> <p>Malus and clawback provisions apply - see the 'Information supporting the policy tables' section.</p> <p>Following the assessment of the underpin, there is normally an additional holding period of at least two years.</p>	<p>The face value of the award(s) will not exceed 150% of salary in respect of any financial year.</p>	<p>No performance measures are associated with the awards.</p> <p>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. In assessing the underpin, the Committee will consider the Company's overall performance, including financial and non-financial performance, as well as any material risk or regulatory failures identified. Financial performance may include elements such as revenue, profitability, cash generation, return on capital and benchmarked with comparable airlines. Non-financial performance may include a range of operational and strategic measures critical to the Company's long-term sustainable success. Whilst the RSP provides a greater certainty of reward by its very nature, the Committee 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 Committee's considerations in assessing the underpin will be disclosed in the relevant Directors' Remuneration Report.</p>
Y1	Y2	Y3	Y4	Y5									
Y1	Y2	Y3	Y4	Y5									

## Information supporting the policy tables

### Shareholding requirements

In order to increase alignment with shareholders, executive directors are required to build up a minimum personal shareholding equal to a set percentage of base salary. The share price used to calculate the guideline is either the share price on the date of award or on the date of vesting/exercise. Executive directors will be required to retain the entire 100% of shares (net of tax) which vest from share plans until their respective shareholding requirement is attained. The IAG CEO is required to build up and maintain a shareholding of 350% of basic salary, and other executive directors (to the extent they are appointed to the Board) are required to build up and maintain a shareholding of 200% of basic salary.

On departure, executive directors will be required to hold the number 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 the date they step down from the Board. Shares will normally be retained in the nominee account administered by the Company to ensure this.

### Choice of performance measures

The performance measures selected for the annual bonus are ordinarily set on an annual basis by the Committee, to ensure that they remain appropriate to reflect the priorities for the Company in the year ahead. The targets for the performance measures are set taking into account a number of factors, including the Company's annual operating plan, strategic priorities, the economic environment and market conditions and expectations. Non-financial annual bonus measures may include strategic, personal, customer and ESG objectives.

## Malus and clawback provisions

<b>Malus and clawback provisions</b>	<b>Circumstances</b>
	<p>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):</p> <ul style="list-style-type: none"><li>• Fraud;</li><li>• Material breach of any law, regulation or code of practice;</li><li>• An error or a material misstatement of results leading to overpayment or over-allocation;</li><li>• Misconduct;</li><li>• Failure of risk management;</li><li>• The occurrence of an exceptional event affecting the Company's value or reputation;</li><li>• Payments based on results that are subsequently found to be materially financially inaccurate or misleading;</li><li>• Serious reputational damage as a result of a participant's behaviour;</li><li>• Corporate failure; and</li><li>• Any other circumstances in which the Board considers it to be in the interests of shareholders for the award to lapse or be adjusted.</li></ul>
	<b>Period</b>
	<ul style="list-style-type: none"><li>• For the cash element of the annual incentive plan, clawback provisions apply for three years from the date of payment;</li><li>• 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;</li><li>• For RSP, clawback provisions apply for two years post vesting; and</li><li>• 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.</li></ul>

### Discretion to adjust formulaic outcomes

The Board, after considering the recommendation of the Remuneration Committee, retains the discretion to adjust (including preventing them in their entirety and making no payment) the formulaic outcome of incentive award payments in order to, in its opinion, properly reflect overall corporate performance. This includes where the business has had an exceptional event, in particular events that significantly impact stakeholders. This will include analysing the performance of the participant and the underlying financial performance of the Group to check whether they have been satisfactory in the circumstances and whether vesting levels reflect overall corporate performance. The Remuneration Committee can also take other factors it considers relevant into account. Underlying financial performance is defined as the overall performance of

the Company, which may be considered with reference to a range of measures as the Remuneration Committee considers most appropriate at the time. Stakeholders would include shareholders, customers, and the Company's workforce. The Board also has authority to reduce the award levels at grant and/or the vesting outcomes for the RSP where the Company has experienced a significant fall in share price, as a result of which it considers that participants have unduly benefited from windfall gains.

### Benefits, expenses and taxation

The Board may arrange to settle any taxes and associated expenses payable if it deems such settlement appropriate, including, but not limited to tax on benefits or where, without such settlement, the executive will be subject to double taxation on the same remuneration amount.

### Non-executive directors

The table below summarises the main elements of remuneration for non-executive directors:

Purpose and link to strategy	Operation of element of policy	Maximum opportunity
<p><b>Basic fees</b></p> <p>Fees take into account the level of responsibility, experience, abilities and dedication required.</p>	<p>Fees are normally set with reference to factors such as market positioning.</p> <p>To acknowledge the key role of the Chair of the Board of Directors, fees are set separately for this role. Additional fees may be paid for undertaking additional Board responsibilities such as undertaking the role of Senior Independent Director or for holding a Committee chair position.</p> <p>Non-executive director fees will take into account external market conditions to ensure it is possible to attract and retain the necessary talent. There is no specific review date set, but it is the Company's intention to review fees from time to time.</p>	<p>The maximum annual aggregate gross remuneration (including annual basic fees and benefits, including travel benefits) payable to directors shall not exceed €3,500,000 as approved by the Shareholders' Meeting on 19 October 2010, in accordance with article 37.3 of the Company's Bylaws.</p>
<p><b>Benefits</b></p>	<p>Non-executive directors (including the Board Chair) are entitled to use air tickets of the airlines of the Company or related to the Company in accordance with the terms and conditions established, from time to time, in the Personal Travel Policy for IAG Non-Executive Directors approved by the Board.</p> <p>As provided for under article 37.8 of the Company's Bylaws and by way of development of that article, this benefit may also be provided to non-executive directors after they have ceased to hold office if the Board considers it appropriate and in accordance with the terms and conditions set out from time to time in the Personal Travel Policy for IAG Non-Executive Directors approved by the Board. The terms and conditions applicable to former non-executive directors may differ from those applicable to current directors and may be subject to additional conditions or restrictions (such as a minimum period of service or a maximum period of entitlement, fixed or variable, after leaving office) as determined by the Board from time to time.</p>	<p>The maximum total annual gross amount of the personal travel benefit is €500,000 for all non-executive directors taken together (including any former non-executive director who may be entitled to this benefit at any given time).</p>



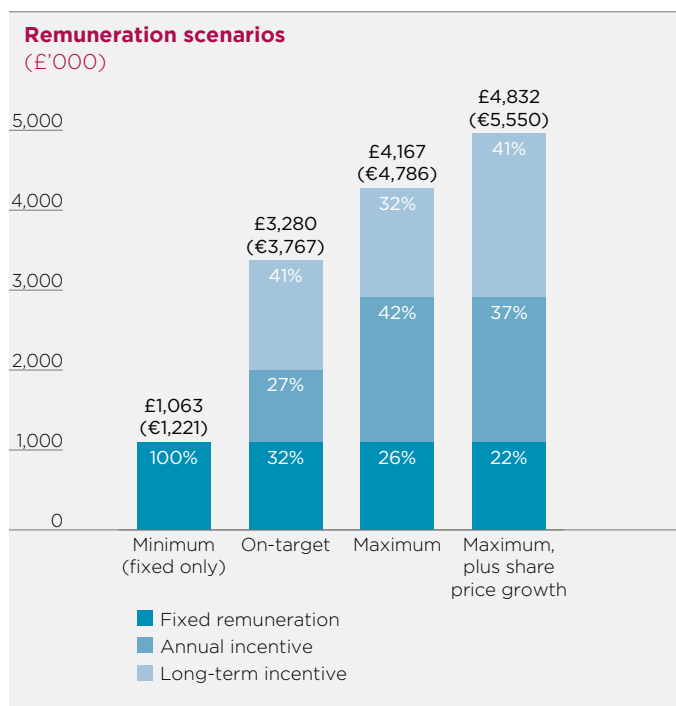
## Remuneration scenarios

The chart below shows the potential total remuneration for the Executive Director in respect of the application of our Remuneration Policy. The scenarios illustrated include 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% share price growth. With the exception of the illustration showing 50% share price growth, no share price variation is taken into consideration in these scenarios.

### IAG CEO - 2024 remuneration scenario assumptions

The assumptions underlying each scenario are described below.

Minimum (fixed only)	Consists of basic salary, taxable benefits and pension-related benefits										
	Basic salary is at 1 January 2024										
	Benefits are valued using the figures in the single figure table										
	Pensions are valued by applying cash allowance rate of 12.5% of basic salary at 1 January 2024										
	<table border="1"> <thead> <tr> <th></th> <th>Basic Salary (£'000)</th> <th>Benefits (£'000)</th> <th>Pension (£'000)</th> <th>Total fixed (£'000)</th> </tr> </thead> <tbody> <tr> <td>IAG CEO</td> <td>887</td> <td>65</td> <td>111</td> <td>1,063</td> </tr> </tbody> </table>		Basic Salary (£'000)	Benefits (£'000)	Pension (£'000)	Total fixed (£'000)	IAG CEO	887	65	111	1,063
	Basic Salary (£'000)	Benefits (£'000)	Pension (£'000)	Total fixed (£'000)							
IAG CEO	887	65	111	1,063							
On-target	<p>If the director performs in line with the Company's expectations.</p> <p>The opportunity for the annual incentive is 100% of basic salary under this scenario.</p> <p>The opportunity for the long-term incentive (RSP) is 150% of basic salary.</p>										
Maximum	<p>The maximum award opportunity for annual incentive is 200% of basic salary under this scenario.</p> <p>The opportunity for the long-term incentive (RSP) is 150% of basic salary.</p>										
Maximum plus share price growth	The same assumptions apply as for 'Maximum' but with a 50% share price appreciation, solely for the purpose of illustrating a wider range of potential remuneration outcomes.										
All scenarios	<p>Euro amounts are shown at the 2023 exchange rate £:€ 1.1486.</p> <p>Long-term incentives consist of share awards only which are measured at face value, i.e. no assumption is made for dividend equivalents which may be payable.</p>										



1 The percentages shown in the chart represent the weight of each element vs the total in each scenario.

**Service contracts and exit payments policy Executive directors**

The following is a description of the key terms of 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 with the Company 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) referable 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 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 a 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 certain 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-rata 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 regular performance assessment and normally paid in the normal manner following the year end.

In the event of an executive director's termination from 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. The non-executive directors' letters of appointment are available for inspection, on request, at the Company's registered office.

### **Notes to the policy tables**

The Board may make any remuneration payments and payments for loss of office (and exercise any discretions available to it in connection with such payments) which are not in line with this remuneration policy, where the terms of the payment were agreed (i) before this policy came into effect (provided that they were in line with any applicable directors' remuneration policy in force at the time they were agreed) or (ii) at a time when the relevant individual was not a director of the Company and such payment was not, in the Board's opinion, in consideration of the individual becoming a director. For these purposes 'payments' include the Board satisfying awards of variable remuneration and, in respect of a share award, the terms of the payment are agreed at the time the award is granted. The Board may also make remuneration payments and payments for loss of office outside of the policy set out above if such payments are required by law in a relevant country.

### **Common award terms**

Awards granted under the share plans may be adjusted in the event of any variation of the Company's share capital or any demerger, special dividend or other event that may affect the current or future value of the awards.

### **External non-executive directorship**

The Company's consent is required before an executive can accept an external non-executive appointment and permission is only given in appropriate circumstances. The Company allows the executive to retain any fee from such appointments.

### **Approach to recruitment remuneration**

The remuneration for new executive directors will be in line with the policy for current executive directors as far as possible, as expressed in the policy table earlier in this report.

On appointment, new executive directors will have their basic salary set by taking into account factors such as the external market, their peers, and their level of experience. New executive directors will participate in the annual and long-term incentives on the same basis as existing directors.

To facilitate recruitment, the Board, after considering the recommendation of the Committee, may make one-off awards to buy out a candidate's remuneration arrangements that are forfeited as a result of joining the Company. Generally, such buy-out awards will be made on a comparable basis to those forfeited giving due regard to all relevant factors (including value, performance targets, the likelihood of those targets being met and vesting periods). In such circumstances, shareholders will be provided with full details and rationale in the next published remuneration report.

Excluding the value of any potential buy-out, the maximum value of variable remuneration offered at recruitment will be no more than the maxima shown in the remuneration policy table.

In the case of an internal promotion to executive director, the Company will continue to honour any commitments made before promotion.

Other than that, the remuneration arrangements on recruitment will be as above.

Non-executive directors recruited will be remunerated in line with the Company's remuneration policy principles outlined before.

**ANNEX III. STATISTICS RELATING TO THE ANNUAL REPORT ON DIRECTOR REMUNERATION OF LISTED COMPANIES**

**ISSUER IDENTIFICATION DETAILS**

YEAR END-DATE

12/31/2023

TAX ID (CIF)

A-85845535

Company 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**

**ANNEX. STATISTICS RELATING TO THE ANNUAL REPORT ON DIRECTOR REMUNERATION OF LISTED COMPANIES**

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

**B4 Report on the result of the consultative vote at the General Shareholders' Meeting on remuneration in the previous year, indicating the number of votes in favour, votes against, abstentions and blank ballots:**

	<b>Number</b>	<b>% of total</b>
<b>Votes cast</b>	2,287,118,202	100.00
	<b>Number</b>	<b>% of votes cast</b>
<b>Votes against</b>	99,190,323	4.34
<b>Votes in favour</b>	2,060,520,717	90.09
<b>Blank ballots</b>	0	0
<b>Abstentions</b>	127,407,162	5.57

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

<b>Name</b>	<b>Type</b>	<b>Period of accrual in year n</b>
Javier Ferrán	Independent Chair	From 01.01.2023 to 12.31.2023
Luis Gallego	Executive Director	From 01.01.2023 to 12.31.2023
Giles Agutter	Proprietary Director	From 01.01.2023 to 12.31.2023
Peggy Bruzelius	Independent Director	From 01.01.2023 to 12.31.2023
Eva Castillo	Independent Director	From 01.01.2023 to 12.31.2023
Margaret Ewing	Independent Director	From 01.01.2023 to 12.31.2023
Maurice Lam	Independent Director	From 01.01.2023 to 12.31.2023
Heather Ann McSharry	Independent Director	From 01.01.2023 to 12.31.2023
Robin Phillips	Proprietary Director	From 01.01.2023 to 12.31.2023
Emilio Saracho	Independent Director	From 01.01.2023 to 12.31.2023
Nicola Shaw	Independent Director	From 01.01.2023 to 12.31.2023

**C.1 Complete the following tables regarding the individual remuneration of each director (including remuneration received for performing executive duties) accrued during the year.**

**a) Remuneration from the reporting company:**

**i) Remuneration accruing in cash (thousands of euros)**

<b>Name</b>	<b>Fixed remuneration</b>	<b>Attendance fees</b>	<b>Remuneration for membership of board committees</b>	<b>Salary</b>	<b>Short-term variable remuneration</b>	<b>Long-term variable remuneration</b>	<b>Indemnification</b>	<b>Other items</b>	<b>Total year n</b>	<b>Total year n-1</b>
Javier Ferran	645	0	0	0	0	0	0	8	653	650
Luis Gallego	0	0	0	980	1,624	0	0	196	2,800	3,026
Giles Agutter	120	0	0	0	0	0	0	0	120	120
Peggy Bruzelius	120	0	0	0	0	0	0	4	124	120
Eva Castillo	120	0	0	0	0	0	0	2	122	122
Margaret Ewing	120	0	20	0	0	0	0	4	144	143
Maurice Lam	120	0	0	0	0	0	0	9	129	132
Heather Ann McSharry	120	0	50	0	0	0	0	3	173	153
Robin Phillips	120	0	0	0	0	0	0	18	138	124
Emilio Saracho	120	0	0	0	0	0	0	11	131	131
Nicola Shaw	120	0	20	0	0	0	0	4	144	152

**ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments**

Name	Name of plan	Financial instruments at start of year n		Financial instruments granted during year n		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of year n	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/vested shares	Price of vested shares (€)	EBITDA from vested shares or financial instruments (thousands of euros)	No. of instruments	No. of instruments	No. of equivalent shares
Luis Gallego	Share performance plan - PSP 2015	131,242	131,242	0	0	0	0	0	0	0	131,242	131,242
	Share performance plan - PSP 2016	98,001	98,001	0	0	0	0	0	0	0	98,001	98,001
	Share performance plan - PSP 2017	174,504	174,504	0	0	0	0	0	0	0	174,504	174,504
	Share performance plan - PSP 2020	538,805	538,805	0	0	0	0	0	0	538,805	0	0
	Restricted share award - RSP 2021	414,954	414,954	0	0	0	0	0	0	0	414,954	414,954
	Restricted share award - RSP 2022	872,860	872,860	0	0	0	0	0	0	0	872,860	872,860
	Restricted share award - RSP 2023	0	0	835,751	835,751	0	0	0	0	0	835,751	835,751
	Incentive award deferral plan - IADP 2020	81,520	81,520	0	0	81,520	81,520	1.74	142	0	0	0
	Incentive award deferral plan - IADP 2023	0	0	447,341	447,341	0	0	0	0	0	447,341	447,341

**iii) Long-term savings schemes**

N/A

**iv) Details of other items**

Name	Concept	Amount of remuneration
Luis Gallego	Life Assurance, Personal Injury and Accidental Death Cover premium costs	17

**b) Remuneration of directors of the listed company for seats on the boards of other subsidiary companies:**

**i) Remuneration accruing in cash (thousands of euros)**

N/A

**ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments**

N/A

**iii) Long-term savings schemes**

N/A

**iv) Details of other items**

N/A



**c) Summary of remuneration (thousands of euros):**

This summary must include the amounts corresponding to all the remuneration items included in this report that have accrued to each director, in thousands of euros.

Name	Remuneration accruing in the Company					Remuneration accruing in group companies					Total in year n, company + group
	Total cash remuneration	Gross benefit of vested shares or financial instruments	Remuneration by way of savings systems	Other items of remuneration	Total in year n, company	Total cash remuneration	Gross benefit of vested shares or financial instruments	Remuneration by way of savings systems	Other items of remuneration	Total in year n. group	
Javier Ferran	653	0	0	0	653	0	0	0	0	0	653
Luis Gallego	2,800	142	0	17	2,959	0	0	0	0	0	2,959
Giles Agutter	120	0	0	0	120	0	0	0	0	0	120
Peggy Bruzelius	124	0	0	0	124	0	0	0	0	0	124
Eva Castillo	122	0	0	0	122	0	0	0	0	0	122
Margaret Ewing	144	0	0	0	144	0	0	0	0	0	144
Maurice Lam	129	0	0	0	129	0	0	0	0	0	129
Heather Ann McSharry	173	0	0	0	173	0	0	0	0	0	173
Robin Phillips	138	0	0	0	138	0	0	0	0	0	138
Emilio Saracho	131	0	0	0	131	0	0	0	0	0	131
Nicola Shaw	144	0	0	0	144	0	0	0	0	0	144
<b>TOTAL</b>	<b>4,678</b>	<b>142</b>		<b>17</b>	<b>4,837</b>						<b>4,837</b>

**C.2 Indicate the evolution in the last five years of the amount and percentage variation of the remuneration accrued by each of the directors of the listed company who have held this position during the year, the consolidated results of the company and the average remuneration on an equivalent basis with regard to full-time employees of the company and its subsidiaries that are not directors of the listed company.**

	Total amounts accrued and % annual variation								
	Year n	% variation	Year n-1	% variation	Year n-2	% variation	Year n-3	% variation	Year n-4
		n/n-1		n-1/n-2		n-2/n-3		n-3/n-4	
<b>Executive directors</b>									
Luis Gallego	2,959	-6.51	3,165	108.22	1520	223.4	470		0
<b>External directors</b>									
Javier Ferrán	653	0.46	650	12.65	577	419.82	111	68.18	66
Giles Agutter	120	0	120	7.14	112	273.33	30		0
Peggy Bruzelius	124	3.33	120	11.11	108		0		0
Eva Castillo	122	0	122	12.96	108		0		0
Margaret Ewing	144	0.7	143	13.49	126	13.51	111	70.77	65
Maurice Lam	129	-2.27	132	120	60		0		0
Heather Ann McSharry	173	13.07	153	41.67	108		0		0
Robin Phillips	138	11.29	124	14.81	108	260	30		0
Emilio Saracho	131	0	131	13.91	115	6.48	108	-21.74	138
Nicola Shaw	144	-5.26	152	23.58	123	19.42	103	-24.26	136
<b>Company results<sup>1</sup></b> (IAG operating profit/loss), less exceptional items)	3,507,000	186.29	1,225,000		-2,970,000	31.96	-4,365,000		3,285,000
<b>Average employee remuneration</b>	78	2.63	76	43.40	53	-3.64	55	-19.12	68

This annual remuneration report was approved by the Board of Directors of the company in its meeting of February 28, 2024.

Indicate whether any director voted against or abstained from approving this report.

No