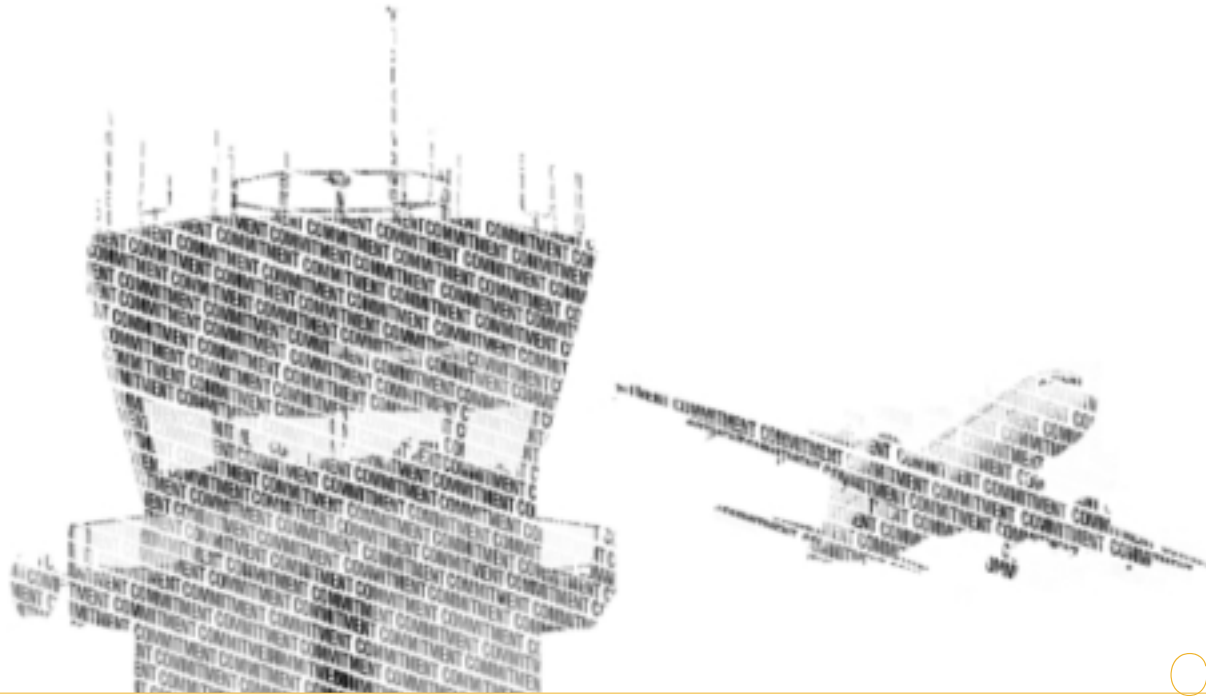


ANNUAL REPORT ON CORPORATE RESPONSIBILITY 2008



CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT



The year of this Annual Report, 2008, will be remembered for two circumstances that have dented the results not only of Iberia, but of the entire air transport sector in general. The first of these circumstances was the fuel price, which was extremely volatile throughout the year, reaching an all-time high of 150 dollars/barrel in the summer, to subsequently come down to around 50 dollars. The second circumstance is the worldwide economic and financial crisis, which was more severe in the second half of the year and is continuing, equally harsh, in 2009, causing the Gross Domestic Product to plummet in several countries and an unprecedented drop in air traffic.

In Spain, to complicate things even further, the expansion of the high-speed train has also hit air traffic on certain domestic routes with traditionally very high traffic.

In spite of this rather depressing scenario, Iberia has managed to close the year with a consolidated profit of 32 million euro, thus posting positive results for the thirteenth year in succession, quite amazing in this sector.

Yet although positive, they are clearly nowhere near the results posted in 2007, which was an outstanding year. This evolution is due to the tremendous increase in fuel costs, up 45.5% on 2007, no less than 521 million extra on a

cost item that had already been growing for several years. The 1,666 million paid by Iberia for aviation fuel represents more than 30% of the Group's operating expenses and 33.6% of the Transport business.

On the other hand, the cost-cutting and network restructuring policies have been successful again, achieving a 5.6% reduction in the other operating expenses items.

Operating revenues slid by 1.3%, although the difference can be put down to the depreciation of the dollar against the euro. Had the exchange rate remained constant, revenues would have increased slightly.

Traffic was weaker than capacity, mainly as a result of the current economic situation, hence the load factor was 1.6 points down on 2007. Even so, the 80% average load factor achieved is still one of the highest among European network carriers and four points above the AEA (Association of European Airlines) average.

Once again, the maintenance (MRO) business was positive, increasing its invoicing to third parties by 8.7%, consolidating and expanding its products and clients, individually or in collaboration with partners such as Singapore Technologies Aerospace. Also in 2008 we started to build a new MRO hangar in Barcelona, the only one in the whole of Catalonia that will have sufficient capacity to house aircraft with more than 100 seats. When it is completed, in 2010, this will be the most modern and technologically most advanced hangar in the south of Europe and will be able to provide services, among others, for the airlines operating at El Prat airport.

I should also like to point out that in these times of financial crisis and shortage of liquidity on the markets, our company closed the year with a healthy financial balance, equity of 1,564 million and liquidity of 2,351 million.

Productivity, another of the elements that contributed towards reducing unit costs, also performed well during the year. Employee productivity (measured in ASK/employee) increased by 3.9% respect to 2007 and fleet utilisation (measured in block hours/aircraft) rose 4.3% to 10 hours/day/aircraft, a record level for the company and probably the best in the sector among comparable airlines.

Apart from the figures per se, some of the most important developments during 2008 were seen in corporate transactions or improvement of Iberia's position on the world markets. We highlight the commencement of negotiations to explore the possibility of a merger with British Airways. We also reached an agreement with British and American Airlines to jointly operate the routes between Europe and North America, for which we need anti-trust immunity, currently being negotiated. Finally, the clickair-Vueling merger process aiming to create the largest new generation carrier in Spain and one of the largest in Europe is progressing according to schedule and is due to be completed in the second half of 2009.

2008 also marked the end of our 2006-2008 Director Plan, which set out, among other objectives, to review and optimise the network, enhance quality and revenues, improve resource productivity and cut costs.

Review of the flight schedule was completed, exceeding even the expectations of the Plan. Long haul routes are increasingly gaining weight in our company and now represent almost 50% of the passenger revenues, whereas in 2005 they barely accounted for 35%.

We have also strengthened our leadership on routes between Europe and Latin America, where our market share has risen from 17.6% in 2005 to 19.2% in 2008. That leadership is even greater on the business market, thanks to our Business Plus class and the extensive network of flights, destinations, frequencies and connections offered by our company and increasing from 19.2% before the plan to 21.9% in 2008.

If one of the company's strongest commitments was to increase revenue and quality, the best reflection that this has been achieved is seen in the Business Plus results: the number of passengers has grown by 45% since the beginning of the Plan. Precisely as a result of the greater share of business traffic, the unit revenues on long haul routes have increased by 23%.

Maintenance also showed strong growth, with an 83% increase in revenues from third parties since 2005.

We have also concluded the modernisation and homogenisation of the fleet and now have just two models of aircraft. This allows greater operating efficiency and a huge saving in operating costs. The average age of our

aircraft is now 7 years, one of the lowest among network carriers. This has enabled us to increase our fleet utilisation to 10 hours/day, 10% more than before the Plan. This modernisation also benefits the environment, since the newer aircraft are far more silent and efficient in fuel consumption, so emit significantly less gas into the atmosphere.

The headcount has been reduced by 12.8% respect to 2005, almost four points more than we had budgeted, by applying non-traumatic measures. Meanwhile, over the three years of this Director Plan, staff productivity increased by 19.2%.

Last of all we come to the economic balance. Operating profit was more or less as expected in the Director Plan, while consolidated revenues and profits were better than forecast.

During 2008 we also worked on our Strategic Plan for 2009-2011, which takes very much into account the world macroeconomic situation at present and despite this, or precisely because of it, it is clearly geared towards improving revenues and the quality of customer service in all areas and businesses of the company.

The main pillar is, without doubt, the Integral Customer Service Improvement Plan. This Plan contemplates the investment of 150 million over the coming three years for the different improvements, including a complete renovation of the long haul Tourist class and commencement of the designing of a new long-haul Business class, redesigning of the VIP lounges at key airports, speeding-up of processes for Business clients and a clear focus on improving the customer service attitude.

We will continue to increase our leadership with Latin America and Europe, while maintaining our presence on the domestic market.

In economic terms, the aim is to recover our former profitability levels with an EBITDAR margin of 14% on average in the last three years, underpinning the Group's current financial standing.

Finally, our overall goal is to make Iberia a strategic benchmark on a market which, as you all know, is constantly changing.

In any case, following the company's normal practice of adapting rapidly to changing circumstances on the market, which has been so successful in the past, Iberia has devised a contingency plan to cope with the current

international economic crisis and fall in demand, contemplating measures such as reducing capacity by more than 4% in 2009, postponing the delivery of new aircraft, temporarily cancelling the wet lease and checking all expenses and investments. The aim is, as on other occasions, to take advantage of the company's flexibility to adjust supply to demand, or capacity to traffic, and grow again when the circumstances improve. This has been one of the mainstays of Iberia's success in the past and it will be again in the future.

As regards the initiatives we have taken as a socially responsible company, the Corporate Responsibility framework has been reviewed to adapt it to the new directives of the 2009-2011 Strategic Plan and prevailing best practices on the market. The framework establishes the guidelines for action in aspects such as environmental and social performance and the company's stakeholder engagement.

Iberia's efforts in this regard have led to its simultaneous inclusion in the selective Dow Jones World and European Sustainability Indexes and, for the first time, in the FTSE4Good IBEX. All these indexes recognise the best practices in Corporate Social Responsibility and are a value added for us and motivation to continue improving every day.



Fernando Conte
President of Iberia

CORPORATE RESPONSIBILITY

INTRODUCTION

1. CORPORATE RESPONSIBILITY IN IBERIA

- 1.1 Iberia's Corporate Responsibility Framework
- 1.2 Stakeholder engagement
- 1.3 Iberia and society
- 1.4 Key Performance CR Indicators in 2008
- 1.5 Iberia in the Dow Jones Sustainability Indexes and FTSE4Good IBEX
- 1.6 Prizes and recognitions obtained for CR in 2008

2. ENVIRONMENT

- 2.1 Environmental management in Iberia
- 2.2 Flight operations: climate change
- 2.3 Flight operations: local air quality
- 2.4 Flight operations: noise control
- 2.5 Ground operations: emissions
- 2.6 Ground operations: consumption of resources
- 2.7 Ground operations: Waste & recycling
- 2.8 Nature protection

3. CUSTOMERS

- 3.1 Iberia passengers: the essence of our existence
- 3.2 Iberia Cargo customers
- 3.3 Iberia Maintenance customers
- 3.4 Iberia Handling customers
- 3.5 Guarantees for our services

4. SHAREHOLDERS

- 4.1 Performance of the different Iberia businesses in 2008
- 4.2 Meeting the objectives of the 2006-2008 Director Plan and drawing-up of the 2009-2011 Strategic Plan
- 4.3 Risk Management
- 4.4 Fraud prevention policies and anti-corruption measures
- 4.5 Good Governance
- 4.6 Innovation management
- 4.7 Brand management

5. SUPPLIERS

- 5.1 The value of RC in the supply chain
- 5.2 Procurement Management System
- 5.3 Payment process tools
- 5.4 Specific relationships within airlines industry

6. EMPLOYEES

- 6.1 Workforce and labor relations
- 6.2 Satisfaction, internal communication and motivation
- 6.3 Training and Development
- 6.4 Employee Web Services: IBPersonas
- 6.5 Ethics and Codes of Conduct
- 6.6 Equality opportunity and diversity
- 6.7 Work and family reconciliation policies
- 6.8 Health and safety at work

6.9 Welfare assistance and benefits

6.10 Corporate citizenship

6.11 Employment of disabled workers

7. SOCIETY

7.1 Main collaborations

7.2 Millennium Development Goals

7.3 Participation in associations and foundations

7.4 Responsible investments

ANNEXES: Contents and Indicators according to the Global Reporting Initiative 3.0

INTRODUCTION

About this Report

The Report on Corporate Responsibility of Iberia, L.A.E., S.A. – hereinafter *Iberia or the company* – is published every year with the aim of meeting the reporting needs of the different stakeholders in respect of its economic, social and environmental impacts.

This Report supplements the financial and corporate governance reporting laid before the General Shareholders' Meeting, which can be downloaded from Iberia's web site: <http://grupo.iberia.es>, where previous years' reports can also be consulted.

To assist comprehension, Iberia management information is structured into chapters dedicated to the different stakeholders of Iberia, applying the Corporate Responsibility model and policy adopted by the company, described in section 1.1 of this Report.

The information contained in this report has been approved by the senior management and the board of directors of the company, and externally verified by AENOR, recognised certification body, according to the Global Reporting Initiative, GRI 3.0 guidelines and principles (see assurance certificate in the Annexes hereto).



Self-declaration of A+ application level of the GRI 3 guidelines
Both the external checking of this report and the contents and indicators set out herein correspond to the highest degree of compliance (A+) with the recommendations made in the Global Reporting Initiative



Iberia, Líneas Aéreas de España, S.A. - Profile
Iberia is the leading airline in Spain and on the Europe-Latin America market.
It is one of the most profitable network companies, posting profits 13 years in succession.
It flies to more than 100 destinations all over the world, and operates in 40 countries throughout Europe, America, Africa and the Near East.
It has one of the youngest fleets in the sector, with 119 aircraft.
Its human capital consists of 22,500 employees.
Iberia has been listed on the Spanish stock exchange since 2001, and is included in the selective IBEX 35. In 2008-09, it is a member of the Dow Jones Sustainability Indexes, World and Stoxx, and the FTSE4Good IBEX.
Founding member of oneworld , a worldwide airline alliance covering the entire planet.
Ninth company worldwide in maintenance, repair and overhaul services (MRO), providing services for more than 100 customers all over the world.
Leading operator in handling – ground assistance for passengers and aircraft – in Spain, operating at almost all Spanish airports.



The air transport sector

Air transport is a global strategic sector, with an economic impact estimated at 3 trillion dollars, equivalent to 8% of the world GDP. It generates 29 million jobs worldwide, including direct, indirect and induced employment. The sector accounts for approximately 2% of the CO₂ global emissions. The infrastructure uses only a small area of land, estimated at 1% for the European Union.

For more information on the economic, social and environmental impacts caused by air transport, see:
www.atag.org/files/ATAG%20brochure-124015A.pdf



Iberia in the sector: its three core businesses

In Iberia, the passenger and cargo air transport business is supplemented with another two businesses:

- MRO: Maintenance, Repair & Overhaul,
- Ground assistance (handling) for passengers and aircraft.

Each of these has its own market characteristics, as well as all of them are affected by the current crisis in all sectors of the economy.

Passenger and cargo airline

The air transport market currently faces the following challenges:

- The expansion of low cost carriers and alternative means of transport, such as the high speed train, is causing a loss of market share on the domestic markets of traditional network companies.
- In Europe, network companies are tending to amalgamate.
- Fuel prices have soared in recent years, cutting into airline profit margins.
- The congestion of air traffic, especially in Europe, curbs growth of the business.
- The emerging markets of Asia – especially India and China – and the Middle East will make competition tougher on long haul routes.

Maintenance, Repair & Overhaul

There are currently three trends on this market:

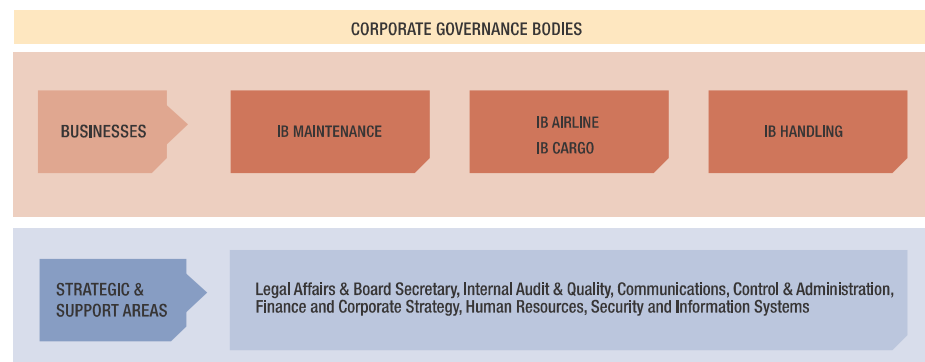
- Low cost carriers do not consider maintenance part of their business, so subcontract others to do it.
- At the same time, the maintenance organisations of traditional airlines are increasing their services to third parties.
- Independent MRO firms grow through purchases of or agreements with other companies, penetrating expanding markets.

Handling

The handling market, especially in Spain, is undergoing a far-reaching transformation, marked by:

- Deregulation of the sector, which has in Spain meant the granting of at least two licences at each airport and which is causing fierce competition between the licensees.
- Consequently, the pressure to lower the prices of these services is forcing traditional companies to slash their costs in order to remain competitive. The enlargements of Barajas Airport in Madrid and El Prat Airport in Barcelona are giving airlines an opportunity for growth at these two hubs, traditionally congested.

Iberia's Strategic Plan is geared to strengthening these three businesses, endeavouring to optimise the processes and results of each one through the quality of their products and services. The organisation of the company is in line with that strategy:




Iberia in the sector: oneworld and associations

Iberia belongs to one of the largest three airline alliances worldwide, **oneworld**, along with **American Airlines, British Airways, Cathay Pacific, Finnair, Japan Airlines, Lan Chile, Malev, Qantas and Royal Jordanian**. The alliance offers 632 joint destinations in 134 countries, with 8,000 daily flights, which means a take-off or landing every five seconds; and employs 296,028 people.

oneworld has a total fleet of 2,176 aircraft. The airlines in this alliance are modernising their fleets, adding up to 1,200 aircraft with a more efficient fuel consumption, with smaller emissions and more silent than ten years ago. In fact 590 of these more ecological aircraft have already been received since 2000, for a value of 50 billion dollars, and a further 580 aircraft are to be renewed in the next few years.

oneworld also works with the airport and air traffic control authorities, on an individual and group basis, on possible solutions for the most significant cause of unnecessary fuel consumption in the sector: congestion of air space.

Iberia is a member of national and international air transport organisations committed to a responsible development of the air industry worldwide:

	IATA: International Air Transport Association.
	AEA: Association of European Airlines.
	ALA: Association of Airlines operating in Spain.
	ACETA: Association of Spanish Air Transport Companies.
	ATAG: Air Transport Action Group, whose members include representatives from all sectors of the industry: airlines, airports, air navigation service providers, airline pilot and air traffic controller unions, travel and tourism associations, etc. It aims to foster sustainable development of infrastructures and air services worldwide. ATAG has created a web site, www.enviro.aero/ , to announce and inform on these principles, backed and financed by the commercial aviation industry.

1. CORPORATE RESPONSIBILITY IN IBERIA

1.1. Iberia’s Corporate Responsibility Framework

Coinciding with the end of the 2006-2008 Director Plan and the drawing-up of the 2009-2011 Strategic Plan, which lays down the guidelines for the company’s actions in the forthcoming 3 years, Iberia has reviewed, as on other occasions, its Corporate Responsibility -hereinafter CR- management framework to adjust it to current trends and the new strategic guidelines.

The framework has been updated by means of a **review process** conducted by those in charge of the CR-related management systems and constant relations with stakeholders, through interviews held in October and November 2008.

CR ORGANISATION AND RESPONSIBILITIES IN IBERIA			
MANAGEMENT	AREA	RESPONSIBILITIES	STAKEHOLDERS
Legal Affairs & Board Secretary	--	Corporate Governance	Shareholders
Communications	Advertising & Sponsorship	External reporting on CR & Representation of Iberia in CSR Forums	All
Finance & Corporate Strategy	Investor Relations	Direct relations with Shareholders	Shareholders
Finance & Corporate Strategy	Purchasing	Direct relations with Suppliers	Suppliers
Human Resources	People Development	Direct relations with Employees	Employees
Customer Relationship Management	Customer Intelligence & CRM Customer Service	Direct relations with Customers (Passengers)	Customers
Internal Audit & Quality	Environment	Environmental Management Systems	All
	Quality	Quality Measurement & Management Systems	Customers
	Innovation	Innovation Promotion and Management	All
	Business Risks	Internal coordination of CR, Annual Report and nominations for sustainability Indexes	All

In addition, many other managements and business units provide CR-related management information.

In compliance with the recommendations of the Unified Good Governance Code and pursuant to the Regulations of the Board approved on 22 May 2008, the Board of Directors is responsible for approving the company's CR Policy.

The review process culminated in an agreement on the common Corporate Responsibility Framework, consisting of:

- **Concept of Corporate Responsibility:** what the company understands by CR.
- **CR Instruments:** the bases for effective CR management in Iberia.
- **Corporate Responsibility Policy:** the principles and objectives of CR and how they are developed and applied in the different management areas of the company.
- **Scopes of application of CR:** the main CR-related management issues.
- **Stakeholders and specified expectations:** ensuring that all the stakeholders and their expectations are taken into account.

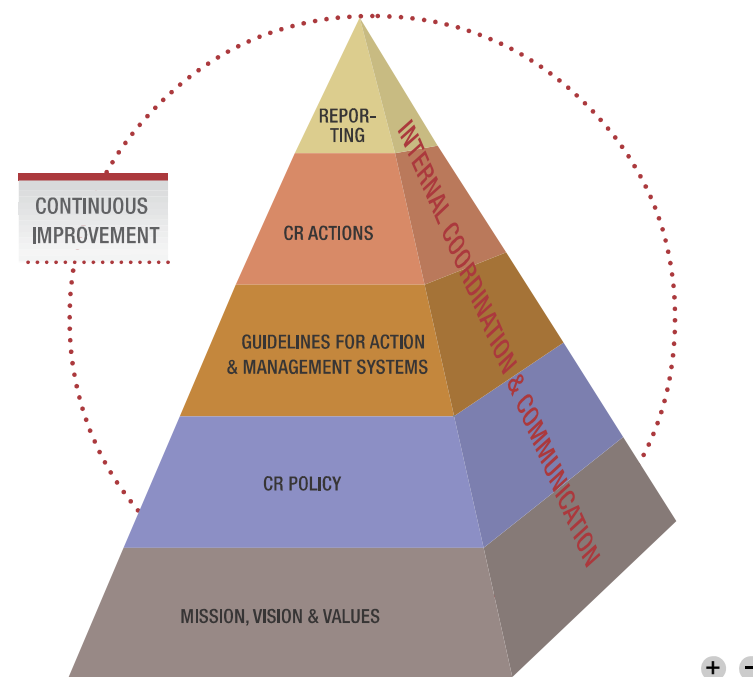
CONCEPT OF CORPORATE RESPONSIBILITY

In Iberia, CR is the shared commitment to create economic and social value, respecting the environment and taking into account the expectations of stakeholders at all times.



Corporate Responsibility Instruments

The bases for ensuring adequate CR management and reporting in Iberia are:



Corporate Responsibility Policy

Iberia acts in accordance with a set of principles that enable it to continue growing in line with the services demanded by its customers, within a framework of respect and preservation of the environment, while collaborating actively in social actions, thus contributing to the development of the societies in which it operates.

These principles are summed up in the mission, vision and values of the company, shared across the board:

OUR MISSION

Iberia's mission is to offer air transport, airport services and aircraft maintenance services that come up to our customers' expectations and create sustainable economic and social value.

OUR VISION

Iberia aims to be leader in customer satisfaction, innovation and economic and social performance:

- Perceived as leader on the domestic, European and Latin American markets.
- Preferred by customers for the best possible value for money.
- Distinguished by shareholders for its sustained returns.
- Recognised for its transparency and its social and environmental commitment.
- Sought after by people for their professional development.

OUR VALUES

Focus on customers, creation of value, search for excellence in management, social commitment, importance of people, leadership, team work, constant improvement, adaptation to change and innovation.



The relations between Iberia and its different stakeholders are kept as direct as possible in order to be able to respond to their expectations and incorporate their suggestions in projects to enhance the company's processes, products and services.

Corporate responsibility is incorporated in the different management systems in the company: Strategic Plan, Risks Management, Internal Control, Safety, Quality, Environment, Occupational Health, Purchases, etc. They all incorporate assessment and continuous improvement and establish measures to guarantee sustainable management of the company's business activities.

This policy is specified in the following objectives:

General corporate responsibility objectives in Iberia

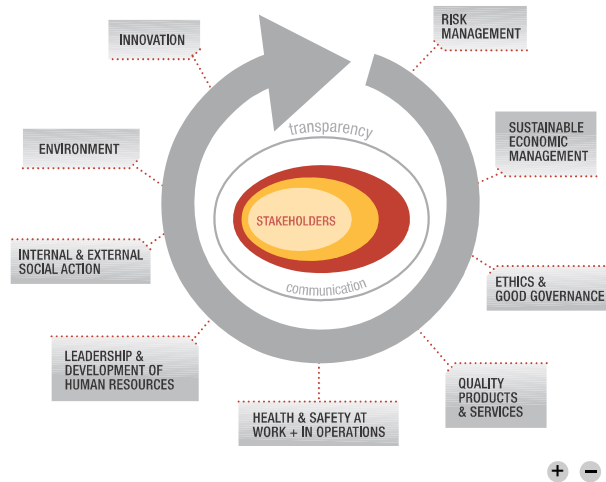
- Maintain its leadership in return on assets (ROA), safety and reliability.
- Obtain recognition within society for its transparency, social commitment and defence of human rights.

- Apply the best environmental practices in its businesses activities, making a rational use of natural resources.
- Respond to the major expectations of the company's stakeholders:
 - Guarantee the best service to its customers in terms of quality and responsibility, respecting the protection of their rights.
 - Create value for its shareholders, fostering respect for the environment and distribution of wealth.
 - Support any humanitarian projects and initiatives promoted by its employees.
 - Encourage the personal, labour and social furtherance of its employees within a framework of equal opportunities.
 - Promote sustainable development and good management practices among its suppliers of goods and services.
 - Work together with institutions, public administrations and other companies in the sector in any initiatives considered of interest.
 - Participate in cultural, educational, sports, social and economic development projects wherever it operates.
- See that these objectives are met, with permanent monitoring to pinpoint opportunities to further the company's continuous improvement in CR management



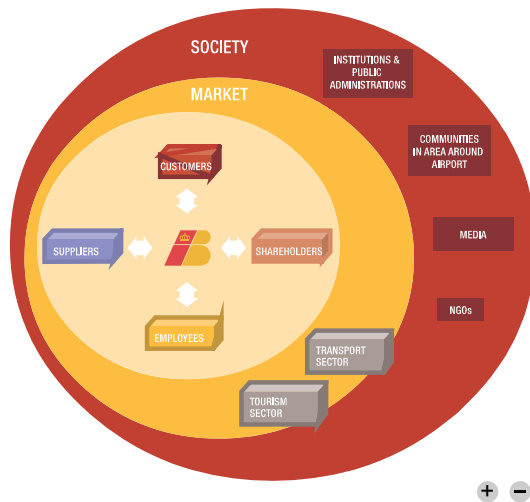
Scopes of application of Corporate Responsibility

In general, CR contemplates the following issues in Iberia, all across the board, that is, all of the company's management areas are responsible for them:



Stakeholders

The company has identified its different stakeholders and has procedures in place for collecting information on their expectations and concerns, through established communication channels:



1.2. Stakeholder engagement

The following table shows the communication channels and a summary of the principal actions taken in 2008 and underway for 2009 in relation to the expectations detected among the stakeholders:

Stakeholder	Communication Channels	Expectations detected	Actions 2008/09
CUSTOMERS: Passengers	Permanent: <ul style="list-style-type: none"> www.iberia.com / www.iberia.com/customerservice Senberia; 24h service Direct sales offices Customer services department Iberia Plus frequent flyer programme and individual monitoring using CRM tools Quality perceived opinion polls Reports by chief flight attendants Publications: <ul style="list-style-type: none"> Ronda Iberia Magazine IB Universal Daily Newspaper Iberia Plus Magazine Excelente Magazine 	Punctuality Service quality Transparent prices Safety	<ul style="list-style-type: none"> Improvement in punctuality. Document to justify delays. New model for obtaining and analysing the Perceived Quality Level of the service. ISO 9001:2000 certification of Customer Service Dept. Iberia.com: flight search tool permitting search according to the maximum budget set by the customer. New baggage check-in system. Certification under IATA Operational Safety Audit – IOSA. ISO 27001 certification of Reporting Security (in progress).
CUSTOMERS: Cargo agents	www.iberia-cargo.com cgocontactor@iberia.es Customer satisfaction surveys, according to ISO 9001:2000	Safety Punctuality Sustainability	<ul style="list-style-type: none"> Certification under IATA Operational Safety Audit – IOSA. Improvement of processes at Cargo Terminals. e-FREIGHT: electronic cargo ticket project (in progress).
CUSTOMERS: Airlines	Aircraft Maintenance Business: <ul style="list-style-type: none"> www.iberiamaintenance.com maintenance@iberia.es Customer satisfaction surveys, according to ISO 9001:2000 Airport Handling Business: <ul style="list-style-type: none"> http://handling.iberia.es airportservices@iberia.es Customer satisfaction surveys, according to ISO 9001:2000 	Punctuality Reliability Quality Safety Sustainability	<ul style="list-style-type: none"> Maintenance hangar construction project in Barcelona (in progress). GAUDI handling management optimisation project (in progress). Certification under IATA Operational Safety Audit – IOSA. <p>More information in the chapter on Customers</p>
MARKET: TOURISM & TRANSPORT SECTORS	Permanent: <ul style="list-style-type: none"> Iberia Plus Empresas. Serviciosclás. Attendance at congresses, trade fairs and forums in the sector. Regular: <ul style="list-style-type: none"> Visits to Iberia ticket sales points. 	Growth Integration	<ul style="list-style-type: none"> Increased destinations, frequencies, shared-code agreements, oneworld (permanent). Entry of new partners in the Iberia Plus points programme (permanent). Brand management. <p>See chapter on Shareholders</p>
SHAREHOLDERS	Permanent: <ul style="list-style-type: none"> Department of the company dedicated exclusively to shareholder and investor relations: investor@iberia.es Specific section of the Iberia web site for investors and shareholders: http://grupo.iberia.es Specific, punctual information on all significant events, also through the Spanish National Securities Market Commission (CNMV). Regular: <ul style="list-style-type: none"> Quarterly publication of 'Shareholders' Newsheet' at http://grupo.iberia.es Annual Reports and General Shareholders' Meeting Investors and Analysts Day. 	Profitability Good Governance Transparency	<ul style="list-style-type: none"> Drawing-up of 2009-2011 Strategic Plan. Development of businesses in 2008. Internal computer system for recording purchases/sales of shares by company executives. Web application to provide a customised Iberia-related information service for any investors or shareholders so requiring. Events held to maintain regular contacts with investors. Development of new functions on the shareholders' web page (in progress). <p>More information in the chapter on Shareholders</p>
SUPPLIERS	Permanent: <ul style="list-style-type: none"> Negotiation Contracting Monitoring Arba Sourcing Tool	Feedback Ethics Fostering of good practices	<ul style="list-style-type: none"> ISO 9001:2000 certification of the Purchasing Quality Management System. Electronic Invoicing project for suppliers and contractors (in progress). Permanent inclusion of Global Compact sustainability clauses in contracts. Fostering of social responsibility in Small & Medium Enterprises -SMEs (in progress). <p>More information in the chapter on Suppliers</p>
EMPLOYEES	Permanent: <ul style="list-style-type: none"> Intranet / Extranet: IBPróxima Employee web services: IBPersonas Suggestion boxes in IBPróxima and IBPersonas Notice boards, both online and physical Programme for recognition of proposals for improvement Regular: <ul style="list-style-type: none"> Works Councils for bargaining and monitoring of Collective Agreements, of both ground and flight staff Informative meetings to report to management on results and objectives Satisfaction surveys on training received Opinion polls on services offered on IBPróxima Publications: <ul style="list-style-type: none"> Internal magazines: Iberiación, Despegue and OPS. 	Stability Continuous training Health & safety at work Combination of work and family life Equal opportunities Welfare benefits & assistance	<ul style="list-style-type: none"> XVIII Collective Agreement for Ground Staff Collective bargaining for: - VII Collective Agreement for Cabin Crew (in progress). - VII Collective Agreement for Pilots (in progress). Professional development plans (permanent). Muscular-skeletal disorder prevention campaign (in progress). Sex Equality Act: Diagnostic study with a view to establishing an Equality Plan (in progress). Compliance with LISMI (Disabled Social Integration Act 13/82). <p>More information in the chapter on Employees</p>

Stakeholder	Communication Channels	Expectations detected	Actions 2008/09
SOCIETY: COMMUNITIES IN AREA AROUND AIRPORT	Permanent: <ul style="list-style-type: none"> On corporate web site (http://grupos.iberia.es) Social Commitment... To the environment Regular: <ul style="list-style-type: none"> Annual Report on Corporate Responsibility 	Compliance with the law Collaboration	<ul style="list-style-type: none"> Application of air navigation, approach, landing and take-off operating procedures to reduce noise pollution (in progress). Collaboration with the authorities for drafting and overhauling new measures to reduce noise and air pollution (in progress). <p>More information in the chapter on Environment</p>
SOCIETY: MEDIA	Permanent: <ul style="list-style-type: none"> press@iberia.es Press Room at http://grupos.iberia.es Subscription service "Bella Sostenible" section in the Ronda magazine Regular: <ul style="list-style-type: none"> Press releases Press conferences Advertising campaigns Sustainability Congresses & Trade Fairs 	Transparency Reliability Rigor Speed Credibility	<ul style="list-style-type: none"> Official encounters with the media to report on commercial actions, economic results and social and environmental commitments (permanent). Effort to report on the air's strategy in Barcelona (in progress).
SOCIETY: NATIONAL AND PUBLIC ADMINISTRATIONS	Permanent: <ul style="list-style-type: none"> Direct relations with any of the areas, case-specific. 	Collaboration Responsibility	<ul style="list-style-type: none"> Meetings with the Spanish Ministerio de Fomento, Civil Aviation Authorities, AENA (permanent). <p>The different collaborations with Institutions and Public Administrations are described elsewhere in this Report</p>
SOCIETY: NGOs	Permanent: <ul style="list-style-type: none"> Department of the company dedicated to social investments. "Bella Sostenible" section in the Ronda magazine. Regular: <ul style="list-style-type: none"> Annual Report on Corporate Responsibility. 	Collaboration Commitment	<ul style="list-style-type: none"> Setting aside of space in the bellies of aircraft for transporting humanitarian aids (permanent). Commitment to the Millennium Development Goals (permanent). <p>More information in the chapter on Society</p>



In addition to the information and communication channels focusing on each type of stakeholder, Iberia provides an on-line opinion poll where stakeholders can rate their assessment of this Report <http://grupo.iberia.es>.

During 2008 16 completed polls were received, the results of which have been taken into account and used to improve the information given in this Report.



Any comment on the aspects contemplated in this Report can also be sent to the suggestion box daic.uong@iberia.es



The company organised the following multi-stakeholder forums in 2008 for exchange experiences:

- **IATA OPS FORUM** – “Fly green, Fly Smart, Fly Safe”, held in Madrid on 27 & 28 February 2008. Iberia was the host airline. The participants addressed aspects relating to safety, efficiency and the environment.
- **European Congress on Aviation Maintenance** - “Green Aviation Forum & Maintenance, Repair and Overhaul 2008”, held in Madrid on 24 & 25 September 2008, organised by the specialist journal Aviation Week and Iberia. 134 airlines from all over the world and over 3,000 aviation

professionals analysed the new challenges that the sector faces, including the latest progress made in environmental issues, such as alternative fuels and the new European regulation; the increased competition in the Middle East; and the oil price hike. The congress agenda included several discussions and debates among airline executives and manufacturers.

Iberia has also participated actively, among others, in the following multi-stakeholder events:



- **Conference organised by the Association of Commercial Aviation Pilots (COPAC) on air transport and the environment**, held in Madrid in February 2008. The Operations Management and Environmental Unit of the Internal Audit and Quality Department of Iberia each gave a paper on the measures taken by the company to reduce its CO₂ emissions and ensure an adequate environmental management.
- **II Latin American Conference on Flight Safety and Human Factors**: Iberia participated in this Workshop, held in Quito on 24-26 June. This event, attended by over 300 participants, follows on from the first Workshop held two years ago in Aranjuez (Madrid), organised by Iberia and Juan Carlos I University, a pioneer on this subject. These conferences were started up in response to the interest and concern for flight safety as a social asset, the wish to promote a study of the Human Factors as a key issue in flight safety, the need to integrate the practical and academic areas on these issues and the desire to stimulate cooperation and exchanging of experiences among institutions and industry in Latin American countries.
- **I Meeting of the Exceltur Environmental Committee**, a Spanish association set up to promote excellence in the Spanish tourism sector, held in September 2008. The company participated in the first of these meetings, designed as a forum for sharing and publicising good environmental practices in the sector.

- **Communication in times of crisis:** for two days, 28 & 29 October, the communications managers of enterprises such as Iberdrola, Coca-Cola, Telefónica, Repsol, Inditex and Iberia, and banks such as Santander and BBVA, institutions such as the Club de Excelencia en Sostenibilidad (Sustainability Excellence Club) and the Media executives, such as the editor-in-chief of the financial newspaper CincoDías, came together at the Instituto de Empresa (IE Business School) to reflect on the corporate reputation in present times.
- **I Madrid Logistics and Transport Fair, Logitrans:** Iberia Cargo participated in the first edition of this event, held at the Madrid Fair Ground on 10-12 November 2008, which aims to become a benchmark in innovation for the logistics sector in southern Europe.
- **National Environment Congress:** Iberia participated in this Congress from 1-5 December. It is the most important environmental forum in Spain, aiming to spread knowledge, promote dialogue and submit proposals on environmental issues. Within the Congress, Iberia participated in the Workshop "Post-Kyoto Challenges", together with the Spanish Climate Change Office and companies from other sectors.



Iberia also promotes collaboration and interaction among different stakeholders, acting as **official carrier** for numerous national and international Fairs, Congresses and Events, the participants at which are granted special rates on Iberia flights.

1.3. Iberia and society

Iberia, as part of the society for which it provides its services, has taken into account the principal concerns of that society during 2008:

- **Economic recession:** Iberia is the first European airline and third in the world best prepared to face the crisis, according to the "Top Performing Companies" ranking compiled by **Aviation Week**, leading publication in

the sector, which bases its study on parameters such as the liquidity and financial health of each company. Moreover, five of the ten best prepared airlines are members of the **oneworld** alliance: British Airways, Finnair, Cathay Pacific, Qantas and Iberia.

www.aviationweek.com/media/pdf/tpc_2008/tpc_airlines_2008.pdf



To quote the Chairman of Iberia, Fernando Conte, *"behind the positive year-on-year results obtained by the company, there is a defined strategy, in which nothing is left to chance, there is a culture of striving, anticipation and work well done"*.

In other declarations made to El Siglo (27-10-08), Fernando Conte said: *"All crises, however painful they are for families, companies and everyone in general, are always an opportunity to improve, learn from our errors and from when we have made the right choices and decisions and correct what was wrong, and at the same time they provide us with an incentive for seeking new business alternatives, new ways of managing companies and providing services to customers. (...)"*

The crisis is, therefore, a chance to implement supervisory measures and oversight to avoid the excesses that have led to the current situation; to demand maximum transparency and good governance in all spheres, not only on paper, but in everyday actions and operations".

The company firmly believes that the solution to some of the causes that led to the crisis can be found in the Corporate Social Responsibility.

In these times of uncertainty, Iberia is going to keep up its management of sustainability risks and opportunities to help to achieve the objectives marked out in the corresponding scopes of application.

- **Climate change:** Once again, Iberia has implemented its fleet renewal plans as a strategy for cutting fuel consumption and reducing its greenhouse gas emissions.
More information in the chapter on Environment.
- **Human rights:** As a responsible company, Iberia incorporates and contemplates respect for human rights in its operations, based on the principles established in the Universal Declaration of Human Rights, the eight Fundamental Conventions of the International Labour Organization and the United Nations World Compact, which Iberia joined in 2004.
More information in the chapter on Employees and Annexes.



- **Humanitarian aid:** Iberia is committed to the Millennium Development Goals through economic contributions and resources for social action projects, especially those promoted by its employees.
More information in the chapters on Employees and Society.
- **Growing need for mobility:** Together with the franchise **Iberia Regional/Air Nostrum** and its subsidiary clickair, the company covers practically all destinations on the Spanish mainland and the Balearic and Canary Islands. Air Nostrum was set up in 1994 to respond to the needs for flights between the different regions of Spain. It currently offers flights to almost 60 national destinations.

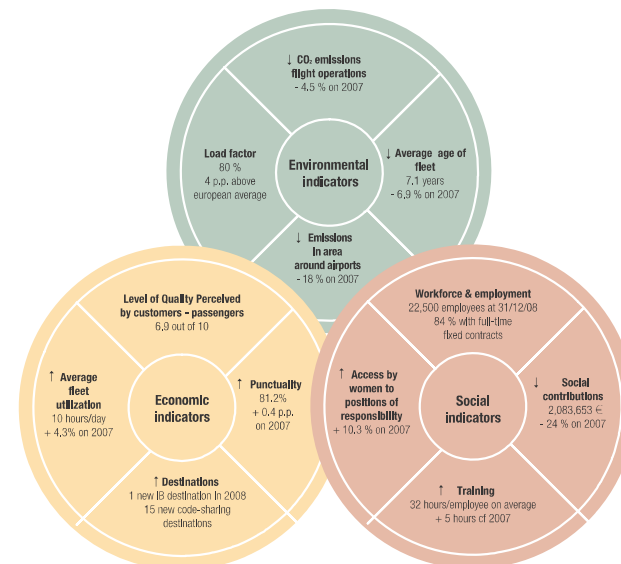


Through commercial agreements with different airlines and the **oneworld** alliance, which is constantly gaining new members, the company offers its customers the possibility of flying almost anywhere in the world.

- **Regional development and integration:** Apart from its international presence, Iberia operates its handling service at most Spanish airports. The company sells its tickets through more than 8,000 travel agencies, most of them distributed throughout the country.

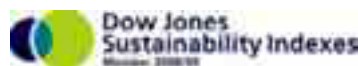
1.4. Key Performance CR Indicators in 2008

The following graph sums up the KPIs in the economic, environmental and social aspects, which are explained in greater detail in the different chapters and annexes of this Responsibility Report:



1.5. Iberia in the Dow Jones Sustainability Indexes and FTSE4Good IBEX

Iberia has been included in the selective Dow Jones Sustainability World Index for the third year in succession. It was also selected for the first time this year for the European Dow Jones Sustainability STOXX Index.



In September 2008, Iberia was also included in the FTSE4Good IBEX index, the other prestigious international CSR index.



Iberia's inclusion in these indexes is an important recognition of the efforts it has made to encourage and manage corporate responsibility. The rating received is also an excellent instrument for measuring the impact of its activities and is used as the basis for preparing the company's sustainability enhancement and action plans, in line with the company's Corporate Responsibility Policy.

1.6. Prizes and recognitions obtained for CR in 2008

- ☑ **GEBTA Prizes 2008:** Iberia has once again been honoured by the Guild of European Business Travel Agencies **Gebta**, this time with the prize for the best tourism supplier specialising in the business travel market. The prize was awarded for the excellence, innovation and initiative of the airline for its work in the tourism sector. In the previous year, Iberia received the prize for its leadership in domestic flights and on the markets joining Europe and Latin America, and for offering direct connections for over 200 destinations, between own and code-sharing flights.

- ☑ **Overhaul & Maintenance Award for Outstanding Achievement in Aviation MRO:** organised by Aviation Group for managers and executives who, through their work, have improved efficiency, profitability, sustainability, confidence and safety in their companies in particular and in the MRO industry in general. The Iberia Maintenance Chief Executive was awarded this prize for his "exemplary leadership" in all these aspects.
- ☑ **Best European carrier in investor relations :** More than 1,300 analysts and managers participated in the survey conducted by the prestigious Institutional Investor Magazine. Iberia is one of the few companies considered best by both fund managers and analysts. In the current situation, with many European countries and enterprises suffering the consequences of the crisis, "analysts and investors are attaching increasing importance to companies' capacity to inform their shareholders of the company's strategy": www.iimagazine.com
- ☑ According to a **comparative study made by Spanish journal Expansión** and published in November 2008, **Iberia is one of the IBEX-35 companies that provides its shareholders with most readily-understandable information.**
- ☑ **Best Business and Advertising Track Record:** Iberia was awarded this prize organised by the magazine Actualidad Económica.
- ☑ **Leading Managers in Spain 2008:** this study by the firm **CRF and Eurotalent** recognises the Iberia management team, headed by Fernando Conte, as one of the best in Spain, with special mention of its commitment to stakeholders: www.leadingmanagers.es/pdf/13%20IBERIA.pdf
- ☑ **Gold Class company in sustainability**, according to the Sustainability Yearbook 2009, published by PricewaterhouseCoopers (PwC) and Sustainable Asset Management (SAM Group). The report also recognises Iberia as sector mover, that is, one of the companies with

the most significant progress in CSR in 2008:



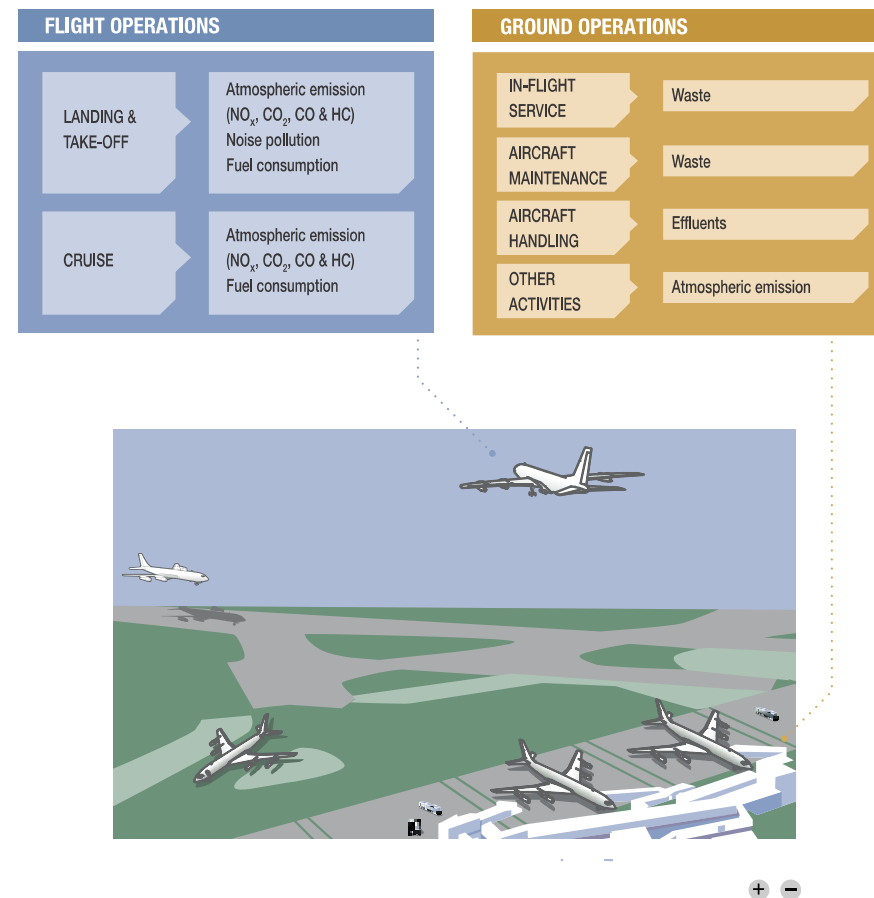
2. ENVIRONMENT

The company strives unceasingly to maintain a balance between development of its business activities and their impact on the environment. Environmental protection has, therefore, been a constant feature in the company for many years and is singled out as one of its corporate priorities.

2.1. Environmental management in Iberia

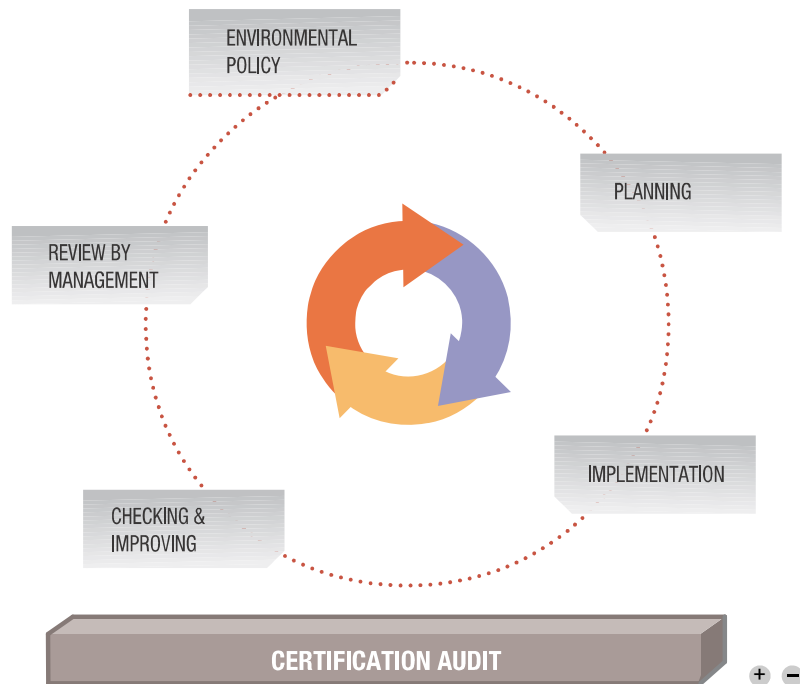
In its endeavour to develop the best environmental practices, Iberia defines and regularly updates a set of measures which, based on the company's Corporate Responsibility Policy - see Chapter 1 of this Report -, include training, motivation and awareness of its employees, regular checks, controls and audits, and cooperation with its stakeholders in environmental issues.

The most important environmental impacts of the company are indicated below:

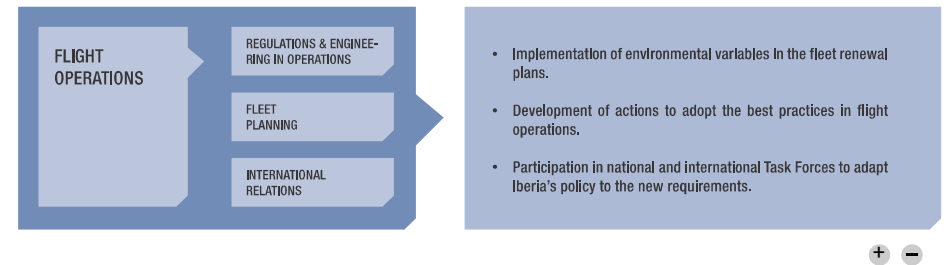


Environmental management systems

The environmental management systems enable organisations to develop their environmental policies and meet pre-established management objectives. The following diagram shows the main phases of a management system, in this case an environmental management system:



Iberia has internal procedures to guarantee identification of any emerging legislation and the best existing practices for its flight operations. By developing the tasks commissioned to internal committees and technical departments of the company, Iberia implements environmental variables in the fleet renewal plans and adopts the best practices in aircraft operations. Moreover, through its participation in national and international task forces addressing these issues, the company is able to adapt its policy on this matter and make sure it is permanently updated.



Iberia pinpoints and assesses the environmental aspects of its ground operations to rate the extent to which they affect the environment. It then defines its management strategy according to that rating. The company's environmental management systems have been certified externally and its internal management systems and specific procedures cover all the activities having any environmental impact.

In this regard, Iberia Handling has been awarded the AENOR certificate for its Integrated Quality and Environment System, under the UNE-EN ISO 9001:2000 and UNE-EN ISO 14001:2004 standards, respectively. This is particularly impressive since it umbrellas under a single Integrated System the operations of around thirty stations in the national airport network, affecting 8,530 employees.

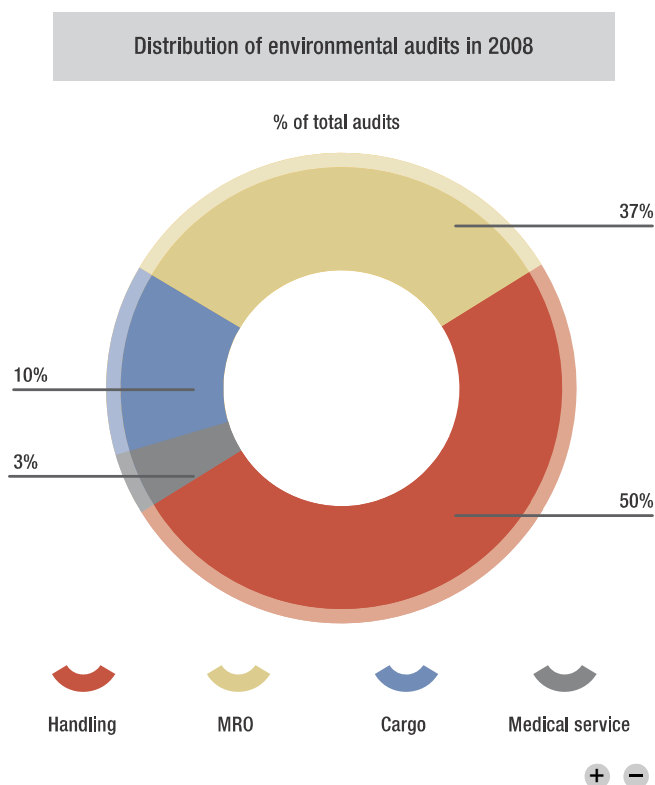
Iberia has a similar management system for its MRO business in Madrid. This is one of the broadest certifications awarded by AENOR in terms of area, variety and quantity of environmental aspects and number of employees affected (3,845).



Environmental audits

Internal audits were conducted in 2008 to check adequate environmental management in the areas with significant environmental impacts. These audits were made in the areas of Handling, MRO, Cargo and Medical Service.

In addition and with a view to having Iberia's environmental management checked through an external body, the sites whose Environmental Management Systems have been certified under ISO 14001:2004 were audited by AENOR in 2008.



Any non-compliance detected in the audits are solved as expeditiously as possible through the corresponding Action Plans.

A total of 39 internal environmental audits were made in Iberia during 2008, entailing the equivalent of 42 days' work.

Parallel to this process, in 2008 the Internal Audit Department audited the DAIC-MA-02 procedure for controlling Iberia suppliers with environmental impact. This procedure lays down the guidelines to be followed by the organisation when contracting suppliers of products that have any environmental impact, such as suppliers of ground equipment with combustion engines, industrial maintenance or waste contractors. Thanks to this audit, a more agile, operative procedure has been defined.

Environmental awareness and training

Continuous training in the application of different internal environmental procedures is common practice in the company.

The Flight Operations Management provides continuous awareness and training for its technical staff on the best practices in flight operations, with the aim of reducing noise and fuel consumption, which is directly proportional to CO₂ emissions.

About half way through the year, **a process was conducted through the IBPróxima intranet, asking employees for ideas on how to further cut fuel consumption**, as an initiative seeking collaboration in cost savings and environmental awareness. More than fifty proposals were received through this process; many of them have been selected and are currently being implemented.

With regard to the training given during the year in respect of ground operations, 165 courses were given in the handling area, during which the Environment Managers informed 1,172 employees on good environmental practices.

In the area of aircraft maintenance, awareness courses were run for 164 participants and a Manual on the correct management of hazardous and urban waste was distributed among all the relevant employees in this area. Finally, the Cargo Management ran 127 courses for 824 employees on the correct handling of hazardous goods.



Front cover of the Iberia Maintenance Environmental Awareness Manual, published in 2008

Environmental accounting

Environmental accounting compiles financial information with a view to combining the company's economic and environmental policies so as to achieve a more sustainable company. In Iberia, economic accounting assists the decision-making in matters concerning environmental actions.

Apart from environmental investments, there are also expenses incurred in environmental preservation and management, which totalled 1.2 million in 2008, environmental consultancy projects, 195,000, staff engaged in environmental tasks, 1 million, and finally the environment-related airport taxes and fees, for a total of 1.6 million in 2008.

FLIGHT OPERATIONS

2.2. Flight operations: climate change

Air transport is an integral part of the XXI-century society, permitting both passengers and goods to cover large distances at unprecedented speeds. However, aviation also contributes to climate change. According to the Intergovernmental Panel on Climate Change (IPCC), the aviation sector contributes only 2% of the total CO₂ emissions generated by the consumption of fossil fuels. Nevertheless, in view of air traffic growth forecasts the sector ought to take measures to minimise the increase in these emissions.

Over the past 10 years, aviation has reduced its specific emissions of CO₂ by 10% through the introduction of more efficient engines, lighter aircraft and enhanced aerodynamics. However, there is not a technology available to cut emissions drastically in the short term: tests are commencing with biofuels, but as a medium-term objective.

Measures taken by Iberia against climate change

Iberia's main goal for dealing with climate change is to reduce its emissions, achieving sustained, efficient growth. The measures comprising this strategy are described below:

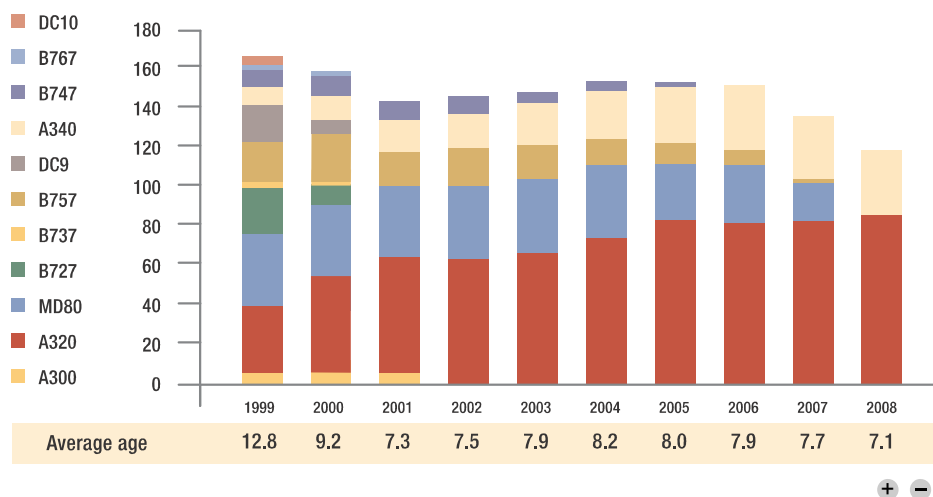
- Fleet renewal

Iberia currently has a very modern fleet of aircraft. Just in the past five years it has retired 76 aircraft and incorporated 60 new ones.

Although it was initially intended to keep them in use until May 2009, Iberia retired its last MD87 and MD88 in October 2008. These aircraft had the lowest fuel efficiency in its fleet: compared with the MD87 and MD88, the Airbus A320 with equivalent capacity obtains a fuel saving of 15%.

The average age of the Iberia fleet at the end of 2008 is 7.13 years, almost 8% less than at year-end 2007. Moreover, around 45% of the fleet is approximately 4 years old. According to IATA, the average fleet age of a traditional network carrier is of the order of 10-12 years, which means that the Iberia fleet is one of the most efficient in the world.

Iberia will continue its fleet renewal in the coming years. This measure will reduce CO₂ emissions by 1.4% per unit carried up to 2012.



This graph shows the composition (as a percentage of the total) and age (in years) of the Iberia fleet over the past decade. The unification and rejuvenation process is obvious. A unified fleet is easier to manage and, therefore, environmentally more efficient.

- Operating measures

1. The smaller weight of aircraft directly reduces fuel consumption and, consequently, CO₂ emissions. According to internal calculations, an aircraft consumes on average 3 kg more fuel per flight hour for every additional 100 kg carried, in other words, 9.45 kg more CO₂ is generated per flight hour.

The company has managed to reduce the weight of its aircraft considerably by reassigning closer alternatives for the destination airports, renovating the interior of short and medium-haul aircraft (with new lighter, more comfortable leather seats), reducing the quantity of drinking water carried (by almost 75%) and using lighter paints for the fuselage.



2. Adjusting cruise speed also helps to reduce CO₂ emissions. According to company calculations, an Airbus A340/300 on the Madrid-New York route flying at an average speed of 745 km/h could reduce that speed to 735 km/h and save practically 2 tonnes of CO₂ on the flight (approx. 0.5% of the total emissions), while the difference in time of arrival would be no more than 5 minutes. Emissions can also be reduced by flying at optimum altitudes or using half the engines while taxiing to the assigned parking space at the airport.
3. Landing manoeuvres can also be optimised. With favourable weather conditions and at airports with long runways, it is possible to land using the engine braking or thrust reverse and with a smaller lift area (flaps), so that the aircraft offers less resistance to the air and consumes less fuel during landing. Continuous Descent Approach (CDA) can also be used at airports where this procedure is available.
4. Measures can also be taken during aircraft maintenance to reduce greenhouse gas emissions in flight: by increasing the frequency of washing the aircraft engines and fuselage, the air circulation in the turbines is improved and greater aerodynamic efficiency is achieved.
5. Energy efficiency was also improved in 2008 and emissions were reduced through flight scheduling, assignment of fleets for the different routes, fleet utilisation and optimisation of the load factor. In particular, the load factor was 80% in 2008, higher than that of other European network airlines, and fleet utilisation reached a record level for the company this year, with an average of 10 block hours per aircraft per day.

6. Iberia also upholds other measures which, although not directly within its scope of action, may contribute significantly to reducing the CO₂ emissions of its flights. In this regard, since 1989 it has been advocating the implementation of the Single European Sky Project, which is designed to create a unified air traffic management system in Europe. Implementation of this system could report annual savings for an airline such as Iberia of between 6 and 12% of its CO₂ emissions. The regulatory framework of the Functional Blocks of Airspace (FABs) was approved in December 2008 and could be fully operational within three years.
The company also participated in 2008 in the air routes working group coordinated by the Spanish Aviation Authority, aiming to boost an optimised use of Spanish airspace.
Iberia's growth strategy focuses on the long haul routes, where there is no alternative form of transport so the energy efficiency per passenger is greater. The revenue on short-haul routes (less than 400 km) accounted for 0.67% of the total revenue in 2008. Moreover, approximately half the passengers on this type of route were making connections to fly elsewhere, so the revenue on this type of route is actually around 0.32% of the total revenue.

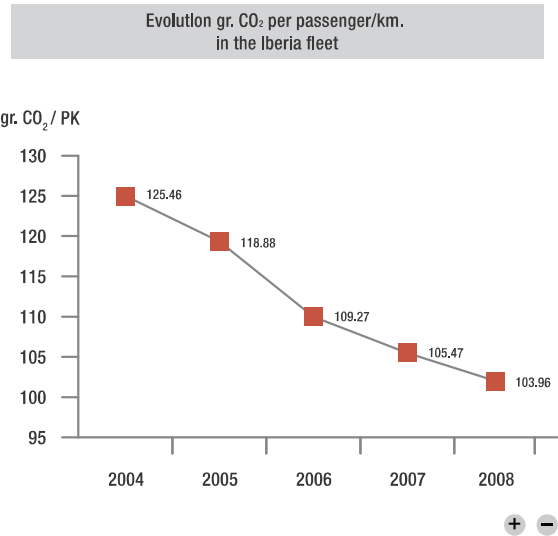
All these measures will reduce CO₂ emissions per unit carried by 1% p.a. up to 2012.



- Results obtained by adopting these measures

Aviation CO₂ emissions are directly proportional to fuel consumption (1 kg of kerosene is equivalent to approximately 3.15 kg of CO₂). Through implementation of the measures mentioned above, the company has managed to reduce its CO₂ emissions per unit carried by a cumulative 17% over the past 5 years.

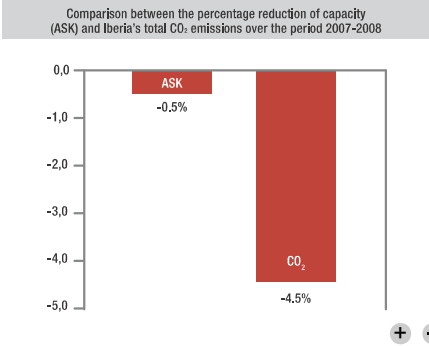
We could add that over the same period of time, the company's total emissions have not grown, even though capacity has increased year on year.



The company has reduced its CO₂ emissions per unit carried by a cumulative 17% over the past 5 years.

The company aims to reduce its CO₂ emissions per unit carried by 6% between 2008 and 2012.

The calculation of CO₂ emissions per unit carried includes the consumption of the cargo business, since in Iberia, which does not fly cargo aircraft, it is included in the consumption of passenger aircraft: Iberia carried a total cargo of 242,213 tonnes in 2008.



The capacity (measured as the number of available seat kilometres) slid by 0.54% year on year in 2008. However, thanks to the fleet renewal and other fuel saving measures, the total CO₂ emissions of the company were reduced by more than this percentage, by 4.57%.



THE MADRID-BARCELONA SHUTTLE SERVICE REDUCES ITS CO₂ EMISSIONS BY 7%

The Iberia shuttle service has more than 30 years' experience in joining the cities of Madrid and Barcelona, with up to 44 flights a day in each direction.

As a result of the major short and medium haul fleet renewal undertaken by the company in 2008 (which has affected more than 20 aircraft), this route reduced its total CO₂ emissions by 6.8% year on year, thanks to the improved energy efficiency (measured in CO₂ emissions per available seat).

This reduction is equivalent to a saving of around 12,100 tonnes of CO₂, i.e. the emissions of 120,000 vehicles doing the Madrid-Barcelona route.

Moreover, unlike ground transport between Madrid and Barcelona, the Iberia shuttle uses aircraft with very low noise levels so it is not necessary to build special infrastructures, which are detrimental to the natural environment they run through.

2.3. Flight operations: local air quality

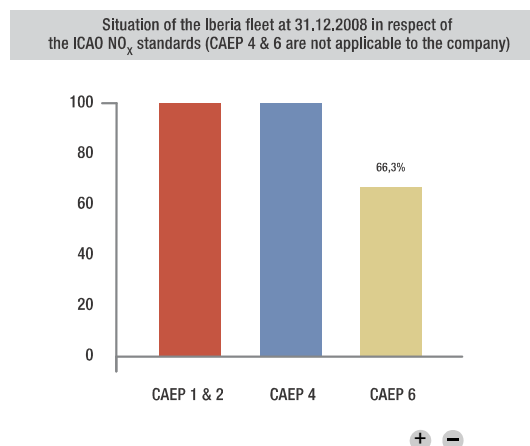
Atmospheric emissions in the area surrounding the airport

The quality of air in the local area around the airport can be affected by the aircraft emissions, consisting mainly of: nitrogen oxides (NO_x), carbon monoxide (CO) and unburned hydrocarbons (UHC). According to figures published by IATA, technological progress has reduced aircraft HC emissions by around 90%. In an endeavour to meet the ACARE 2020 (Advisory Council for Aeronautics Research in Europe) objectives, research is currently in progress to achieve an 80% reduction of NO_x in respect of 2000.

These pollutants are not only generated by aircraft, but also by other activities related with airports, such as ground support equipment, auxiliary power units (APUs) or ground transport in and around the airport, including its accesses.

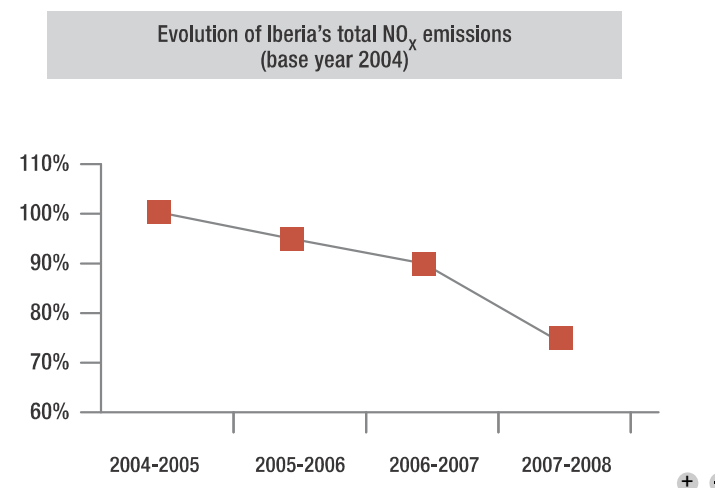
The ICAO (International Civil Aviation Organisation) CO, NO_x and HC standards control emissions during aircraft operations in airport zones (taxiing, approach, landing and take-off).

This graph shows the situation of the Iberia fleet in 2008 in relation to the applicable NO_x standards (CAEP 1 & 2), and other more restrictive standards (CAEP 4 & 6) which, although not applicable to it, reflect the advanced technology of the engines used in the Iberia fleet.



The measures taken by Iberia to reduce these emissions focus on fleet renewal, incorporating less polluting engines and the development of operating measures such as application of the continuous descent approach. NO_x emissions could be cut by up to 40% by this measure.

At Madrid-Barajas Airport, where the company concentrates the vast majority of its operations, the airport authority AENA has an air quality monitoring network (REDAIR) which continuously and automatically examines the levels of pollutants from emissions generated at low altitudes. The readings obtained are published daily to make sure that the equipment operating at the airport, including aircraft, does not generate pollution levels in excess of the standards set in the applicable regulations.



This graph shows the cumulative reduction of total NO_x emissions by the Iberia fleet over the period 2004-2008. Taking 2004 as the base year, the graph shows the cumulative reduction in each period. The cumulative reduction over the past 5 years is 15.79%.

The steeper reduction in 2008 is due to the replacement of the more polluting aircraft and the company's flexibility in the use of more suitable aircraft, according to capacity.

2.4. Flight operations: noise control

Noise from aviation produces local impacts in areas around airports and is generated in flight operations at altitudes below 3,000 ft (approx. 900 metres).

With the technological progress incorporated in current engines and the improved aircraft aerodynamics, aircraft noise levels have been lowered by 50% compared to the noise levels ten years ago. Technological research anticipates achieving a further 50% cut by 2020.

Although the total number of people affected by this type of pollution has been reduced by approximately 35% since 1998, Iberia still strives to reduce the noise contours of its aircraft.

Measures taken by Iberia against noise pollution

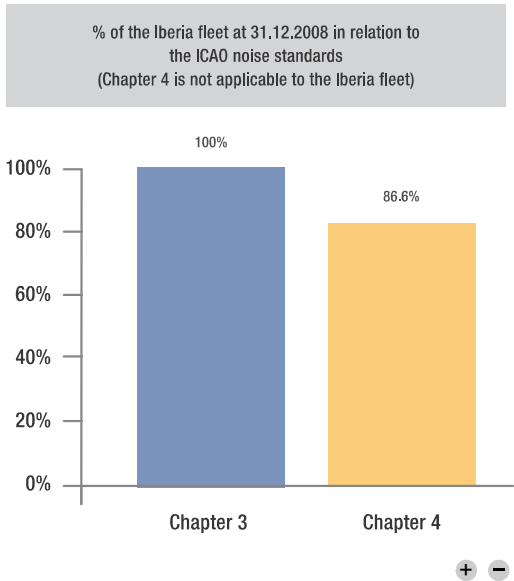
- Fleet renewal

As explained earlier, the average age of the Iberia fleet is currently 7 years. During 2008, the company withdrew its last MD87 and MD88, which have been replaced with Airbus 320 models, 48% more silent: the noise footprint of an MD is 5.0 km², while that of an A320 is only 2.6 km².

Evolution of the number of aircraft in the MD fleet in 2008, 48% noisier than the A320 fleet					
Fleet	January	March	June	September	December
MD87	9	6	0	0	0
MD88	11	11	7	4	0



The ICAO Noise Standards control noise pollution during flight operations (approach, landing, take-off and climbing).



This graph shows the situation of the Iberia fleet in 2008 in relation to the noise standard applicable to it (Chapter 3) and the more restrictive standard (Chapter 4), which, although not applicable, reflects the advanced technology used in the company's fleet.

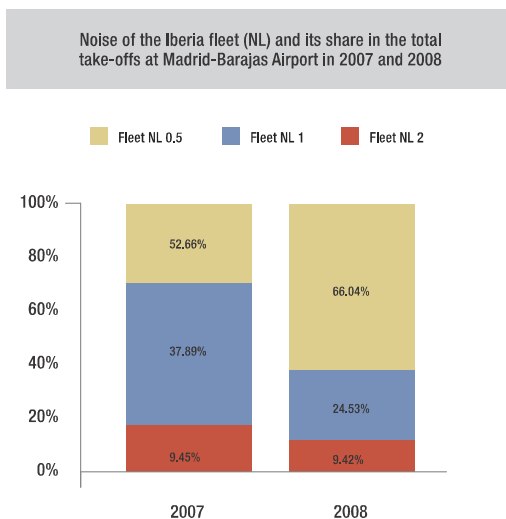
- Operating measures

The company complies with the operating procedures laid down by the Spanish civil aviation authorities, making a limited use of auxiliary engines in airports, reducing the use of brakes by using the thrust reverse technique and following the routes established by air control for arrival and departure at airports.

Moreover, since 2006, Iberia and AENA (Spanish Airports and Air Navigation) have been working together on the development of a new navigation system called PRNAV (Precision Area Navigation), which enables aircraft to follow more precise paths. This plan favours built-up areas near to airport approach and departure paths. The company has had 100% of its fleet certified so that it can use this system and it is developing these manoeuvres at airports where it is possible. Iberia also participates in the path analysis technical group set up by AENA to stimulate improvement of the arrival and departure routes at Madrid-Barajas Airport and, consequently, the environmental impact in the area surrounding the airport.

- Evolution of noise at Madrid-Barajas Airport

Since 2000, the airport authority AENA has gradually restricted aircraft operations at Madrid-Barajas airport in order to reduce noise pollution. In order to establish these restrictions, aircraft have been classified into “noise levels” (NL), according to their individual noise on take-off. There is a NL classification for the different decibels, covering a range from 0 to 16 (the nearer to 0, the lower the noise level). The low level of noise of the Iberia fleet is evidenced by the fact that the company does not operate any aircraft above NL 2.



The graph shows the distribution of take-offs by the Iberia fleet at Madrid-Barajas Airport in 2007 and 2008 according to the noise level classification. It can be seen that Iberia has reduced the take-offs of its noisier fleets (NL 1 & 2) in 2008 and has, consequently, increased the take-offs of its more silent fleet (NL 0.5) by 13 points.

In addition, at Madrid-Barajas Airport, where the company concentrates the vast majority of its operations, the airport authority AENA has a noise monitoring network (**SIRMA**) which detects, measures and associates the noise produced by aircraft when they fly over microphones installed in strategic areas around the airport. The readings obtained are published daily to make sure that the aircraft operating at the airport do not exceed the noise levels stipulated in the Environmental Assessment of this airport.



GROUND OPERATIONS

2.5. Ground operations: emissions

Greenhouse Gas Emissions

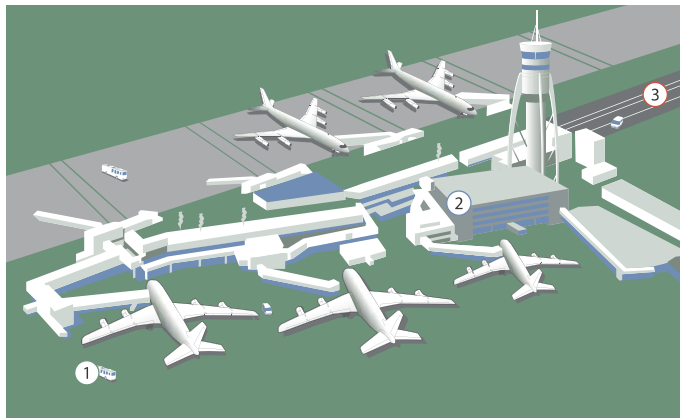
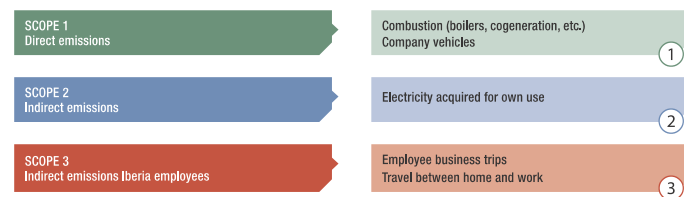
The greenhouse gas emissions from Iberia's ground operations account for approximately 2.5% of the total emissions of this nature generated by the company.

The main sources of these emissions are the fixed industrial installations and the equipment required to provide ground services to aircraft and passengers

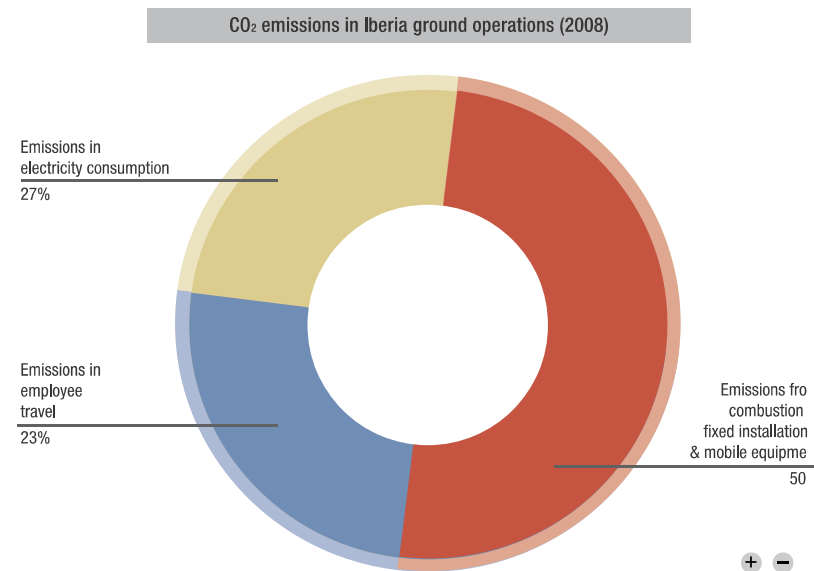
(Scope 1 & 2). However, in order to draw up a full inventory of this type of emissions, other indirect sources should also be considered, such as employee travel to their workplaces (Scope 3). These sources of emission form part of the activities covered by the environmental certificate under ISO 14001:2004, awarded to Iberia by AENOR. This certificate guarantees control of emissions and the implementation of actions to reduce their generation.

The following figure shows the main sources of emissions by Iberia in its ground operations:

SOURCES OF EMISSIONS IN GROUND OPERATIONS BY SCOPE



The following graph shows the distribution of these emissions in 2008 according to Scopes 1, 2 and 3 mentioned above:



More detailed information on this inventory can be found in the *Annexes* to this Report.

Volatile Organic Compounds

Iberia renovated its maintenance hangar 7, used for painting aircraft, in 2008. The new hangar, with an area of 2,900 m², is used for different activities such as stripping, sanding, painting and drying of aircraft. These installations are among the most outstanding in the industry thanks to their cutting-edge technology, including lighting systems, air control mechanisms, insulation and air-conditioning. Moreover, the paint used in this hangar is more respectful of the environment, with low levels of environment-damaging volatile compounds, so this type of emissions is expected to be reduced in 2009.

The improvements to hangar 7 were also made taking into account the recommendations made by the European Airbus manufacturer. The new aircraft will be painted according to the manufacturer's standards, since Iberia Maintenance belongs to the Airbus MRO Network.



The gear section of the Madrid MRO workshop was also renovated during the year. Processes were streamlined and new equipment was installed, achieving a 10% reduction of the VOC emissions year on year.

2.6. Ground operations: consumption of resources

Electricity consumption

Apart from the measures and improvements applied through the Management Systems and innovating projects, more than one million euro will be invested in 2009 to improve the energy efficiency of the company's installations, which will help to reduce the environmental impact of ground operations:

- Installation of solar panels on the maintenance hangars.
- Construction of a photovoltaic solar energy plant in the Industrial Zone of Barajas.
- Replacement of the existing two generators

Paper consumption

Paper consumption has been reduced every year since 2004 as a result of the continuous improvement achieved through the Environmental Management Systems, by setting reduction targets and through the innovating waste reduction projects.

The company policy is to convert paper-consuming administrative processes into electronic equivalents. In 2008 this policy was applied in the following areas:

- ☑ Iberia has managed to issue practically all of its tickets to over 100 destinations in electronic format. The Iberia Shuttle, for example, is the only service in the world that provides this form on open flights.
- ☑ Iberia has pioneered the implementation and use of electronic tickets for cargo, such that the documents required for the carriage of goods is issued and submitted electronically.
- ☑ On an internal level, following introduction of the Travel Expenses application in IBPersonas in August 2008, the administrative procedures for documents associated with business travel have been optimised. Since then, employees scan all the supporting documents used as proof of expenses and the images are attached to the assessments made using the software. This eliminates the need to send the original documents proving expenses, with the consequent saving in paper consumption.
- ☑ This year, moreover, a campaign designed by the Purchases Management, backed by the Senior Management, extended the supply and use of recycled paper throughout the company.

2.7. Ground operations: Waste & recycling

In the area of waste management, we provided a mobile selective waste disposal unit in 2008, to improve the handling of this type of waste at Terminal 4 of Madrid-Barajas Airport. This unit can carry up to four 200 l. containers, with compartments containing absorbent material for use in the event of a spillage. Use of this unit means the intermediate waste storage in the terminal area can be eliminated.



See the *Annexes* to this Report for information on the evolution and management of other environmental aspects in ground operations, such as water consumption, waste generation, sewage, etc.



ENVIRONMENTAL INNOVATION

Many of the projects implemented to improve processes and quality of products and services within the company also lead to major savings of resources, thereby reducing the impact on the environment. Some of the most important projects are described below:

NEW HANGAR IN BARCELONA



Iberia's new MRO Hangar in Barcelona is due to be put into operation in 2010. It is an environment-friendly infrastructure, designed to obtain maximum energy efficiency and the use of renewable energies. The project has incorporated ecologically advanced systems for the heating and air-conditioning of the hangar, for reuse of waste water and rainwater and for rationalising electricity consumption:

Heating

The hangar uses flat solar panels, geothermal heat pumps and radiant floor heating, combined with automatic door control and a monitoring system to optimise energy consumption in the installation.

Reuse of waste water and rainwater

Rainwater collectors will be installed on the roof of the hangar to fill the underground tanks, thereby avoiding use of the mains water supply.

Rationalisation of electricity consumption

The hangar has been designed to take advantage of the maximum number of hours of natural light and the back of the building is a curtain wall which allows work inside the hangar for a good many hours without artificial lighting or only partially lit up artificially.



2.8. Nature protection

Ecological christening of aircraft with endangered species

Iberia continued during 2008 with the “ecological christening” of its aircraft, incorporating new aircraft in the Iberia fleet bearing the name and drawing of a protected species on the fuselage.

Giving these names to its aircraft is part of a communication and awareness campaign that is to continue for several years, aiming to publicise the richness of the Spanish biodiversity, the largest in Europe, and the threats to some of the most emblematic species, some of which are unique in the world, with a view to making society aware of the importance of protecting and preserving them.



Two new Airbus A319 were added to the Iberia fleet in 2008, christened with the names “Robin” and “Crane”. Both aircraft bear the name and a picture of the animal on the fuselage, where it will remain until it ceases to be an endangered species. And inside the aircraft, an information sheet prepared by well-known naturalists can be found in the pocket in front of each seat.

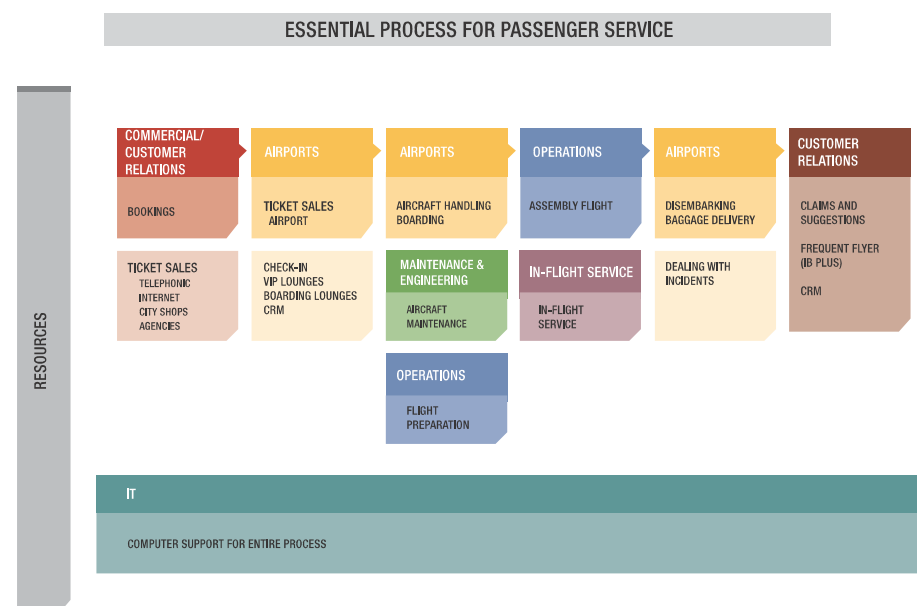
Iberia has been a member of the Convention on International Trade in Endangered Species of Wild Fauna and Flora, CITES, since 1986 and, therefore, does not permit the carriage of any of these species on its flights.

3. CUSTOMERS

3.1. Iberia passengers: the essence of our existence



Iberia has a resolved commitment to its customers to guarantee quality service at every stage of their journey. All the businesses and other management areas of the company are geared towards passenger service, as shown by their inclusion in the essential process of this company:



One of the principal goals of Iberia’s strategy, developed through the Director Plan, is to improve the quality of service to our customers, implementing several customer-geared measures based on the following principles:

Commitment to passenger rights

Iberia and the other airlines in the Association of European Airlines (AEA), the European Union and the European Civil Aviation Conference (ECAC/CEAC), have jointly drawn up a Code of Conduct, the European Aviation Customer Commitment, signed on 2 July 2002, establishing passengers' rights, such as respecting the agreed price, providing such information as may be required on the company, notifying passengers of any incidents and providing assistance, expediting the payment of reimbursements and attending reduced-mobility passengers and minors, among others.

Iberia deals with passenger claims in accordance with the prevailing European regulations on compensation and assistance to passengers in the event of denied boarding and of cancellation or long delay of flights (Regulation (EC) No 261/2004 of the European Parliament and of the Council of 11 February 2004).

With regard to data protection, Iberia complies with the new legislation regulating and amending certain aspects of the current regulation under the Personal Data Protection Act of 19 April 2008. It has published internal regulations on the subject and started up an information security committee to guarantee the confidentiality and integrity of that information and preventing any use of such data for unauthorised purposes. The initial formalities were taken in 2008 for certification under ISO 27001 of the Information Security Management System, the scope of which umbrellas the processes related with IBPróxima, the intranet and extranet of Iberia.



Commitment to price transparency

Iberia publishes the final prices, including all the different elements comprising each price, such as surcharges for fuel, issue charges or airport taxes, such that the announced price is the final price of purchasing the ticket. Therefore, the company is complying in advance with the European legislation which will regulate these aspects as from 2009.

In addition, a service called flex-pricer has been set up on Iberia.com, through which customers, when choosing a ticket, are offered prices for the dates before and after the date specified, so that they can choose the most favourable price.

A new tool has been included in 2008 that permits a flight search according to the maximum budget specified by the customer. It is thus possible to set in advance the maximum price you wish to spend on the flight, either for a particular destination or area or for a specific date.

Also in 2008, Iberia started up a new check-in and excess baggage system, which is simpler and more economical for customers. On the one hand, calculation of the price is simplified by establishing a fixed sum per item. And on the other, excess baggage is made 50% cheaper on average.

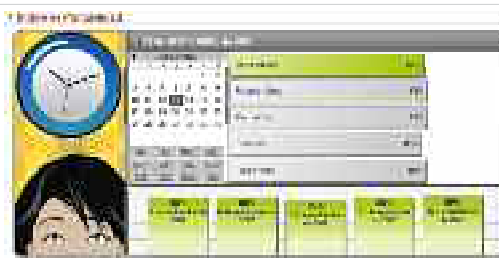


Commitment to punctuality

According to company figures, the punctuality index at level 15' improved significantly year on year, standing at 81.2%, **0.4 percentage points up on 2007**.

Iberia establishes numerous internal controls to improve punctuality: specific rules, watchdog committees, cause analysis and decision-making, checking of operating processes, etc.

One of the examples that show that improving punctuality is one of the company's priorities is the campaign to increase staff awareness. In this regard, since June 2007, the main page of IBPróxima publishes daily in real time Iberia's punctuality on the different markets in which it operates and its situation in respect of the Director Plan target: 82% punctuality.

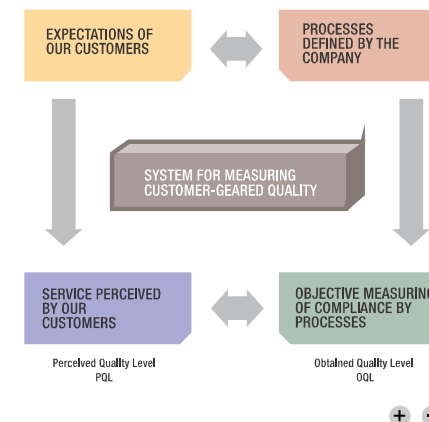


During 2008, Iberia created and made available to customers at all airports and sales offices a **document to prove the delay of a flight** of the company, which can be used to justify late arrival at work, a meeting or any other type of appointment.

The document is a text with a definite format, in Spanish and English. Iberia agents are obliged to issue it to any customers who may so request after completing the particulars of the customer, flight details, having the document signed by the customer and affixing the seal of the issuing office.

Commitment to quality

Iberia has several mechanisms for controlling and monitoring the quality of its processes and services, as summarised in the following figure and described below:



- Customer Satisfaction – Perceived Quality Level

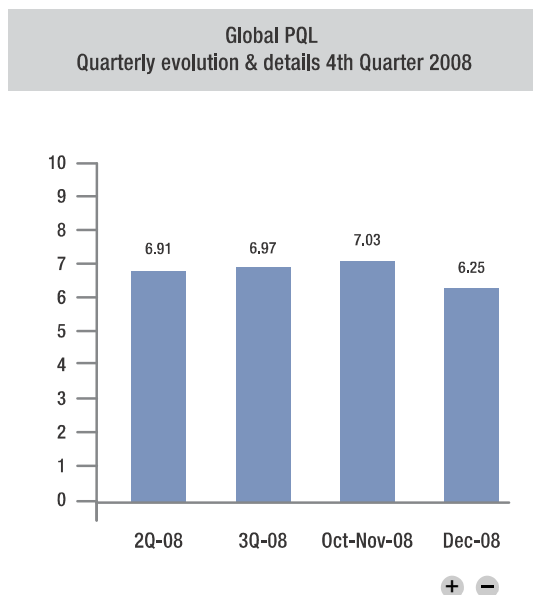
Customer satisfaction is sounded out in Perceived Quality Surveys (PQL, Perceived Quality Level), which measure their assessment of the attributes of the service. The surveys are analysed to see what specific actions may be necessary to improve the quality of service.

A new model for obtaining this information was introduced in 2008, replacing face-to-face polls with on-line polls, sending personal invitations out to customers to participate in the study. This system offers the following advantages:

- More reflective environment.
- Speed in obtaining results and cost savings.
- Easier to make improvements to the questionnaire.
- Larger sample size.
- Continuous assessment of satisfaction, eliminating the uncertainty of long periods without incoming data.
- Enables more adequate decision-making and better monitoring of action plans.
- Obtains information on the company's position in relation to rivals.

The resulting information can also be checked against that offered by the System for Measuring the Quality Obtained.

Since April, when this new system was introduced, the total size of the sample has been 33,000 polls answered, with a response rate of 17%. The level of satisfaction reached up to the end of 2008 was 6.9 out of 10.



This graph shows the evolution of the PQL during the year. There is a gradual improvement except in December, which is shown separately owing to the operating incidents that occurred during that month.

- Obtained Quality Level

Compliance with the service quality standards set by the company is supervised by measuring the Obtained Quality Level (OQL).

Through the method established, agents have on-line access to information on service quality obtained in over 6,500 assessments a year, analysing 300 aspects related with the service provided or customer service.

This model for measuring quality in areas dealing directly with customers was consolidated in 2008. Management-focused improvements have thus been made, such as the inclusion of new quality indicators related with punctuality and connecting flights at Madrid-Barajas airport.

A sample of the information provided is given in the following graph, which shows the quarterly evolution of Iberia's OQL in 2008:

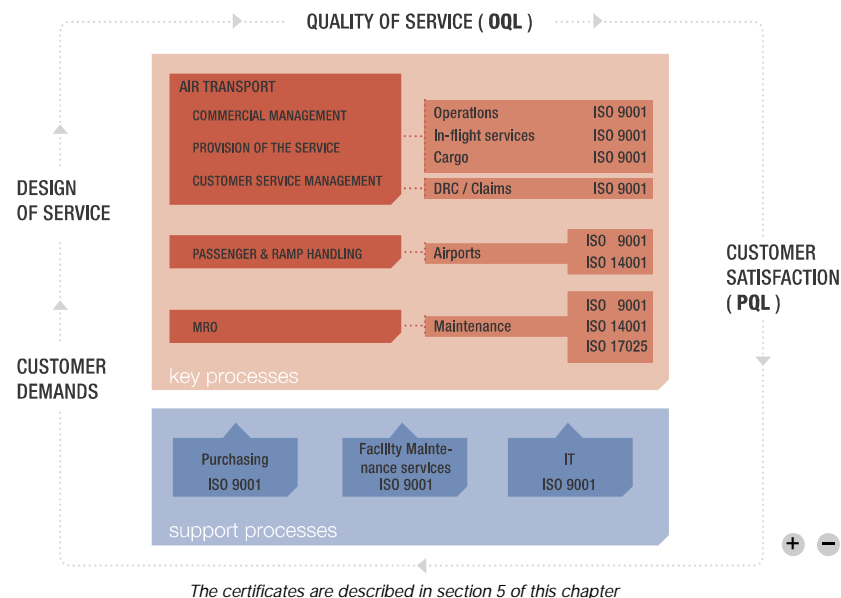


Just as for the PQL, the OQL measured in December 2008 is shown separately.

The priority areas for actions to improve the quality of service can be established on analysing the information supplied by the PQL and OQL, which are expected to be brought into line in 2009. During 2008, 60 actions were begun in different areas of the company.

- Relationship with the certified Quality Management Systems

The two systems for measuring quality, PQL and OQL, are part of a general quality model in the company, structured as shown in the following figure:



Frequent Flyer: Iberia Plus and CRM

Iberia Plus was the first international frequent flyer programme in Europe. There are now more than 3 million customers enrolled in 200 countries.

There are over 60 companies participating in this points programme for frequent travellers: **oneworld**, other airlines, hotel chains, car hire, restaurants, credit cards and tour operators, among others.

In addition to the benefits generated by obtaining points, the company makes available to IB Plus members the CRM (Customer Relationship Management) management tool, which makes a personal monitoring of their travel experiences.

Some 96,166 frequent flyer actions were effected during 2008 and a total of 58,605 customers have received a CRM distinction.

Iberia.com contains an Iberia Plus online Portal, which provides customers with personalised information and enables them to effect transactions online.

The Iberia Plus Empresa online also improved its functions in 2008 for Small & Medium Enterprises (SME) and self-employed frequent flyers. At the same time, it set up a web platform for communication with large enterprises that have commercial arrangements with Iberia.

Frequent Flyer: Customer service

Relationships with all network customers are centralised through Iberia's Customer Service Section, structured according to the different services it offers, which also handles after-sales services and reports to the entire organisation on feedback from customers.

The company considers statements by unsatisfied customers a valuable source of information for correcting faults and bringing our services in line with their expectations and an opportunity to meet their needs. During 2008, the claims management service was certified under the UNE-EN ISO 9001:2000 standard. The company also invested considerable sums to improve the functioning of the claims management web site.

Every month, the company publishes a few letters of claim or congratulations from our customer through the internal magazine Iberiavión, to give examples of errors and adequate decisions of the company and boost the quality commitment in customer service.



In-flight health

In its in-flight magazine, Ronda Iberia, the company includes some practical advice on how to make the flight more comfortable and healthy. Exercises are described to prevent deep vein thrombosis, especially recommended for passengers with circulation problems on long haul flights. These can also be consulted on: www.iberia.com/viajarconiberia/

All food products served in flight in the different catering services are subject to strict health and safety controls, in pursuance of prevailing laws and regulations. The company also offers different menus to suit the needs of all customers (gluten-free, vegetarian, etc.).

In collaboration with CISS-Especial Directivos, Iberia runs courses to overcome fear of flying, with extremely high success rates: 96% of those participating in the seminars over the past ten years have conquered their fear. In these seminars, Iberia pilots inform participants about air safety and how aircraft work, while a group of psychologists teach them relaxation techniques.



Dealing with passengers with special needs

In pursuance of the European Regulation EC 1107/06 and since 26 July 2008, AENA, as Airport Authority, is responsible for assisting Reduced Mobility Persons (RMP) at all Spanish airports. In turn, it delegates this service to the companies or joint ventures awarded the services at each airport, through competitive bidding.

These Reduced Mobility Persons receive special assistance free of charge from their arrival at the airport of departure to departure from the destination airport. All passengers with a disability or illness are accompanied to the aircraft and their wheelchair, or guide dog in the case of the blind, travels on board at no additional

cost. In this regard Iberia collaborates actively in the RMP service through its participation in the main joint ventures awarded the handling services at airports. Iberia Handling also provides this service to all the passengers of other airlines at the airports at which it operates as the sole Handling Agent.

At the European airports to which Iberia flies where the EC regulation is also applicable, the corresponding airport authorities are responsible for assisting RMP, while at other airports outside the European space, Iberia and its handling company perform the service directly.

Iberia also provides RMP passengers at all airports in the network with documents containing essential information on their rights and obligations, in formats accessible to all kinds of disability. The contents of Iberia.com are regularly updated following the WAI (Web Accessibility Initiative) guidelines.

Similarly, any minors travelling alone with Iberia are accompanied at all times and treated with special care.

Iberia offers this service to any passengers aged between 5 and 17 travelling without an adult, provided it has been expressly requested by their parents or guardians.

When entrusted with the care of minors, Iberia takes all the necessary measures to ensure that they are not left alone at any time from when they are handed over to the company by their relatives or guardians to when they are handed over to the persons responsible for them at their destination.

Passenger-gear innovation

Iberia has always been among the first to pass on to its customers any improvements offered by the new technologies to improve their comfort and save time. Electronic tickets; online check-in through a simple, agile procedure on Iberia.com; auto check-in machines at the main airports; an SMS information service of scheduled times and arrivals of flights via mobile; one of the most modern fleets on the market and a Business Plus Class and VIP Lounges with the highest level of services, are just a few of the benefits on our long list of improvements.

Since 2008, for example, passengers can check in for Iberia flights using their mobile or PDA. Apart from the auto check-in (check-in plus seat reservation) to more than 70 destinations, other advantages include the possibility of buying shuttle tickets, consulting bookings on any Iberia flight or accessing the Iberia Plus point programme. The new services are available at www.iberia.com or www.iberia.mobi, from the passenger's mobile or PDA.



All passenger-focused innovation projects entail major investments and are permanent.



3.2. Iberia Cargo customers

Iberia Cargo offers its customers capacity in the bellies of Iberia aircraft. With cutting-edge technology and using iberia-cargo.com as its e-commerce platform, it offers a modern, expeditious, efficient, secure service, guaranteeing the carriage of its customers' goods. It currently provides this service for around 100 companies.

Over the period 2006-2008 the Cargo division has carried out the following projects to improve its service:

- Completion of the Cargo Revenue Accounting System.
- Implementation of a Yield Management System.
- Improvement of Cargo Terminal Processes.
- Electronic air waybill (Iberia Cargo e-AWB)

Through the last project, pioneer in Spain, thanks to the technological development of Iberia Cargo and the willingness and technical preparation of the Ministry of Finance and other state and regional authorities, Iberia offers a high-quality service, for the time being for the pioneers in use of the e-AWB, shortly to be extended to all Iberia Cargo customers, eliminating paper in numerous formalities and simplifying the processes. This breakthrough, together with the advantage of obtaining arrival lists through the Iberia portal, is a perfect supplement to the large capacity offered.

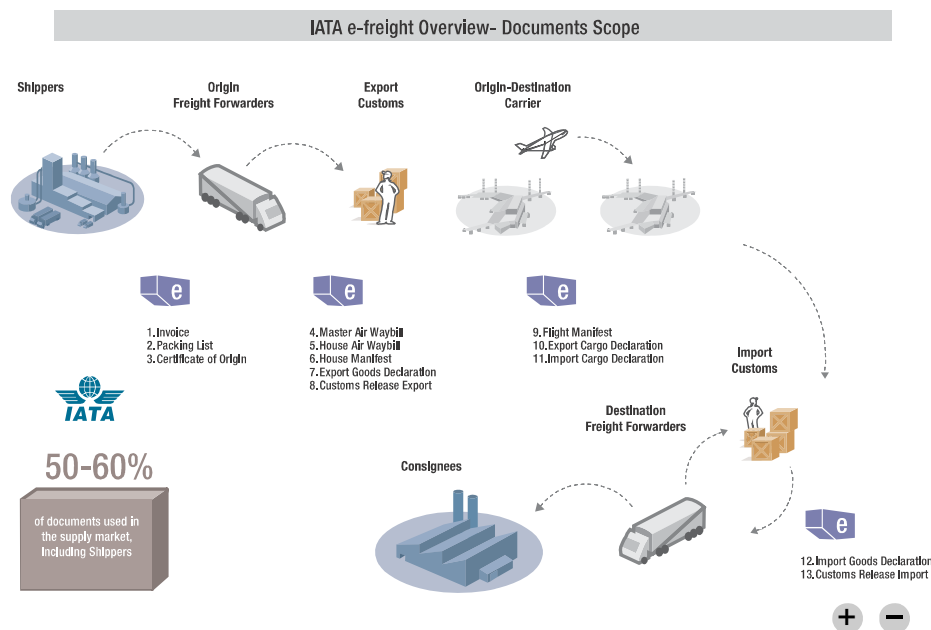
Precisely in view of the experience of this project, IATA (International Air Transport Association) has nominated Spain as the pilot country for its e-FREIGHT project, the main aim of which is to eliminate most of the paper documents used in the handling of air cargo, including the freight contract or Air WayBill (AWB).

A group of the most outstanding representatives of the Madrid cargo sector, including, among others, airlines, customs, forwarding and handling agents, assessed the necessary requirements to inclusion in this project.

They all decided that Iberia should lead the project, since the airline has its own electronic cargo "ticket" (Iberia Cargo e-AWB), which it has been using on domestic flights since June 2007.

This choice by IATA consolidates Iberia as world leader in electronic documentation within the airline sector, since Spain, headed by Iberia, was also chosen as the pilot country for electronic tickets for passengers.

The start up of IATA's e-FREIGHT will bring substantial benefits for the different players in the Spanish air cargo sector, such as streamlining operating processes, cost savings and reduction of the environmental impact.



3.3. Iberia Maintenance customers



Iberia Maintenance is the leading company in Spain in repair, high technology and modification of aircraft, and eighth in MRO worldwide. It serves the Iberia fleet and also more than 100 customers throughout the world: airlines on every continent, aircraft and engine manufacturers, logistic support and operational solutions for the Spanish Air Force, full maintenance services for other Spanish VIP aircraft and other types of military aircraft, among others.

It is certified by national and international agencies, including the Spanish Civil Aviation Authority, European Aviation Safety Agency (EASA) and the US Federal Aviation Administration (FAA).

Most of the improvements and developments made in the maintenance area are pioneer innovations on a national scale, and in some cases even on an international scale, designed for the service provided for both own and third party aircraft.

As mentioned in earlier chapters of this Report, one of the most important projects under way is the building, together with Consorci de la Zona Franca de Barcelona (CZFB), of a **Hangar at El Prat Airport in Barcelona**. This infrastructure will largely be used for the maintenance of third-party aircraft, which is a major commitment for the development of the Barcelona hub.

The installation will be erected on a plot of 24,000 m², with a clear area for aircraft of 12,100 m². The hangar will have maintenance capacity for the Airbus A340, which will contribute to the development of long-haul routes from El Prat airport. It will also be able to house the A380 for maintenance.

It will have capacity and equipment to do maintenance work on the aircraft of any of the almost 80 airlines operating at the Barcelona airport.



Iberia and Consorci have also contacted BAIE (Barcelona Aeronàutica i de l'Espai), an organisation bringing together companies and institutions of different kinds to promote the aviation sector in Catalonia, for its members to study the possibility of developing new activities around the hangar, to boost the aviation industry in Catalonia.

It entails an investment of 24 million euro and will create approximately 200 new direct jobs and just as many induced jobs. Most of the direct jobs will be highly qualified, since the work in the new hangar requires training as Aircraft Maintenance Engineer and, for certain tasks, being certified at an appropriate level for a specific fleet.

The hangar, oval-shaped, will have a unique, vanguard architectural design to achieve the best possible integration in the urban surroundings of El Prat. It will have 12 curved doors, controlled by tactile screens at the ends, and permit a view of the entire front of the hangar during opening or closing, which has clear advantages for security compared with the traditional flat doors.

Moreover, as mentioned in the previous chapter, the new maintenance hangar will be distinguished for its design with a vocation of developing a sustainable industrial infrastructure and will be especially respectful of the environment.

3.4. Iberia Handling customers



Iberia Handling is the leading passenger and aircraft handling operator in Spain; it is present at almost all Spanish airports with more than 80 years' experience. It has the largest mobile fleet in Spain, with more than 11,000 items of handling and transport equipment and a headcount of 8,530 professionals.

It is also the only Spanish company offering its customers a global service, providing services for around 220 airlines, almost 80 million passengers and 420,000 aircraft every year.

The most important, innovative project in 2008, as recognised by external institutions, was the implementation of a new stopover handling tool, *GAUDÍ - Gestión de Aeropuertos Unificada Desarrollo Integral* - [lit.: Integral Development Unified Airport Management], the main features of which are:

- Automated task planning, definition of the required shifts, assignment of resources to those shifts and constant update and adjustment.
- Real-time assignment of tasks for employees to optimise productivity, using, among other variables, the physical distance from the location of one task for assignment of the next or, in the case of ramp handling, location by GPS of the closest vehicle.
- Monitoring of state of services and updating of records using portable devices.

In view of the complex operations of the handling business, the service provided using this tool is much more efficient, punctual, reliable and satisfactory for customers.

3.5. Guarantees for our services

Ethical advertising

Iberia is a member of the Commercial Communication Self-Regulation Association (Autocontrol) and applies the voluntary controls made by this association. Demonstrating its respect of these issues, in the past 8 years Iberia has only received two claims relating to default of the regulations on marketing communications.

In 2008, the consulting firm **King-eClient** analysed 13 internet portals selling flights and hotel bookings to make a scan the sector, paying special attention to misleading advertising. Five of those portals passed, including **iberia.com**.



Safety

Iberia has extensive, proven experience in the safety of all its operations, both ground and in-flight. The company has assurance systems that regulate the operation and maintenance of aircraft in accordance with the EASA and FAA international standards.

Iberia has a broad insurance programme, taking out policies with leading Spanish insurance companies and top-ranking reinsurance on international markets to ensure that insurance cover is in keeping with the best practices on the aviation market, in all cases going beyond mere compliance with the requirements stipulated in the Spanish Aviation Act and international agreements and conventions.

For the first time in the period 2006-2008, Iberia has certified its Operating Quality and Safety Management System under the IATA Operational Safety Audit (IOSA) standards. As such, it is subject to annual audits, which reveal the strength of the company's controls.

Quality certificates

Most areas of the company have now been certified under the requirements established in UNE-EN ISO 9001:2000, which include specific quality indicators relating to the processes of the different activities, subject to regular internal control. The Purchases Department was certified in June 2007 and in 2008 the certification process has been completed for the Customer Service Unit, the Customer Relations Department / Customer Service Section.

Areas certified for Quality

General Management Airports
Cargo Department
Purchases Department
Infrastructure Department
General Management Maintenance & Engineering
Operations Department
In-Flight Services Department
IT & Systems Department
Customer Services Section



Iberia currently has 33 employees in different areas of the company qualified as internal auditors of certified management systems. 33 internal quality audits were made in 2008 to confirm and guarantee continuous improvement.

Through the audits made during the year and permanent analysis, some 538 actions for improvement were pinpointed in the certified areas, with a view to improving internal and external processes and customer satisfaction.

With regard to quality-related training, preparatory courses were given for making audits, measuring customer satisfaction and dealing efficiently with

customer complaints and claims. Moreover, with a view to improving the qualifications of internal auditors and their contribution towards the maintenance, improvement and operation of the different Quality Management Systems in the company, in 2008 they all did the prestigious course European Expert in Quality Management, run by the Spanish Quality Association - AEC.



4. SHAREHOLDERS

This section contains an overview of Iberia's business performance in 2008 and a description of the management systems established by the company to generate confidence and add value for our shareholders in aspects relating to corporate responsibility.

For detailed information on the economic aspects of the company or the Group, consult also the Annual Management and Corporate Governance Reports issued together with this Responsibility Report, which can also be downloaded from: <http://grupo.iberia.es>

4.1. Performance of the different Iberia businesses in 2008

Significant events in Iberia's corporate development

- **British Airways:** On 29 July 2008 the Board unanimously agreed to begin talks with British Airways with a view to a possible merger of the two companies through an exchange of shares.

This merger is expected to create one of the largest international aviation groups and will enable both companies to achieve significant synergies and commercial benefits that will improve customer service. This amalgamation is based on the already close relationship between both airlines and will strengthen both the **oneworld** alliance and the position of Madrid as the main hub between Latin America and Europe. The consolidated group will maintain the British Airways and Iberia trade names and the merged enterprise will be listed on the London and Madrid stock exchanges.

- **Business Agreement: American Airlines, British Airways and Iberia:**

The signing of a joint business agreement among American Airlines, British Airways and Iberia for flights between North America and Europe was announced on 14 August 2008. This agreement will strengthen the cooperation among them. The three airlines submitted an application for anti-trust immunity to the US Ministry of Transportation, likewise notifying the competent EU authorities.



American, British and Iberia will continue to operate as separate entities and will step up cooperation in their commercial and operating activities in areas such as code-sharing flights, frequent flyer programmes, route planning and flight schedules, advertising and publicity, revenue management (prices and inventories), cargo, sales and IT systems, among others.

This cooperation will benefit consumers, enabling them to fly to more destinations in more countries with better and easier connections. They will also have access to flight times better suited to their needs and an enhanced offer of frequent flyer programmes.

The joint business agreement will enable all three airlines to cut costs and attract new custom, which will help to ease the pressure of the soaring oil prices on the prices of tickets. This means that they will have more opportunities to invest in their products and services and their fleets, which will also benefit their employees and shareholders. Furthermore, this agreement will give the **oneworld** alliance greater capacity to compete with other alliances.

American, British and Iberia offer their stakeholders information on this agreement on the web site www.moretravelchoices.com, which underscores the benefits for shareholders, customers and employees of all three companies and where they can sign a declaration of support for the application for anti-trust immunity.

- **Merger of clickair and vueling:** The appearance of low-cost carriers on the Spanish market led Iberia and four partners in 2006 to found clickair, a low cost carrier to compete directly with the new forms of business of these companies.

Since its incorporation, Iberia has always adopted a responsible position, advocating the streamlining of the domestic market and the creation of a single Spanish low-cost carrier that can be competitive and develop a long-term sustainable profitability. Accordingly, in 2008 it supported the negotiations between clickair and vueling for a possible merger.

The operation is structured as an amalgamation of equals, and would consist of the takeover of clickair by vueling, with the disappearance of the former and a capital increase in the latter. The resulting company will be listed on the stock markets on which the vueling shares are currently admitted for trading and will have its registered office in Barcelona.



Passenger and cargo air transport

The company continues with its **network restructuring** strategy. In 2008 it reduced its presence on certain point-to-point routes on the domestic market and adjusted its capacity on medium and long haul markets.



Despite the difficulties affecting the market and sector in 2008, Iberia added a new destination, Dubrovnik, increased the frequency of its flights to New York, Montevideo, Guatemala and Panama and increased the destinations offered through different code-sharing arrangements, especially on the medium and long haul markets, as shown in the following table:

New Iberia code-sharing destinations added in 2008

Code sharing	Destinations
American Airlines	Albuquerque, Buffalo, Baltimore, Charlotte, Milwaukee, Oklahoma, Pittsburgh, Richmond, Rochester and San Antonio. Also a direct flight to New York from Barcelona.
Pluna	Asunción (Paraguay)
Meridiana	Olbia, Cagliari and Catania



In its short-haul routes, in September 2008 Iberia was forced to cancel its flights to Gibraltar owing to insufficient traffic.

The company maintains its policy of increasing its flight capacity to common destinations on the domestic market in holiday periods, such as during the Easter 2008 campaign, when 26 special flights were scheduled between Madrid and the Balearic Islands between 15 and 24 March.

During the second half of 2008, Iberia relaunched the business class on its domestic flights, leaving the central seat free to give passengers more space and comfort.

With regard to cargo carriage, the Iberia Cargo for 2009 clearly plans to offer substantially greater cargo capacity for all destinations in the Canary Islands. The company thus expresses its interest in meeting its customers' demand for cargo to and from the Canaries market and the growing importance of that market, which already accounts for 16 % of the total revenue of the cargo business.

Maintenance, repair and overhaul

As a result of the strategy of specialising in activities that create value added, adopted by the Iberia Maintenance business in recent years to attract new customers, it has achieved a significant growth, especially in 2008, with the clinching of the following commercial agreements and contracts:

Type of contract / agreement	New Customers
Engine maintenance	Air Europa, DHL, GE Aviation
Engine and parts maintenance	Olympic Airways, Eurofly-Meridiana
Integral maintenance (aircraft, engines and parts)	Air Comet, Iberworld, Aurora Airlines, Dana Airlines

Agreement with **Gestair** to set up a joint venture, CORJET, for the maintenance of company aircraft for executives. Iberia Maintenance had previously obtained a contract with the North American manufacturer **Gulfstream**, which considers the company as the Official Center for Gulfstream Aircraft for Europe, Africa and the Middle East, with an integral maintenance service. The contract is binding on CorJet as from the creation of the Joint Venture.

Agreement with **SR Technics** for the mutual maintenance of engines and parts.

Agreement with the US enterprise **Precision Conversion** to convert Boeing 757 into freighters.

Exclusive agreement with **Singapore Technologies Aerospace Solutions Europe (STASEU)** whereby Iberia repairs and overhauls aviation parts for 24 Airbus aircraft, models A319, A320, A330 and A340 belonging to **SAS** and **Air Greenland**. This is the largest contract signed by number of parts and represents a complete, very demanding service level, being supplemented with an additional support that includes access to pool and transport.

Agreement with **Singapore Technologies Aerospace** for the creation of a joint venture, Madrid Aerospace Services LTD, specialising in the maintenance of landing gear for A320, A330 and A340 fleet, a market currently in expansion.



Of all these agreements, perhaps the most important is the joint venture set up by Iberia and Singapore Technologies, owned in equal proportions and based in Madrid, to repair the landing gear of aircraft all over the world, especially in Asia. Madrid Aerospace Services LTD is expected to be invoicing around 40 million euro by 2011 and to provide direct employment for more than 100 people and indirect employment for a further 100. It is a decisive leap for work with a high value added in a geographical area in which Iberia has so far had little presence, and is also very important for the Region of Madrid, where the new enterprise is to be based.

ST Aerospace is the aviation division of the firm ST Engineering and the largest aircraft maintenance company in the world, with plant in America, Asia and Europe.



Handling at airports

The Iberia Handling business continues taking measures to increase its competitiveness, secure customer loyalty and attract new opportunities for development. As a result of its efforts, Iberia Handling improved its quality standards in 2008, both in its rating in the IOSA and AENOR audits and in its appreciation by customers, measured through opinion polls, and it complies with the requirements of ISO 9001:2000 and the stipulations imposed by AENA.

During 2008, Iberia Handling achieved several new ramp and passenger handling contracts with the companies and airports listed below:

Company	Airport	Handling
AEGEAN AEROFAN AEROSUR AIR ITALY POLSKA AIR MOLDOVA AIR VALLE	Barcelona All airports Madrid Girona Madrid All airports	Passengers & Ramp
ATLAS BLUE	Barcelona	Passengers
BRITISH AIRWAYS EUROFLY FIRST CHOICE JETRAN AIR LITHUANIAN MACEDONIA AIR MAURITANIA AIRWAYS MERIDIANA MISTRAL AIR	Málaga / Alicante / Palma / Ibiza Palma / Mahón / Ibiza / Las Palmas / Tenerife Sur Málaga / Alicante / Ibiza / Las Palmas / Mahón / Reus / Tenerife Sur Palma / Málaga Tenerife Sur / Las Palmas Palma Las Palmas Madrid All airports	Passengers & Ramp
ONUR AIR PRIVATE-WINGS PRONAIR	Barcelona / Madrid / Bilbao / Badajoz / Oviedo Palma / Sevilla / Valencia / Valladolid / Zaragoza Albacete All airports	



Company	Airport	Handling
PULLMANTUR	Madrid	Passengers
QATAR QUALITY SAS SEAGLE AIR SKY EUROPE SPANAIR STERLING SUNEXPRESS TAER ANADALUS TAM	Zaragoza All airports Palma / Bilbao / Sevilla / Valencia Ibiza Las Palmas / Tenerife Sur / Alicante / Mahón Palma de Mallorca / Girona Alicante Pamplona Murcia / Valencia Madrid / Bilbao / Málaga Córdoba Madrid	Passengers & Ramp
THOMAS COOK	Málaga / Reus / Girona	Ramp
TK AIRLINES	Barcelona	Passengers
TNT TOP FLY TURKISH CARGO VOLARE S.P.A VUELING	Las Palmas / Tenerife Sur All airports Madrid Ibiza / Mahón / Palma Palma	Passengers & Ramp



Among all these contracts, we highlight the new contract signed with **First Choice Airways**, part of the **TUI Group**, one of the most important tour operators worldwide. Other contracts with different companies were renewed during the year, for example, Aer Lingus, Czech Airlines, Finnair, Norwegian, Transavia, El AL or Iberworld, one of the principal customers of Iberia Handling with more than 4,000 flights attended in 2008.

4.2. Meeting the objectives of the 2006-2008 Director Plan and drawing-up of the 2009-2011 Strategic Plan

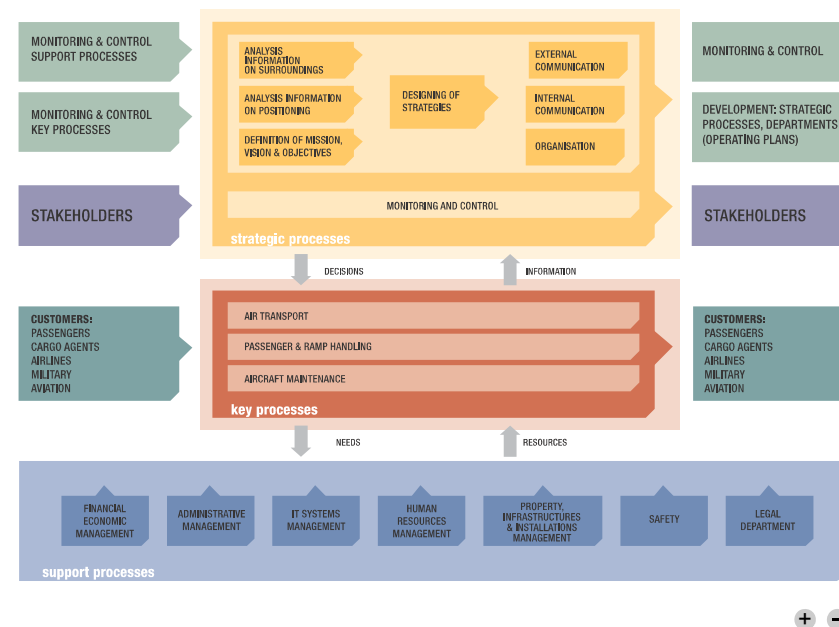
In 2008 Iberia completed the final year of the 2006-2008 Director Plan, which, under the premise of growing profitably, was based on the following pillars:

- ☒ Review and optimisation of the network
- ☒ Enhancement of revenues and quality
- ☒ Increase in productivity of resources
- ☒ Reduction of the cost of resources

Seeing that the long haul has progressively gained weight in the network, now accounting for more than 50% of passenger revenues, and considering the huge attraction of the Business Plus class among customers, the increased employee productivity and the success of the cost-cutting measures, excluding fuel costs, among others, it may be concluded that the vast majority of the strategic objectives set in the 2006-2008 Director Plan have been met.

During 2008, a process of strategic reflection was imposed throughout all levels of the company management, culminating in the preparation of **Iberia's 2009-2011 Strategic Plan**.

This process of defining the strategy and objects of the company is summarised in the following figure:



As this figure shows, the company integrates stakeholder engagement in its strategic management process, such that the information obtained through the communication channels established with them is taken into account when drawing up the Iberia Strategic Plan. Moreover, each business has a separate strategy, aiming to meet the demands and expectations of its specific stakeholders.

The 2009-2011 Strategic Plan contemplates the following general lines of action:

- Improve the quality of customer service.
- Achieve sustained profitability in the three businesses of the company.
- Strengthen Iberia's leadership in the markets on which it operates.
- Bolster the company's healthy financial position.
- Continue participating actively in the process of concentration taking place in the sector.

4.3. Risk Management

Iberia takes account of any potential event that could jeopardise the achievement of its objectives. The company has a complete Risk Management System, through which all risks are identified, assessed and controlled systematically. Further information can be found in Section D of the Annual Corporate Governance Report.

In accordance with its Corporate Responsibility Policy (see Chapter 1 of this Report), Iberia adopts a focus of anticipation to guarantee the sustainability of its actions, through integral management of the following risks, which form part of the company's Risk Map:

- **Reputational:** risks deriving from the perception that the different stakeholders might have of the company's actions in the performance of its business activities.
- **Environmental:** risks deriving from compliance with current environmental laws and any new regulations that may affect the company, such as the emissions trading regulations.
- **Social:** risks relating to aspects such as competitiveness of the different professional groups within the company, attracting and retaining talent and the occupational health of its employees.

The Business Risks Unit in the Internal Audit and Quality Department is responsible for internal CR coordination, with the intention of treating sustainability as a key future issue, through the management of all risks and opportunities deriving therefrom.

Iberia also has several specific areas that deal with the management of sustainability risks, which have established different controls described elsewhere in this Report.

The Audit and Compliance Committee of the Board is regularly informed on the Risk Map and the actions taken in respect of Corporate Responsibility.

Iberia participates in the Spanish task force for standardisation of the ISO 31000 Guidelines on Risk Management, which will foreseeably be published during 2009. It is also a member of the CEOE [Spanish Confederation of Business Organisations] Social Responsibility Commission, which represents Spanish companies in the task force for the ISO 26000 Guidelines on Social Responsibility and the State Corporate Social Responsibility Council, set up in February 2008 and chaired by the Spanish Ministry of Labour and Social Affairs.



4.4. Fraud prevention policies and anti-corruption measures

Iberia's different internal control systems - budget control, management control and auditing - take risks of fraud into account and are set up to detect such risks, both internally and externally.

Iberia has been developing procedures to prevent fraud in carriage documents since 1991 and pays special attention nowadays to credit card transactions.

The company has a Security Committee and a Fraud Prevention Committee, which coordinate prevention measures and study any cases that may arise, of fraud or other possible unethical or criminal conduct.

The annual internal audit programme contemplates analyses of all business units and makes random checks of the company's territorial organisation, taking these risks into consideration during the audits.

4.5. Good Governance

The structure and functioning of Iberia's corporate bodies are based on the latest rules and recommendations approved in respect of Corporate Governance. As a listed company, Iberia takes the rules and recommendations of the Unified Good Governance Code into account in its corporate governance practices and reports.

Iberia establishes several mechanisms to guarantee ethical business conduct and good governance of the company, including, among others:

- Rules of the Board of Directors.
- Rules of the General Shareholders' Meeting.
- By-laws
- Internal Rules of the Audit and Compliance Committee
- Code of Conduct in respect of matters relating to security markets
- Internal Audit Rules
- Statute for Company Executives
- Collective Agreements and Works Councils
- Performance assessments
- Suggestion boxes in Intranet / Extranet (IBpróxima), with the possibility of sending suggestions anonymously.
- Code of Ethics for application of the Global Compact principles in IB, published for the first time in 2008-09.

In 2007, the company started up an application in IBPróxima through which executives can make online notifications of any purchase and sale of Iberia shares, in compliance with the applicable codes of conduct.

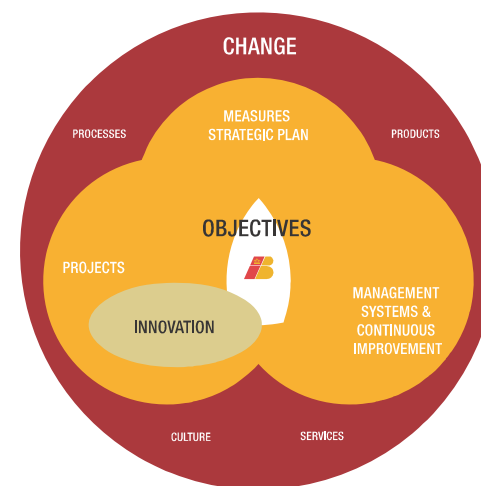
The detailed information of Corporate Governance may be consulted on the company's web site <http://grupo.iberia.es/>

4.6. Innovation management

Iberia uses project management to achieve the objectives marked out in its current Strategic Plan and, in the long term, to achieve change, which is essential for the economic development of the company, satisfaction of its customers and professional furtherance of its employees.

Therefore, any project geared at improving processes, resource-saving and the quality of services and products developed is, for Iberia, an innovative project.

The complex nature of businesses related with air transport makes it essential to consider innovation projects from a multi-disciplinary point of view, involving different areas of the company in each project and, consequently, strengthening cooperation between working teams and gearing towards the end customer.



Every year, Iberia implements tens of projects of this nature and many of them are recognised as innovative by means of independent assessments or certifications by different Spanish and international official institutions. In 2008, 37 of these qualifications as an innovative project were received.

With regard to corporate responsibility, innovation in Iberia contributes towards:

- Generating satisfaction and value added for our stakeholders.
- Savings in resource utilisation: many projects aim to save water, paper and fuel, among other aspects.
- Obtaining competitive edge in the performance of our businesses.

The most important sustainability-related projects carried out in 2008 are described elsewhere in this Report

4.7. Brand management

The company's investments in marketing follow the strategy marked out by the company and their profitability is analysed regularly, according to pre-established control procedures.

Iberia constantly monitors the best practices in branding on the market to incorporate all those that conform to the company's Strategic Plan in its decision-making processes.

The brand is diversified to distinguish the different business units – Iberia Maintenance, Iberia Handling and Iberia Cargo –, the sales and services channels – Iberia.com, Serviberia – and the frequent flyer programme – Iberia Plus –.



Iberia Plus, Iberia's frequent flyer programme, which has existed for over fifteen years, has more than 3.5 million members in 230 countries worldwide and has 80 associated companies, including 16 airlines, 46 major hotel chains, 4 car hire firms, 3 oil companies, 4 financial institutions, credit card companies, online shops, property groups and health and safety firms, among others. Through this points programme, the Iberia brand has spread beyond the aviation sector and collaborates with other sectors, especially those related with leisure and tourism; and has crossed the borders of the markets served by the company, reaching the entire world through the **oneworld** alliance. The company's customers can use the points accumulated in different ways, even assigning them to finance solidarity causes, through the Spanish Red Cross.

Iberia.com is the Spanish web site with the largest volume of sales, posting a turnover of 532 million in 2008. During 2008 its largest growth was in sales outside Spain, up 17% year on year. It has 44 different versions for 44 different countries in Africa, America, Europe and the Middle East and is translated into 7 languages.

Information is offered on www.iberia.com on prices, timetables, arrivals and departures of Iberia flights, and real-time weather conditions at the different destinations to which the airline flies. It also enables customers to book hotel rooms, car hire, package holidays, travel insurance, transport between airport and hotel, trips and tickets for shows, among other facilities.

The **oneworld** alliance and the airlines belonging to it base their brand strategy on a global offer to customers, with special prices for travelling around the world.



As regards brand assessment, Iberia considers that external assessment offers greater guarantees of unbiased valuation:

- According to the study “**The best Spanish brands 2007**”, published in February 2008 by **Interbrand**, the Iberia brand has a value of 413 million, 15th in the ranking of Spanish companies and 1st in the transport sector.

www.interbrand.com/images/studies/BSB_RANKING_07.pdf

This ranking is made every two years to assess the medium-term impact of the different marketing and business initiatives implemented by companies, thus obtaining any variations in the value of the brand. The financial projections are for the period 2007-2011. Interbrand has based this study on its knowledge of the companies and the industries in which they operate and on analyst reports by benchmark investment banks, sector studies, market research and public information available. The brand valuation method used by Interbrand is a tried and tested formula that examines brands from the point of view of their financial strength, importance in consumer purchasing reasons and the likelihood of revenues from the brand.

The study underscores that the strategic goals set by Iberia, namely long-haul routes and a high-quality Business Plus class, are successful in mitigating the effect of fuel prices and competition from low cost carriers.

- According to a study made by the Carlos III University: “**The image of Spain, its Brands and its Companies in the World**”, published in March 2008, conducted through 1,225 polls of international executives expert in the area of international economics and trade from 33 countries, representing 92% of the total destinations of Spanish exports and direct investment overseas, Iberia is among the 10 most prestigious brands, most recognised as Spanish, and leader in the travel sector.

Since 2003, has been an active member of the Association of Well-Known Spanish Brands, AMRE (www.marcasrenombradas.com), which has more than 70 well-known leading Spanish brands from different sectors, firmly established on an international scale with a vocation of permanence on foreign markets, which have joined forces to work on the development, defence and promotion of Spanish brands.

Iberia has contributed to the “**Made in Spain**” initiative of the Ministry of Industry, developed by Spanish Ambassador Brands, by publishing a special edition of IB Universal, the company’s publication distributed daily on its flights, which included an extensive report in June 2008 on Spanish awareness worldwide in all aspects: economy, innovation, culture, leisure and international presence.

Iberia also regularly promotes Spanish food and wines with Designation of Origin (DO) or Registered Geographical Indication (IGP) on its flights and in its VIP lounges. As proof of this, the Iberia Business Plus wine collection has been awarded the prize **Wines on the Wing**, organised every year by the US publication Global Traveler. In competition with 27 airlines from all over the world, Iberia is the first company in the history of these prizes to have managed to rank all its wines among the top ten in each category, which helps to promote Spanish wine, making customers familiar with its richness and its diversification, both geographical and by variety.

Finally, through its Cargo business, Iberia is a member of the **Club of Spanish Exporters and Investors**, which defends the interests of Spanish companies in the challenge of making their business international.

www.clubexportadores.org



5. SUPPLIERS

During 2008, Iberia set up a **working group** with Caja Navarra, Carrefour, Iberdrola, Pascual, Repsol and Telefónica **to analyse the role of purchasing departments in the development and consolidation of Corporate Social Responsibility (CSR)** and extend the responsible policies to their suppliers.

The initiative of extending CSR to suppliers was started up by the Spanish Association of Purchases Managers (AERCE), which umbrellas more than 2,000 Spanish companies.

This working party is convinced that CSR will only be possible if the culture of social responsibility is publicised as a value generator in the supply market. 75% of the expenditure of large enterprises is managed by the purchasing departments; hence it is largely up to this department to transmit social responsibility to their suppliers, which are generally Small & Medium Enterprises (SMEs).

This working group is stressing both the benefit to the reputation of large enterprises as they reduce risks through a responsible purchasing management, and that obtained by SMEs as they establish bonds of trust with the large enterprises that are their customers.

5.1. The value of RC in the supply chain

Iberia encourages all its suppliers to respect the codes of conduct and good environmental practices. Thus, when tendering contracts, it includes in both the bidding terms and conditions and the contract proper, clauses concerning:

- ☒ Confidentiality
- ☒ Industrial property
- ☒ Data protection
- ☒ Labour commitment
- ☒ Environmental commitment
- ☒ Global Compact

The firms awarded contracts as **security and surveillance service providers** undertake to set limits on the use of force in their activities.

In May 2008, the company updated its **DAIC-MA-02 Environment Procedure**, through which the procurement organisation is including increased environmental requirements in the contracting of products and services.

5.2. Procurement Management System

The Iberia purchasing management is geared towards achieving the company's goals, regulated by internal rules and procedures and guided by the following general principles:

- **Internal customer satisfaction:** Purchases management aims to achieve the best supply alternative for the internal customer, optimising the ratio of service quality to total cost, guided by economic streamlining and transparent management. The company makes a homogenous, systematic use of purchase tracking and IT systems to assess fulfilment of this goal.
- **Compliance with the law:** Iberia only approves as potential suppliers those who comply with prevailing laws, regulations and standards on quality, safety and hygiene, labour, environment, tax, etc.
- **Free competition:** Competition between the different suppliers is encouraged, accessing the data bases of potential, existing or former suppliers of Iberia, its partners and commercial allies and the different virtual market places on which Iberia operates. Conditions can not be set based on brands or specific models.

- **Transparency and Confidentiality:** A minimum of three bids must be obtained for any purchase/contracting. Moreover, Iberia has electronic negotiation tools to guarantee these principles. All internal information on suppliers and contracts is kept strictly confidential.
- **Caution:** The company takes the necessary measures of care, diligence and protection whenever there is any kind of relationship or bond between an employee of the company and the entity or individual bidding for a contract, especially as regards negotiation and choice of the supplier.

The Quality Management System of the Iberia Purchases Department has been certified under the ISO 9001:2000 standard since 2007.

Its Quality System includes the claims procedure describing the system employed by this Department when dealing with claims from internal customers following incidents in the service provided. To centralise the monitoring of suppliers and expedite the solving of incidents, in 2008 the Purchases Department received claims from customers through the **Incidents Portal**. From IBPróxima an internal user can rapidly and simply report any incidents that occur during the fulfilment of a contract, in the supply of an order or in the performance of a service.

5.3. Payment process tools

According to the control procedures established, Iberia pays its invoices within no more than 90 days after receipt.

Iberia's financial strength guarantees payment of the products and services contracted and supplied to the satisfaction of the company.

In 2008, Iberia continued implementing its **e-invoicing** project, the main aim of which is to speed up the invoicing processes of its suppliers and set up another communication channel with them. This project also achieves major **savings in administrative material**: paper, envelopes, etc., with the consequent benefit for the environment, and **savings in management time** spent on improving processes, for both Iberia and its suppliers.

5.4. Specific relationships within airlines industry

As commonly occurs within the aviation industry, Iberia has a fluent relationship with the **manufacturers of aircraft, engines and components** for its fleet and that of third parties, through its maintenance and engineering business.

Iberia provides a wide variety of new and used aircraft and engine components at its maintenance installations. Sharing the same resources, this business is in a position to become the most adequate alternative supporting spares and replacement components.

Iberia reports to the **OEM** - Original Equipment Manufacturer - any incident or irregularity occurring during maintenance or flight activities, which is studied to define all aviation safety-related aspects that might be recommended for the entire industry. Iberia also analyses the life cycle and performance of its fleet with the manufacturers.



In the handling business, Iberia has a very close relationship with the **airport authorities** at the airports at which it operates as handling agent, especially with **AENA**, since Iberia is present in almost all Spanish airports. The complex nature of ground handling services requires permanent coordination between Iberia and AENA to achieve the satisfaction of the users of air transport.

6. EMPLOYEES

In accordance with its Corporate Responsibility Policy, Iberia incorporates and contemplates respect for human rights in its operations, based on the standards established in the **Universal Declaration on Human Rights**, the **eight Core Conventions of the International Labour Organization** and the **United Nations Global Compact**.

Iberia seeks to achieve the maximum furtherance of its employees and to generate the necessary climate of confidence to face the changing needs to which the company is exposed and favour the integration and relationship of individuals working in it.

6.1. Workforce and labor relations

The composition of the Iberia workforce at 31 December 2008 is shown below:

Headcount by group			
Group	No. persons	Average age	Average seniority
Domestic Ground	15,779	42.81	16.02
Flight Assistants	4,154	40.28	14.98
Pilots	1,668	45.18	16.31
Local employees abroad	879	43.03	13.46
Spanish employees abroad	20	45.05	20.45
Total	22,500	42.53	15.75

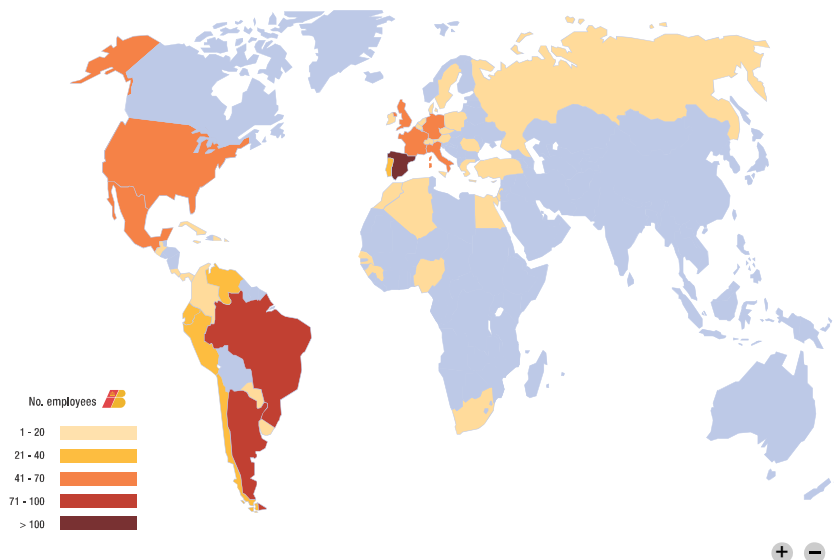


Headcount by business areas			
	Ground	Flight	Total
Corporate	1,195	n.a.	1,195
Airline	2,338	5,822	8,160
Airports	8,530	n.a.	8,530
Maintenance	3,845	n.a.	3,845
Cargo	770	n.a.	770
Total	16,678	5,822	22,500

Headcount per type of contract	
Fixed	18,843
Part-time fixed	1,732
Discontinuous fixed	17
Temporary	1,908
Total	22,500



The company has employees in practically all the countries to which its commercial network extends. The distribution of employees by countries is shown in the following map:



Union representation

The total percentage of union affiliation in Iberia in December 2007 was as follows:

Employee Group	Percentage affiliation through salary deduction
Ground	72 %
Flight Assistants	31 %
Technical Crew (Pilots)	100% <i>estimated</i>



Iberia has two committees (Ground Staff Inter-Workplace Committee and Flight Committee) which maintain continuous relations with the unions. It also has a Health and Safety Inter-Workplace Mixed Committee, consisting of 12 members, 6 elected by the Ground Staff Inter-Workplace Committee and the other 6 by the company, and a Flight Health and Safety Committee, consisting of 8 representatives from the Flight Committee, which deal with issues concerning occupational hazard prevention.

Iberia also has a Social and Economic Watchdog Committee, with union representatives, which addresses, among others, issues concerning the social responsibility of the company.

The company guarantees and improves on the terms stipulated in applicable national union legislation through collective bargaining.

The ground staff union representatives sit on 20 Workplace Committees (works councils) nationwide, and a further 16 workplaces have workers' delegates. Internationally, Iberia has workers' representatives in 40% of the countries in which it has employees.

The union representation for the flight staff (Pilots and Cabin Crew) is structured through a single Flight Committee with a total of 33 members, 10 of whom represent the technical crew and 23 represent the cabin crew.

Collective Agreements

The Iberia Management and the unions CC.OO. and UGT signed the **XVIII Collective Agreement for Ground Staff** in July, applicable from 1 January to 31 December 2008, contemplating a pay rise above the CPI and productivity/ flexibility measures to facilitate management in all areas. The Ground collective agreement affects more than 70% of the company's headcount.

The Bargaining Committee for the **XIX Collective Agreement for Ground Staff** was formally set up on 24 November 2008, when the representatives of both parties, company and employees, mutually recognised their capacity to negotiate that agreement.

The Bargaining Committee for the **XVI Collective Agreement for Flight Assistants** was set up on 29 September 2008, although the XV Collective Agreement for Flight Assistants was extended to 31 December 2008.

The **Bargaining Committee for the VII Collective Agreement for Technical Crew** was set up on 19 September 2006, since the previous agreement expired on 31 December 2004. The bargaining of the VII Collective Agreement was conducted throughout 2008 and a Preliminary Agreement was reached with the Union Section of SEPLA in early 2009, pending ratification by the Assembly of Pilots once the Articled Text of the Collective Agreement has been finalised. It will be applicable from 1 January 2005 to 31 December 2009 and contemplates pay rises for each of the effective years, productivity measures, customer protection and employment protection, as well as the conditions for extending flight activity between the ages of 60 and 65 years.

On an international level, there are collective agreements in the following countries: Argentina, Austria, Belgium, Brazil, Chile, France, Germany, Greece, Israel, Italy, Mexico, Netherlands, Portugal, Senegal, Sweden, UK, Uruguay and Venezuela.

Employment

Iberia has a single online access point –IberiaEmpleo– for handling job offers, made available so that anyone interested in working for the company can send in his/her CV and be a candidate for filling possible vacancies:



<https://portal.iberia.es/iberiaEmpleo/>

Job stability is increased through the company's collective agreements and the turnover of temporary employees is reduced. In fact, the company has one of the lowest staff turnover rates among Spanish large enterprises.

During 2008, **266 temporary contracts were converted into non-term contracts**, especially in the flight attendants group, with 44 new non-term contracts.

The company continues applying the two Redundancy Plans 72/01 and 35/05, which were extended by the Spanish labour authorities in 2007 up to December 2010 and December 2014, respectively. The maximum number of redundancies was set at 1,074, under the terms of the second plan mentioned. Redundancy Plan 72/01 is voluntary for employees and has been widely accepted since its approval.

During 2008, following the awarding of handling licences in 2006, the company lost a further activity at some network airports, which has been resolved where other companies have been awarded the licences by applying the measures contemplated in the Handling Sector Collective Agreement, regulating subrogations to the companies that obtained the new licences. The company has also signed joint venture agreements in Barcelona, Lanzarote and Fuerteventura.

6.2. Satisfaction, internal communication and motivation

Employee satisfaction is mainly channelled through the **suggestion boxes available in IBPróxima**, through which employees can express any observation, remark or concern, even anonymously if they so wish. **These suggestions are mostly answered in less than 24 hours**, and those considered important are **published monthly**, together with the replies offered by the responsible management departments. During 2008 the company started to make **regular polls** through IBPróxima to find out its **employees' opinions on matters of general interest**, many of them related with the meeting of their expectations in connection with the services offered.

Employees are **informed on Iberia's goals and results** –strategic plan, stock exchange performance, punctuality details, significant milestones, etc.– permanently through IBPróxima, daily on the company's notice boards and monthly through the magazine Iberavión.

A new design of the home page of IBPróxima was launched in 2008, incorporating new functions, some of them as a result of suggestions received through the suggestion boxes, such as:

- New functions of the corporate web mail.
- Language tools: English dictionary, most frequent grammar consultations and aviation glossary, with the possibility of including new terms.
- New tool for the notice board.
- Rules Section: incorporated on the home page, this offers in a single access point all rules, regulations, instructions and guidelines published by the company.

Moreover, some of the IBPróxima's contents have been adapted for PDA, such as news on the company and sector, or the service "Who's Who", through which the telephone number, e-mail and location of any employee in the company can be obtained.



Practically all employees have a corporate e-mail account: employees who do not have a computer at their work station are offered the possibility of requesting and obtaining a personal e-mail account, which they can use from home by entering IBPróxima.

Iberia has established a staff recognition system for all its employees, based on individual or group suggestions and recognition of extraordinary actions. To stimulate creativeness and individual and group efforts and as a basic factor in continuous improvement, reward is given for the profitability obtained as a result of a proposal for improvement. Recognition ranges from being congratulated by the Acknowledgements Committee to economic prizes, which totalled 71,411 euro in 2008, with 92 employees rewarded for 40 suggestions. 2008 was one of the years with the highest level of suggestions made.

The company uses several **forms of incentive** through different variable pay items added to the salary, regulated by collective agreement and rewarding employee productivity: bonuses for attendance, shift work, duties, etc. The levels of progression and promotion are linked to the Performance Assessment, made regularly. There is a profit-sharing system linked to the ordinary annual income of the company, applying a series of percentages that vary according to that income. In 2008 33 million euro was paid out as incentives, double the amount paid in 2007.

The company has a policy of **filling vacancies in senior positions, i.e. positions of responsibility, including executive levels, through internal promotion**. Although the candidates are often previously identified and prepared through the Professional Furtherance Plans described in the following section, the company regularly calls for internal applications to select employees with profiles best suited to the positions to be filled.

6.3. Training and Development

Iberia's training model is based on the need for specific qualifications for the sector that are not readily available on the market and for which there are often no specific training centres.

In the company's opinion, training is the best tool for giving people the competence (knowledge, skills and attitudes) required. The training is designed to do their work better, increase their productivity and capacity to respond to the challenges arising in the business.

The contents of training are not only geared to developing skills associated with a particular job, but also to fostering future professional furtherance and alignment with the company's strategic objectives, placing special emphasis on training for the following:

- ☒ Customer service
- ☒ Incorporation of new technologies
- ☒ Development of language skills
- ☒ Health and safety
- ☒ Commitment to quality and excellence in management
- ☒ Protection of the environment and human rights

In 2008, Iberia started up **Campus IBERIA**, a platform for staff training, where new generation multimedia courses are available to acquire essential knowledge of the business.

This e-learning platform is easy to use for both students and teachers and guarantees a more accessible training, together with active communication through the different tools such as forums or e-mails.

These on-line courses offer numerous advantages, especially flexibility in time and location and the ample accessibility for employees, resulting in optimisation of the training resources.



Integration of education and business

Iberia has agreements with several Spanish and international universities and training institutions, offering to collaborate with the government and academic institutions to implement the educational system, both by adapting vocational training modules specifically for the air-traffic sector and by offering undergraduates, graduates and vocational training students an opportunity to acquire work experience.

The main objective of the Graduate Work Experience Programme is to adjust incorporations into the management and engineers group to the demand of the different areas of the company according to the Strategic Plan. It also helps to detect graduates with potential, candidates for Qualified Staff Development Plans.

The Graduate Work Experience Programme was started up in 1996 and over 600 people have joined the management and engineers group so far, both through internal promotion and from outside, through postgraduate scholarships.

Iberia also facilitates academic training for employees who are studying for official qualifications, granting Individual Training Permission to enable them to attend the corresponding commitments, releasing them from work so that they can study or go to exams.

According to the MERCO PERSONAS 2008 report, which carried out some fieldwork in March and June, interviewing some 1,000 university students, Iberia is among the 10 most sought-after companies for employment, along with Microsoft, BBVA, IBM, Sony, Coca-Cola, Iberdrola, Santander, Repsol YPF and La Caixa.

Attraction and retaining of talent

Iberia is constantly talent-spotting, both internally and externally, considering talent to be one of the critical factors for guaranteeing the company's competitiveness.

The company has established different selection protocols and competence profiles to detect the professionals with the greatest potential in the company. Once spotted, those professionals receive support through Personal Training Programmes, Continuous Assessment and Vocational Development and Succession Plans, through which talent is channelled towards the required field of technology or management, in the latter case within specialised leadership development programmes designed to guarantee a smooth take-over of all key management and executive positions at all times, having professionals capable of applying their talent to the circumstances required from time to time for the company's business.

During 2008 the following specific vocational development plans were carried out:

- **IV Development Plan for future airport managers:**

This Plan, prepared jointly by the Human Resources Management and the General Management of Airports, aims to develop the management and leadership skills and expertise needed to hold in the future positions of responsibility required in the current situation of the handling business.

The development programme works especially on essential skills and abilities such as: leadership, team work, communication, negotiation or achievement of objectives.

- **II Development Plan for future in-flight service managers:**

This Plan aims to anticipate the needs of the In-Flight Service Management and prepare a group of chief flight attendants who are able to take on that responsibility at any time. The programme consists of a theoretical part, during which they acquire the necessary knowledge of the different management areas and a practical part consisting of on-the-job training, to consolidate what they have learnt and become familiar with the duties to be performed.

- **Development Plan for Commercial Managers:**

This Plan aims to prepare future managers of the Commercial Agencies of Iberia, so that they can adequately perform their commercial duties, coordinate operations and represent the company in the countries in which it operates.

As a result, Iberia has the best professionals in the sector, by tradition and vocation, with internationally recognised levels of qualification and specialisation.

As proof of this, two major collaboration agreements were reached during 2008:

- The **Instituto de Empresa Business School** and Iberia signed a framework agreement to include the Iberia Case in the executive training programmes run by this prestigious business school, as an example of a successful company capable of anticipating and adapting to the major changes that have occurred in its sector. The project has arisen out of the common interest of both parties in boosting activities in the area of executive training and development. The business case on Iberia focuses on the company's strategy, covering numerous management areas, such as Commercial Policy, Businesses, Human Resources, Operations and Corporate Social Responsibility, among others. This agreement also contemplates the joint development of training, research and dissemination activities.

- **Maintenance training agreement with AIRBUS**, to run practical courses for Aircraft Maintenance Engineers. Iberia is thus one of the first airlines in the world, and the first in Europe, to form part of the Airbus Maintenance Training Network. In order to fulfil its part of the agreement, the company has purchased a system called **Aula Airbus** [Airbus Classroom], with which students can simulate maintenance actions and check the performance of aircraft after repair. This agreement is a magnificent opportunity for Iberia, offering it the possibility of meeting new training demands by other companies. It has been performing this important task for several years, which proves the prestige of the company's Maintenance and Engineering business.

Iberia also gives training to third parties in the handling, cargo, operations, in-flight services and commercial areas, especially to companies with which it has service contracts.



6.4. Employee Web Services: IBPersonas

IBPersonas is a personal management tool through which employees have permanent access to an ever-growing quantity of administrative and management information, on a self-service basis. It is divided into small channels, including especially those of **training and furtherance** –management of employee training and access to CAMPUS Iberia–, **employment** –access to information on job vacancies, to be filled internally

and/or externally–, **employee self-service** –performance assessment, wages & salaries, donations to charity causes deducted directly from salary, etc.–, **mBillete.free** –self-issuing of tickets for employees–, **occupational hazard prevention** –access to documents on hazard prevention, participation and consultation, FAQ's, etc.–, information –calendar of working days and public holidays, collective agreements, etc.– and **management services** for senior staff.



mBillete.free is the employees' ticket portal, included within IBPersonas. Through this portal, it is possible to self-issue tickets, consult their tax repercussion, availability and even exchange rates or expenses by countries in the case of duty trips.

As an especially innovative project, in 2008 the company developed a **Human Resources Management ERP –Enterprise Resources Planning– system**, within IBPersonas, which is optimising the information in the data bases and enabling simplification of the processes for personnel administration, payroll and employee professional records.

The crew communication and information channels were also considerably enhanced in 2008, all available through IBPróxima > Crew Services:

- In June, a multimedia information system was started up to supply practical information to both technical crew and flight assistants, through different screens located in the corporate areas of Barajas, showing **real-time information** on the location of aircraft, state for boarding, signing-in of crew and any incidents affecting flights, as well as general messages or messages for the crew of specific flights.
- Through **Canal OPS**, Pilots can consult any new messages in their virtual pigeonholes, **graphs of monthly flights against fuel consumption and CO₂ emitted, the difference between fuel programmed and consumed together with the price of fuel and, finally, the punctuality rates for the current week**. They can also find videos, real-time satellite images of the weather conditions and news on a variety of subjects.
- Flight attendants have **Canal DSB**, which offers videos, circulars, reports, presentations, news and last-minute announcements, as well as weather information for the destinations where they are to spend the night.

Also during 2008, the in-flight service management introduced the tool **IOS - Chief Flight Attendant Operating Information** - , which brings together in a single computer document the operating information for all the flights in a rotation, which makes it easier for chief flight attendants to manage those flights. The IOS contains the crew list, the anticipated load factor, the corresponding service sequence, possible special services and rules applicable in the destination country, and logistics information: overnight hotels, airport-hotel-airport distances, stopover details, Iberia contacts, etc.

6.5. Ethics and Codes of Conduct

In 2008, Iberia made considerable progress in the ethics guiding its employees' conduct, with the publication of a **Code of Ethics for application of the Global Compact principles, a Code of Conduct for travelling on Iberia flights, and a Guidebook of Good Practices for the use of new technologies**.

The **Code of Ethics** adapts the Global Compact principles to the company's culture, through the employees' undertaking to respect a set of rules based on the following principles:

1. Non-discrimination
2. Customer service
3. Ethics and legality
4. Confidentiality and interests
5. Health & safety
6. Environment
7. Responsible use of assets
8. Communication of ideas for improvement
9. Collaboration with colleagues
10. Efficiency and reconciliation of personal life and career

The **Code of Conduct for ID (Industry Discount) Passengers on Iberia flights** is not only applicable to current employees, but also to other beneficiaries who, having some kind of relationship with the aviation industry, are entitled to purchase Iberia tickets at a discount. This Code has been drawn up in view of the importance of the overall perception of customers during their travel experience and regulates the conduct that should be observed or avoided in all stages of the journey.

The company has published in IBPróxima a **Guidebook of Good Practices in the use of technologies**, such as e-mail, mobiles, internet security outside the office and the treatment of spam while on holiday. It contains brief, very useful advice for learning to surf the web faster, economise in use of the mobile and make sure no intruder accesses employees' personal mailboxes.

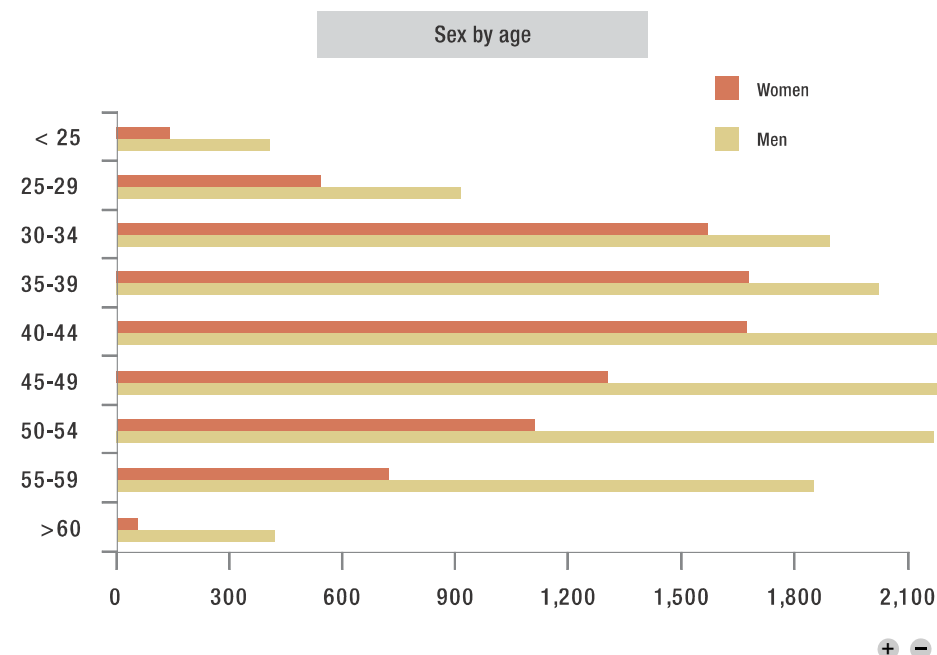
All these new rules and guidelines are added to the numerous rules for conduct and ethical recommendations that already existed in the company, such as the Disciplinary Rules established in the Collective Agreements, the Code of Conduct in respect of matters relating to security markets, or the Guidelines for Dealing with Customers.

6.6. Equality opportunity and diversity

As established in the Collective Agreement for Ground Staff, on 13 March 2008 the company set up an Equality Committee, consisting of representatives of the Management and Unions signing the collective agreement. After diagnosing the situation within the company, this Committee will, if necessary, draw up an Equality Plan in pursuance of **Organic Law 3/2007 for effective equality between men and women**. This diagnosis has been commissioned to an external consultancy and preliminary studies were carried out during 2008.

HEADCOUNT BY GROUP AND GENDER 2008

GROUP	WOMEN		MEN		TOTAL No.
	No.	%	No.	%	
GROUND	5,475	32.8%	11,203	67.2%	16,678
PILOTS	60	3.6%	1,608	96.4%	1,668
FLIGHT ASSISTANTS	3,084	74.2%	1,070	25.8%	4,154
FLIGHT	3,144	54.0%	2,678	46.0%	5,822
TOTAL	8,619	38.3%	13,881	61.7%	22,500



In 2008, 509 employees had senior positions within the company, 161 of whom were women, 10.3% more than in 2007.

In accordance with the different collective agreements signed, the salaries of men and women are equal in Iberia, being established according to rank, seniority and position, with no distinction on grounds of sex, race or any other discrimination.

As regards diversity, the company has a policy of hiring local personnel, such that, apart from a few essential positions within the structure of some management areas, which are held by people sent from Spain, almost 900 employees of the company are nationals of the countries in which Iberia operates as a multinational.

6.7. Work and family reconciliation policies

Reduced working hours for legal custody have been applied within the company to promote childbirth and protect maternity, paternity and care of the elderly. The following table shows the numbers of employees who took up these benefits during 2008:

Reduced working hours for legal custody	2005	2006	2007	2008	% Increase 2008/2007
Ground	505	481	582	690	18.55%
Pilots	259	375	401	445	11%
Flight Assistants	645	832	984	986	0.2%
Flight	904	1,207	1,385	1,431	3.22%



The company takes account of the risks that employee's work may entail for pregnancy and breastfeeding, especially among the flight groups, permitting different possibilities for reducing working hours, temporary suspensions of contract and the processing of benefits, all regulated by collective agreement.

The latest uniform of the company has taken into account all the features of its employees, with a specific garment for pregnant employees.

6.8 Health and safety at work

Iberia has its **own Prevention Service** to promote Occupational Hazard Prevention and provide counselling on this matter to the entire company. This Service has Senior Occupational Hazard Prevention Officers covering the four disciplines of prevention: Safety at Work, Industrial Hygiene, Ergonomics and Psychosociology and Industrial Health.

The general managements for maintenance and airports have established the figure of the **Occupational Hazard Prevention Coordinator** in their organisations, to promote and monitor the practical implementation of Prevention in their respective areas of competence. Contact between these persons and the Prevention Service is continuous and very close.

In Iberia there are **21 Health and Safety Committees**, with 83 Prevention Delegates distributed among the different workplaces, and a further 16 Delegates in workplaces which, because of their size, do not have a Works Council, covering 100% of the employees. There is also an Inter-Workplace Health and Safety Committee, with 6 Prevention Delegates.

IBPersonas has a **specific channel** for occupational hazard prevention, containing necessary and useful information for all employees:



Iberia's Prevention Plan stipulates that whatever resources may be necessary to alleviate adverse situations for the health and safety of its employees shall be applied regardless of the approved budgets.

Rule SH-205 establishes how to proceed in cases of workers who, due to permanent or temporary personal circumstances, are especially sensitive to working conditions.

Iberia improves the scope and contents of its occupational hazard prevention training every year.

It also participates in the public vaccination programmes established by the Health Authorities, including the flu jab campaign.

- **Recording and notification of occupational accidents:**

The entire process concerning occupational accidents is conducted in accordance with rule SH-400, which specifies the participation of each agent (management, affected employees, prevention delegates, prevention service, personnel units, among others), the documents to be completed and how they are to be kept.

The Prevention Service has a computerised system for global management, connected to the company's data bases, to which the different parties involved have access according to their authorisation level, in turn complying with the applicable data protection legislation.

The lowering of the accident rate was confirmed in 2008 in all areas of the company, 10.7% down on 2007. The seriousness of accidents at work was also reduced by 1% on the previous year. These trends show that the measures taken in respect of prevention are adequate, encouraging the company to continue along the lines defined in the Prevention Plan.

- **Principal occupational hazard prevention actions in 2008:** The intense preventive work was further improved during the year with the following new actions:

- ☑ **Skeletal muscle disorder prevention campaign:**

Iberia launched an awareness campaign in 2008 to prevent these injuries, which are behind a large part of absences for sick leave within the company.



The Prevention Service has set itself the target of ensuring that all employees have sufficient information to prevent this type of disorder. During the campaign, which will continue up to September 2009, the company will tackle aspects such as knowing what causes these injuries and how to prevent them, parts of the body that are most vulnerable in each activity, etc.

The most serious skeletal muscle disorders are produced during baggage loading and unloading operations. Iberia is on an Ad Hoc Committee together with the Ministry of Labour and Social Affairs, AENA and the unions CC.OO and UGT, which is taking measures to provide the loading and unloading bays with mechanical elements to reduce risk exposure in manual handling.

- ☑ **Agreement for medical assistance to be provided by INTER PARTNER ASSISTANCE during travel outside the employee's country of residence:** This is applicable to duty trips of all Iberia employees (ground and flight staff and local employees abroad), offering a 24-hour service. The company provides meticulous

information to employees who have to travel to destinations where there is a health risk.

- ✓ Course on **Assisting passengers with reduced mobility in the cabin**.
- ✓ Availability of **new Occupational Hazard Prevention Specifications** on: features of the equipment installed in rest rooms/refreshment areas, characteristics of a single-level desk, recommendations for pregnant, post-natal and breastfeeding employees.
- ✓ **Changes in rule SH-402 "Work on fuel tanks"**, owing to the updating of benchmark limits.



6.9. Welfare assistance and benefits

Iberia has a specific department that defends employee welfare assistance, covering a broad array of needs generated by the different groups of employees, both flight and ground staff. Apart from other duties, the **Welfare Action and Management Unit**, operating under the Occupational Hazard Prevention Section, deals with individual problems and issues, proposing the most adequate solutions in each case.

Some of the most important assistance given in 2008 included:

Counselling on how to obtain **disabled persons certificates** and on application of the **Dependence and Equality Laws**.

Counselling, handling of formalities and calculation of social security benefits for: **Temporary Disability, Permanent Disability, Retirement, Widowhood, Orphanage**, etc.

Counselling and handling of services and contributions to the **Solidarity Fund**.

Relationships and dealings with **External institutions**: Hospitals, Medical inspections, INEM [Institute of Employment], Courts, etc.

Specific programmes for the **treatment of addictions**, with internal and external courses.

Support in case of accident or dramatic situations.

Information and handling of **Life Assurance and Pension Schemes**.

Counselling and information concerning **Redundancy Proceedings**.

Handling of cases of **reconciling family and work**.



Parallel to this, the welfare benefits offered by the company include:

Welfare benefit	Principal features
Solidarity Fund	The funds are used to meet social needs, such as aids for education, camps, aids for disabled and chronically ill children, welfare loans, expenses incurred through sickness, among others. This fund is jointly financed in equal proportions by the company and employees, except in the case of cabin crew, who contribute 0.40% of their basic wage and the company contributes a fixed sum.
Ground and Flight Staff Welfare Funds	50% financed by the company and the employee. This fund covers disability and retirement benefits. In the case of flight crew, it also covers long-term temporary disability and death benefits.
Group Life Assurance Policy	This assurance covers death and permanent disability. In the case of flight crew, it also covers the contingency of permanent loss of licence. It is 60% financed by the company and 40% by the employee.
Housing loans	Loans may be granted each year for up to 4% of the ground staff and flight attendants on the payroll at 31 December of the preceding year.
Medical cover	Iberia takes and manages all activities and actions required for the recovery of workers who suffer accidents.
Redeployment guarantee	The company redeploys any employees whose capacity is reduced by illness or age to jobs more suited to their limitations. There is also a commitment to redeploy to ground staff any flight crew who lose their flying licence.



The company and each employee (at 50%) make monthly contributions through their salary to the **pension scheme**, handled by **Mutualidad Montepío Loreto**, set up as a private pension and welfare institution in 1970 by the workers in the aviation sector. This non-profit organisation is authorised to operate as a fund and pension scheme manager under Act 30/95, on the Regulation and Supervision of Private Insurance Supplementing the Public Pension System. It has more than 27,000 members, 9,000 pensioners and manages a fund that currently stands at over 1,200 million euro.

Loreto is an independent institution, unrelated to any financial group, so its investments are made exclusively to obtain the best, most secure benefits for its members. It operates under a system of Individual Capitalisation, which means that the contributions made by the members are used to finance the benefits of each one and that the distribution of profit is equal for all participants.



6.10. Corporate citizenship

The Iberia employees participate in numerous volunteer activities, receiving logistic and economic support from the company.

The solidarity initiatives undertaken by employees for several years now have given rise to the creation and development of two Associations, which have not been declared Public Utility Associations and are among the most important in Spain:

IBERIA Employees Parents of Disabled Children Association – APMIB.



- Set up in 1977 by company employees with children with special needs, this association focuses its activities on the protection and social integration of physically, mentally or sensorially handicapped children.
- Twenty years later, in 1997, **the APMIB Foundation** was set up the protection and the social and educational assistance of the handicapped. The Foundation promotes and manages homes and other centres for the disabled, whether orphans or in a situation of neglect, whatever their age. It also organises several training activities and promotes research to improve the lives of people with special needs.
- It has become the second largest association for the disabled in Spain, after the ONCE [Spanish Association for the Blind], with six specialist centres in Barcelona, Madrid (2), Malaga, Las Palmas and Tenerife. Its work is no longer limited to relatives of Iberia employees, but is open to the whole society.
- It has a team of 140 professionals, including psychologists, doctors, social workers and support personnel, who assist **more than 1,200 handicapped persons**.
- It has six Special Employment Centres, which provide employment for 597 people. Their main occupations are the manufacturing of textile products, packaging & labelling, etc., computing and administrative coordination services.
- It has been supported by the company from the outset, with monetary contributions and work contracts. Approximately 41% of its turnover is obtained on sales to Iberia.
- Apart from work for Iberia, the APMIB centres perform activities and provide services for almost 60 companies, including Air Nostrum, AENA, Gate Gourmet and Renfe.

Mano a mano



- This NGO was founded in 1994 by Iberia employees to use the free space in the bellies of company flights to send humanitarian aid to countries hit by natural disasters or wars and deliver that aid without middlemen, i.e. "hand to hand" ("Mano a Mano" in Spanish).
- Since its creation it has sent more than 2,000 tonnes of humanitarian.
- It brings children, together with their families, to Spain for specialist medical attention. Once in Spain, Mano a Mano provides them with accommodation and anything else they may need.
- It also manages all sorts of aid projects in developing countries.
- Iberia donates air tickets and cargo space to Mano a Mano.

One of the Iberia initiatives to encourage volunteer work among its employees is the organisation and publication of the **Christmas Solidarity Campaign**, run every year, the aim of which is to raise funds to finance solidarity projects. This Campaign involves considerable effort to organise an auction through IBPróxima and a tombola, in which current employees and suppliers work free of charge.

The last communication campaign was more intense than ever. Passengers were informed of the project in November in the Iberia Solidarity section of the in-flight magazine Ronda Iberia, and employees were informed through the internal magazine Iberiavión, with the novelty of "zero article", through which direct donations could be made from 1 .



Some **100 suppliers** collaborated in the 2008 Campaign, with an impressive participation by employees, including **more than 30 volunteers** who helped with the organisation and running of the event.

The Iberia employees also participate every year in the **Blood Giving Campaign** organised by the company together with the Transfusion Centre in the Community of Madrid. A total of 166 donations were made in the January 2008 campaign. The Transfusion Centre expressed its gratitude to the employees who cooperated in this important philanthropic action.

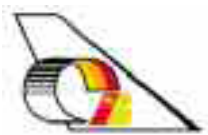
Iberia's social activity, which complements its solidarity and labour responsibility actions, also extends to areas such as leisure, sport and culture. **Club IBERIA** and the **Iberia Veterans Association** are particularly active in this area.

- The **Veterans Association** was founded in 1972, has 8 delegations in Spain and finances all its activities with the membership fees of over 7,000 members, in 51 national meeting points and more than 20 abroad. The services provided and activities organised by this Association are aimed primarily at members on retirement, disability or widowhood pensions. The activities organised are mainly cultural, touristic and recreational. .



- **Club IBERIA** is a non-profit association that aims to promote leisure and sports activities among company employees and their families, thereby fostering values such as the family, solidarity and teamwork. It currently has over 10,000 members and 12 delegations nationwide.

The Club Iberia budget is funded mainly with the membership fees and an annual contribution from Iberia, which was 77,230 in 2008. The company also provides premises for the Club's offices and facilitates internal communication for all employees through IBpróxima.



- Club IBERIA collaborates in the participation of Iberia teams in the **Raider's Trophy**. In the XVII Edition of "Raiders, the Corporate Challenge", held on 23-26 October 2008 in the province of Segovia, the two Iberia men's teams came 1st and 2nd in the general classification between companies. The third team, with three men and three women, was 1st in the category of mixed teams and 6th in the general classification.

Team work and bettering oneself are two constant features in all the Raiders events. Employees from practically all areas of the company participated in the three Iberia teams, each consisting of six members. This mixture of people and departments has, once again, served to give an example of comradeship, enable them to get to know one another and strengthen the ties between them.



Another of the cultural initiatives promoted by the company with the voluntary participation of employees and veterans is the **Collection of objects from the history of Iberia**. All objects donated will be included in a museum representing the 80 years' existence of the company, where anyone can admire these souvenirs with a high sentimental value.

*On 23 June, thanks to an employee initiative, **the relics of St. Teresa of Jesus**, were taken from Madrid to Ecuador **on the Teresa of Avila aircraft** and stayed there until 18 August, when they ended their first pilgrimage in that country. The company's sensitivity made it possible for the plane that bears her name to take the relics of this Doctor of the Church and Patron Saint of Missions from Spain to Ecuador.*

6.11. Employment of disabled workers

In pursuance of the Disabled Persons Integration Act no. 13/82, Iberia must hire a number of disabled workers equivalent to no less than 2% of its headcount. Owing to the company's complex productive nature, making it especially difficult to incorporate disabled workers in a sufficient number to meet the reserve quota, and under the Tax, Administrative and Welfare Measures Act for 1998, Iberia has endeavoured to meet its legal obligation through the alternative measures regulated by Royal Decree 364/2005 of 8 April. These measures include commercial contracts with Special Employment Centres and donations and sponsorships in favour of Public Utility Associations.

In this regard, Iberia has signed numerous commercial contracts with the **APMIB** Special Employment Centre for the provision of services complementing its business activities and makes cash donations to the aforesaid Association.

Iberia also does deals for **Mano a Mano** and **Cáritas**, through donations in cash and/or in kind. These NGOs have also been recognised as Public Utility Associations.

Therefore, in 2008 the **quota** established in respect of the total headcount was **474 persons**, met through:

- ☑ **Employment of disabled persons**: the company has provided direct employment for a total of **257 disabled workers** in 2008.
- ☑ **Commercial contracts with Special Employment Centres**: A total of 3,863,450 was invoiced under these contracts in 2008. This amount is equivalent to **178 workers**.
- ☑ **Donations and Sponsorships**: in 2008, the donations in cash and in kind made to the two above-mentioned associations totalled 679,890 , equivalent to **63 workers**. This sum is itemised as follows:

Donations	Annual aid	Christmas Campaign	Ground staff Solidarity fund	Flight Assistants Solidarity fund	Misc.	Cargo	Total
APMIB	72,141	42,668	144,246	121,600	4,008	104,766	489,429
MANO A MANO					22,817	165,444	188,261
CÁRITAS					2,200		2,200

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Therefore, the number of disabled persons employed by Iberia, directly or through alternative measures, totals **498, exceeding the reserve quota by 24 workers**.

7. SOCIETY

Iberia bases its social action strategy on supporting solidarity organisations, mainly through the provision of its regular services, such as **transporting passengers requiring some kind of aid and assigning space in the bellies of aircraft for transporting humanitarian aid**.

The company has a control system to manage its contributions, enabling continuous assessment to adjust Iberia's social actions to the established strategy. The company is committed in this regard to achieving the **Millennium Development Goals**.

The company is also a member of several associations and foundations that carry out work relating to Corporate Social Responsibility.

7.1. Main collaborations

Organisation	Activities performed
Spanish International Cooperation Agency – AECID	<ul style="list-style-type: none"> Iberia cooperates with these institutions, offering them special discounts for passenger or cargo tickets on its flights.
Ministry of Education, Social Policy and Sport	<ul style="list-style-type: none"> Contribution to AECID in 2008 valued at 800.000€.
Ilusiones Foundation	<ul style="list-style-type: none"> Iberia also donated 6,000 € to the Ilusiones Foundation for the Proyecto Ilusiones y Estrellas [Hopes and Stars Project]
'Crecer Jugando' (Grow Playing) Foundation	<ul style="list-style-type: none"> Solidarity campaign "One Toy, One Joy", organised jointly with Radio Nacional de España with the main aim of raising funds to send toys to children in third-world or developing countries, and to start up toy libraries at schools in developing countries. Iberia participates by supplying plane tickets, thereby facilitating and partially financing the delivery of toys at some of the destinations to which the airline flies. In exchange for this cooperation, the Foundation gives Iberia toy libraries for the centres that Mano a Mano, the company's NGO, has in Peru, Ecuador, Guatemala, Cuba, Argentina and Ecuatorial Guinea. Iberia donated 6,000 € for individual toys and toy libraries for children from poor families.
National Transplant Organisation	<ul style="list-style-type: none"> Iberia collaborates with the National Transplant Organisation providing free carriage of organs on its scheduled flights. Some 121 organs were carried for transplants in 2008, collaborating at 32 Spanish airports and those of 5 European countries.
Carlos III National Oncological Research Centre	<ul style="list-style-type: none"> Iberia makes contributions to this Centre, which researches to obtain efficient methods of diagnosis and treatment of oncological diseases, transferring scientific knowledge to clinical practice so that scientific breakthroughs benefit the health system as soon as possible. Iberia collaborated in 2008 with a contribution of 36,000€.
Aid Against Drug Addiction Foundation	<ul style="list-style-type: none"> Iberia collaborated in 2008 with a contribution of 30,500€.

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Organisation	Activities performed
Respira (Breathe) Foundation	<ul style="list-style-type: none"> This is a private, cultural-scientific institution, altruist, charity and educational, operating throughout Spain with the aim of researching and eliminating lung disease. Iberia has collaborated with a contribution of 1,655€.
Spanish Red Cross	<ul style="list-style-type: none"> Members of the Iberia Plus frequent flyer programme can assign their points to Iberia to be used for collaboration in the Red Cross Family Regrouping project, with the aim of uniting families who live thousands of kilometres apart. The value of points assigned in 2008 was 9,331.67€. Iberia also collaborated in 2008 with the Family Regrouping Project with a contribution of 61,000€ for the issuing of tickets and a donation of 12,000€ in cash.
Special Olympics	<ul style="list-style-type: none"> Organisation set up in 1968 to improve the quality of life of the mentally handicapped through sport. Iberia participates in the project with a coin collection scheme on its international flights. In 2008 it collected 5,630€. Iberia also donated 18,800€ to Special Olympics.
Sports Council - CSD	<ul style="list-style-type: none"> Iberia and Coca Cola Spain collaborated with the CSD to organise the I In-Flight Drawing Competition, in which children under 12 travelling on any Iberia flight between 1 July and 30 September 2008 could participate. The aim was to encourage physical exercise among children, trying to transmit the essence of the values of sport: healthy life, clean play and determination to improve.
WWF/ADENA	<ul style="list-style-type: none"> WWF is a non-profit association whose main objective is the preservation of nature. Iberia collaborated with WWF in 2008 with a donation of 6,000€ for the project for improving the living conditions of the otter, consisting of 2 phases: <ul style="list-style-type: none"> → Improvement of the habitat: by planting woodland on the banks of the River Rianza. → Census: to find out how many otters are present in Rianza.
Madrid City Council	<ul style="list-style-type: none"> On 29 May, Iberia flight IB6403 took off from Barajas airport for Mexico DF carrying the traditional annual offering of the branch with the first roses from the Madrid park El Retiro, which the City Council makes to the patron saint of Mexico and Latin America, Our Lady of Guadalupe. The Basilica of Our Lady of Guadalupe is the principal Catholic shrine in America and one of the most visited in the world.



7.2. Millennium Development Goals

Iberia gears its social action to contribute, directly or indirectly, towards achievement of the Millennium Development Goals, through contributions of cash and resources to social action projects. The main collaborations are summarised in the following table, classified according to the goal to which they contribute:

IBERIA'S CONTRIBUTION TO THE UN MILLENNIUM DEVELOPMENT GOALS		
Goal	Target	Major projects and contributions in 2008
GOAL 1: Eradicate extreme poverty and hunger	Reduce by half the proportion of people living on less than a dollar a day.	<ul style="list-style-type: none"> Niños de Barro Project following the earthquake in Peru in 2007, to restore adults' hope so that they will promote their own development, and so that the children are in good health and go to school. Collaboration for the maintenance of a canteen for 360 children in Tablada de Lurin, one of the poorest districts of Lima, in Peru. In September 2008, Iberia participated in the International Food Forum held in Avilés.
	Reduce by half the proportion of people who suffer from hunger.	
GOAL 2: Achieve universal primary education	Ensure that, by 2015, all boys and girls complete a full course of primary schooling.	<ul style="list-style-type: none"> The canteen in Tablada de Lurin will be pannellable to double up as classrooms and give basic education as well as food. Permanent collaboration with schools and workshop in Quilmes, Argentina; and with the schools Hola-Hola, Español de Malabo, Santa Teresita, Luba and Batete, among others, in Ecuadorial Guinea. In October 2008 Iberia participated in the Global Education Conferences held in Rome, Mexico and Johannesburg.

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IBERIA'S CONTRIBUTION TO THE UN MILLENNIUM DEVELOPMENT GOALS		
Goal	Target	Major projects and contributions in 2008
GOAL 3: Promote gender equality and empower women	Eliminate gender disparity in primary and secondary education preferably by 2005, and at all levels of education by the end of 2015.	<ul style="list-style-type: none"> Children's Home Virgen del Perpetuo Socorro, in Lima (Peru), for abandoned girls, many of whom have been raped and battered. Takes in over 170 girls aged 4-18. Collaboration in the following events as proof of its commitment to women's equality: <ul style="list-style-type: none"> → 10th International Congress on Women, held in Madrid: Social Movements, Human Rights, Education, etc... Support for the Rayet Foundation at the technical workshop: Women in business, why aren't there equal opportunities?, within the framework of the Global Encounters Forum. → Women's Forum Day, held in Madrid.
GOAL 4: Reduce child mortality	Reduce by two thirds, between 1990 and 2015, the under-five mortality rate.	<ul style="list-style-type: none"> Mano a Mano transports children on Iberia flights for surgery or medical treatment in Spain. Children from Cuba Project to meet the needs of sick children in Cuba who need constant medical treatment. They are regularly taken medicines. San Vicente de Pau Children's Home, in Quito (Ecuador). Refuge for children without means or with no family. Offers protection and Integral education for 140 children, some physically, mentally or psychomotor handicapped.

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IBERIA'S CONTRIBUTION TO THE UN MILLENNIUM DEVELOPMENT GOALS

Goal	Target	Major projects and contributions in 2008
GOAL 5: Improve maternal health	Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio.	<ul style="list-style-type: none"> Agreement with Women Together to develop and promote micro-loans.
GOAL 6: Combat HIV/AIDS, malaria and other diseases	Have halted by 2015 and begun to reverse the spread of HIV/AIDS.	<ul style="list-style-type: none"> Cooperation with the organisations Basida, Remal and Sucael to help people with AIDS or drug addicts in the district of Vallecas, Madrid. Iberia participated in ECONAT, IV International Congress on Natural Medicine held in Madrid.
	Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases.	<ul style="list-style-type: none"> It also cooperates with Fundación Respira and the Carlos III National Oncological Research Institution.



IBERIA'S CONTRIBUTION TO THE UN MILLENNIUM DEVELOPMENT GOALS

Goal	Target	Major projects and contributions in 2008
GOAL 7: Ensure environmental sustainability	Integrate the principles of sustainable development into country policies and programmes; reverse loss of environmental resources.	<p><i>See the chapter on Environment.</i></p> <ul style="list-style-type: none"> Iberia with Spanish protected species. All new aircraft incorporated in Iberia's fleet are christened with the names of endangered species in Spain. One of those species is the otter, which is why Iberia collaborated with the WWF project to improve the living conditions of the otter. Iberia was present at the World Summit on Water in Zaragoza; the BIOENERGY 2008 Renewable Energies Congress in Madrid; the V Conference on Water Management AQUA 2008 in Valencia; and the Conferences on Climate Solutions in the Middle-East-Mediterranean and America-Caribbean, held in Egypt and Bogotá. Iberia collaborated with the Rayet Foundation in the technical workshops Responsible, sustainable and quality tourism to face the challenges of climate change, and Rural development, sustainable development, within the framework of the Global Encounters Forum. Iberia has also participated in the following trade fairs: <ul style="list-style-type: none"> → ECOENERGY, in Barcelona. → Renewable Energies and Water Technologies, held in Almería. → BIOCÓRDOBA: ecological agriculture. → ECOFIRA: water, soil, air and waste, held in Valencia. → ECOBUILDING and EXPORECICLA, both held in Zaragoza. Iberia has also informed organisations such as SEO/BirdLife of its willingness to help seek new ways of cooperating to protect Spanish fauna.
	Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation.	
	Achieve significant improvement in lives of at least 100 million slum dwellers, by 2020.	



IBERIA'S CONTRIBUTION TO THE UN MILLENNIUM DEVELOPMENT GOALS

Goal	Target	Major projects and contributions in 2008
GOAL 8: Develop a global partnership for development	Develop further an open trading and financial system that is rule-based, predictable and non-discriminatory.	<ul style="list-style-type: none"> Close cooperation with the Spanish International Cooperation and Development Agency (AECID).
	Address the least developed countries' special needs.	<ul style="list-style-type: none"> Collaboration with more than 1,500 NGOs through the agreement with the Ministry of Education, Social Policy and Sport.
	Address the special needs of landlocked and small island developing States.	<ul style="list-style-type: none"> Collaboration and sponsorship of the Carolina Foundation. Iberia participated in the 9th Forum of European-Latin American Encounters in Biarritz (France) and the 1st International Congress Relations between Spain and China, in Pamplona.
	Deal comprehensively with developing countries' debt problems through national and international measures to make debt sustainable in the long term.	<ul style="list-style-type: none"> Iberia also supported the Women's Forum Day, a global platform at which leading women in all areas raised important social issues and debated solutions for the future, with the aim of transmitting best practices to future generations.



"2015: A better world for Joana" is an initiative of the Corporate Reputation Forum, to which Iberia belongs, to back and publicise the **Millennium Development Goals** outlined by the United Nations in 2000, with the aim of achieving a better world, setting the time horizon of 2015. With this project, Iberia contributes to publicising the Goals and stimulating awareness among its stakeholders.

During 2008, an intense communication campaign was run to present the second and third goals: **Achieve universal primary education and Promote gender equality and empower women**. Both goals have been publicised through internal and external media, on posters put up in the workplaces, IBPróxima, In-Flight video, Iberia Universal and the magazines Iberiavión, Excelente and Ronda Iberia, apart from announcements in other publications such as Woman and Viajar.



7.3. Participation in associations and foundations

Corporate Reputation Forum

The Corporate Reputation Forum (fRC) was founded in September 2002; its members are currently eleven major Spanish enterprises: Grupo Agbar, BBVA, Repsol YPF, Telefónica, Abertis, Ferrovial, Gas Natural, Iberdrola, Iberia, RENFE and *Metro de Madrid*, which represent an inter-sector group of large enterprises present in more than 100 countries, with over 830 million customers and human team of almost 700,000 employees.

The V Anniversary of the Corporate Reputation Forum, a place of encounter, analysis and spreading of trends, tools and models of corporate reputation management, was held at the Repsol YPF offices in Madrid on 11 February 2008.

The chairman and secretary of the fRC are rotating positions, such that different member companies hold these positions each year.

In 2007 and 2008, apart from continuing to promote achievement of the Millennium Development Goals, the fRC has participated in major collaboration projects with international institutions, developed the Reprtrak project to measure corporate reputation, set up the Reputation Forum in Mexico and participated actively with the London Benchmarking Group (LBG) Spain, a task force that adapts the LBG standard to Spanish companies to measure their commitment to the community. The LBG methods can be used to structure companies' actions in the community, quantify them and measure the impact they have on both business and society.

All the fRC companies have signed the Global Compact initiative of the United Nations, which aims to ensure that companies act as driving forces of corporate responsibility policies in the countries in which they operate. More information on the Global Compact in Chapter 1 and annexes of this Report.

The interest of the fRC in reputation derives from its conviction of the impact of reputation as an element generating value for companies, their stakeholders and, in short, society.



www.reputacioncorporativa.org

Business and Society Foundation

The Business and Society Foundation was set up in 1995 and receives sponsorship and strategic support from Fundación Once, Iberia and Mapfre. It encourages companies to take the initiative in respect of challenges related with the full integration in society of the underprivileged (immigration, aging, disability, local development, education, international cooperation...). It is based on the comparative analysis of Spanish companies committed to improving social integration, taking each case in context, according to its type, size and impact. It endeavours to inspire specific lines of action and encourage each company to reflect on the initiatives that make most sense considering its resources, features and circumstances.

In 2008, the Annual Observatory prepared by the Business and Society Foundation analysed 426 actions by 121 companies and savings banks, concluding that 35% of the social initiatives implemented for the integration of the underprivileged have a strategic profile for companies.



www.empresaysociedad.org

Carolina Foundation

An institution set up in 2000, sponsored by Sogecable, PRISA, FCC, ACS, EL Corte Inglés and Iberia, among others. It promotes cultural relations and cooperation in science and education between Spain and the countries of the South American Community of Nations and with other countries with special historic, cultural or geographical ties. This foundation gives priority to the areas of culture, education, science and technology, considering these to be essential for promoting international cooperation, development, combating poverty and ensuring peace and freedom in the future.

In 2008, the annual meeting of the Board of Trustees of the Foundation, presided by King Juan Carlos, approved its strategic plan for 2008-2010 and was attended by the President of the Spanish Government, José Luis Rodríguez Zapatero, who encouraged the business sector of the Foundation to join public-private alliances for international cooperation.



www.fundacioncarolina.es

Exceltur

A non-profit association currently consisting of 24 of the most influential Spanish tourist business groups in the sub-sectors of carriage by air, road, rail and sea, accommodation, travel agencies and tour operators, means of payment, car hire, leisure, theme parks, and major reservation centres, among others. This association endeavours to foresee and adapt to processes of change required by the increasingly more global and demanding markets, while publishing recommendations and surveys related to tourism.



www.exceltur.org

Barcelona Medical Centre

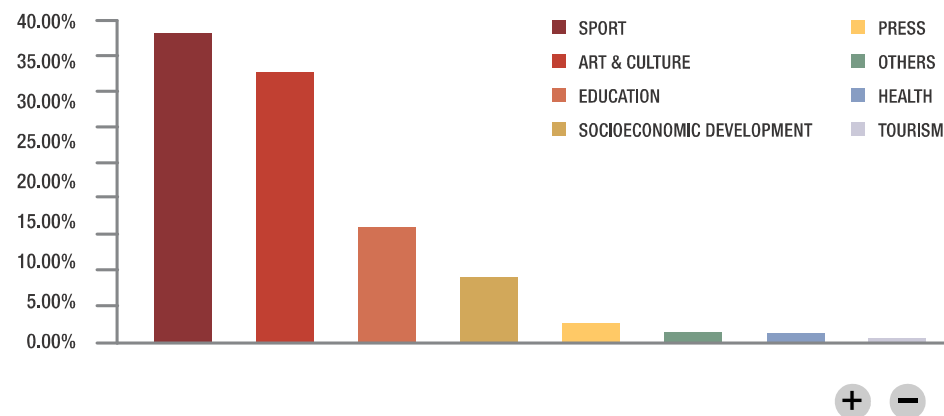
This organisation promotes the capital of Catalonia as a world medical centre. Iberia is on its Business Council, set up on 16 June 2008.

www.bcm.es

7.4 Responsible investments

Iberia's direct investments in social causes during 2008, considering contributions in cash and in kind, totalled 2,083,653 €, 24% less than in 2007. For the second year in succession, the company has also made contributions to external environmental protection projects, with a 14% increase year on year. The breakdown of aids made by Iberia can be seen in the Annexes to this Report.

Investments in **sponsorship arrangements**, that is, collaboration agreements with sports, cultural, educational, etc. organisations, totalled 8,033,027 € in 2008, up 14.3% year on year.



Iberia uses on-line polling of employees to assess, improve and redirect its socially responsible investment strategy.

The company sponsors at all times initiatives and events that are in line with the values with which it identifies.

For example, in 2008, once again, Iberia collaborated as **Sponsor of the Telefónica team in the Volvo Ocean Race**, which left Alicante on 11 October. This **round-the-world yacht race**, which covers 37,025 miles (almost 70,000 kilometres), will end in June 2009 at St. Petersburg port, after having stopped at another eight towns and cities worldwide and having crossed four oceans. In order to let the employees and costumers know about this sport event, an intensive communication plan has been put in force through Iberia Informs in the work centers, IBPróxima, Video on board, the newspaper Iberia Universal, and the magazines Iberiavión, Excellent and Ronda Iberia.

This regatta fits in perfectly with the values promoted by Iberia, now more than ever: the spirit of excelling oneself in view of adversities, constant innovation, the importance of team work and striving to reach the goal.



ANNEXES

A.1. Development of the Global Compact Principles

A.2. Contents and Indicators according to the Global Reporting Initiative - version 3.0

A.3. Contributions made to social and environmental causes and entities in 2008

A.4. Workforce and labor relations by countries

A.5. Assurance Certificate

ANNEXES

A.1 Development of the Global Compact Principles

The united nations global compact in the annual report on corporate responsibility 2008				
Categories	Principles	GRI indicators (direct relevance)	GRI indicators (indirect relevance)	Location in Report or explanation
				Page
Iberia and Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights within their area of influence.	HR1 - HR7	LA4, LA13, LA14, SO1	298 - 308, 310 - 313
	Principle 2: Businesses should make sure that they are not complicit in human rights abuses.	HR1 , HR2		289, 298
Iberia and its employees	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	LA4, LA5, HR5		292 - 293
	Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.	HR7	HR1 - HR3	289, 298
	Principle 5: Businesses should uphold the effective abolition of child labour.	HR6	HR1 - HR3	
	Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.	HR4, LA2, LA13, LA14	HR1, HR2, EC5, EC7, LA3	289, 291 - 303
Iberia and the environment	Principle 7: Businesses should support a precautionary approach to environmental challenges.	EN1 - EN30, EC2		257 - 270
	Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.	EN2, EN5 - EN7, EN10, EN14, EN18, EN21, EN22, EN26, EN30	EC2, EN1, EN3, EN4, EN8, EN16, EN17, EN19, EN20, EN23, EN24, EN28, EN29, PR3, PR4	253 - 254, 257 - 270 307 - 308
	Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.	EN2, EN5 - EN7, EN10, EN18, EN26		
Anti-corruption	Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.	SO2 - SO4	SO5	285 - 286, 298

Iberia adhered to these principles as a founding participant in 2004. More information at www.pactomundial.org



Code of Ethics for application of the Global Compact in Iberia – Ref. pg. 286 & 298

The Iberia employees are aware of the impact that our conduct may have on other persons, especially those with different cultures to ours. Therefore, in application of the United Nations Global Compact principles, we perform our work respecting the following ethical principles:

1. We never discriminate against anyone, for any reason: race, age, sex, beliefs, physical condition or different points of view from ours.
2. We offer our customers a correct, respectful, proactive service attitude, especially when operating incidents arise.
3. We reject any unlawful or unethical activity that we may observe and report it promptly.
4. We do not disclose confidential information of the company and never attempt to have a bearing on the commercial relations that our relatives and/or friends may have with the company.
5. We take great care to avoid any occupational accident that could affect ourselves, our colleagues or our customers.
6. We take care of the environment and encourage its protection among our customers, suppliers and colleagues.
7. We use the company's material and intellectual assets with the utmost respect and responsibility.
8. We submit our ideas for improvement internally, so that they may be useful for the future of the company.
9. We cooperate with our colleagues whenever they ask us for help and we are able to give it, and always answer their requests as soon as possible.
10. We maintain a high level of efficiency in our work, making our employment compatible with our personal lives, and opt for good humour, respect, loyalty and kindness in all interpersonal relationships we have within our work.

These guidelines do not replace any of the agreements, codes, bylaws and rules signed by the company, but complement them and seek to help secure their fulfilment. Please send any comments or suggestions on these ethical guidelines to: daic.uong@iberia.es

A.2. Contents and Indicators according to the Global Reporting Initiative - version 3.0

GRI 3.0 Guidelines Basic Content Index

According to the criteria for preparing this Report, the contents are listed indicating the area of the company responsible for the information – see pg. 8, table Organisation & Responsibilities –, and those contemplated in the Dow Jones Sustainability Indexes (DJSI).

GRI section	Contents	Location in the Report or explanations	Area accountable	DJSI
		CHAPTER, Section, Page		
Strategy and analysis				
1.1	Chairman's statement	Chairman's Statement, INTRODUCTION CORPORATE RESPONSIBILITY IN IBERIA, Corporate Responsibility Framework. Pg. 247 - 252	ALL	
1.2	Description of key impacts, risks and opportunities	CORPORATE RESPONSIBILITY IN IBERIA. Pg. 249 - 257 The Report dedicates specific chapters to the main stakeholders.	ALL	<input checked="" type="checkbox"/>
Organisational profile				
2.1	Name of reporting organisation	Ibería, Líneas Aéreas de España, S.A.	BUSINESS RISKS	
2.2	Primary brands, products and/or services	INTRODUCTION, Profile of Iberia L.A.E. Pg. 247 - 249 SHAREHOLDERS, Brand Management. Pg. 287 - 288		<input checked="" type="checkbox"/>
2.3	Operational structure of the organisation	INTRODUCTION. CORPORATE RESPONSIBILITY IN IBERIA, Corporate Responsibility Framework. Pg. 248		
2.4	Location of organisation's headquarters	c/ Velázquez, 130 - 28006 - Madrid (SPAIN)		
2.5	Countries where the organisation operates	EMPLOYEES, Workforce & Labor Relations. Pg. 291	HUMAN RESOURCES	
2.6	Nature of ownership and legal form	Public limited company.	BUSINESS RISKS	
2.7	Markets served	Spain, Europe, America, Africa and Middle East.		
2.8	Scale of the reporting organisation	INTRODUCTION, Profile of Iberia L.A.E. Pg. 247 CORPORATE RESPONSIBILITY IN IBERIA, Key Performance CR Indicators 2008. Pg. 255. See also EC1 - Pg. 319		<input checked="" type="checkbox"/>
2.9	Significant changes during the reporting period	There were no significant changes in the company's operations, location or share capital structure during 2008		
2.10	Awards received in the reporting period	CORPORATE RESPONSIBILITY IN IBERIA, CR Prizes & Awards 2008. Pg. 256 - 257.		



GRI section	Contents	Location in the Report or explanations		Area accountable	DJSI
		CHAPTER, Section, Page			
Report Parameters					
Report Profile					
3.1	Reporting period	2008		BUSINESS RISKS	<input checked="" type="checkbox"/>
3.2	Date of most recent previous report	2007			
3.3	Reporting cycle	Annual			
3.4	Contact point for questions regarding the report	daii.usong@iberia.es			<input checked="" type="checkbox"/>
Report scope and boundary					
3.5	Boundary of the Report	(See INDEX) CORPORATE RESPONSIBILITY IN IBERIA, Corporate Responsibility Framework, Pg. 251 & 252 Relationship between Iberia and its stakeholders, Pg. 252 - 254		BUSINESS RISKS	
3.6	Boundary of the Report	Iberia, Líneas Aéreas de España, S.A.			<input checked="" type="checkbox"/>
3.7	Specific limitations on scope or boundary of this Report	ANNEXES, Indicators not applicable, Pg. 329			
3.8	Basis for reporting on joint ventures, subsidiaries, etc.	The Indicators of this Report belong to Iberia L.A.E. Group Information can be consulted in the financial statements and management report 2008 - Consolidated			
3.9	Data measurement techniques and the bases of calculation	The Indicators are calculated using Internationally accepted methods, See pg. 318			
3.10	Effect of any re-statements of Information provided in earlier reports	There have been no changes in data or methods in respect of the previous year, See Pg. 318			
3.11	Significant changes from previous reporting periods in the scope	See pg. 318			
GRI content index					
3.12	Location of standard disclosures in the report	(See INDEX) CORPORATE RESPONSIBILITY IN IBERIA, Stakeholder engagement, Pg. 252 - 253 ANNEXES, Pg. 312 - 332 Management Approach: Concept of Corporate Responsibility, Pg. 250 Economic: Pg. 270, 280 & 289 Environmental: Pg. 257 Social: Pg. 291 - 306		BUSINESS RISKS	
Assurance					
3.13	Policy and current practice with regard to seeking external assurance for the report	INTRODUCTION, Pg. 247		BUSINESS RISKS	<input checked="" type="checkbox"/>

GRI section	Contents	Location in the Report or explanations	Area accountable	DJSI
		CHAPTER, Section, Page		
Governance, commitment and engagement of stakeholders				
4.1	Governance structure of the organisation	BOARD OF DIRECTORS, Executive Committee, Audit & Compliance Committee, Nomination & Remuneration Committee, Safety Committee. See pg. 250 & 285 for CR-related duties. See Corporate Governance Report	LEGAL AFFAIRS & BOARD SECRETARY	<input checked="" type="checkbox"/>
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	Yes, the Chairman of Iberia		<input checked="" type="checkbox"/>
4.3	Number of members of the highest governance body that are Independent or non-executive members	11, all except the Chairman		<input checked="" type="checkbox"/>
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	General Shareholders' Meeting, Company department responsible for relations with shareholders; invesrel@iberia.es EMPLOYEES, Workforce & Labor Relations. Pg. 292: Social and Economic Watchdog Committee		<input checked="" type="checkbox"/>
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives and the organisation's performance	DIRECTORS: 5.12% of profit allocated in 2007 SENIOR MANAGEMENT: Variable annual by objectives		<input checked="" type="checkbox"/>
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	Rules of the Board of Directors; Code of Conduct in respect of matters relating to security markets; Nomination and Remuneration Committee	BUSINESS RISKS	<input checked="" type="checkbox"/>
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics	Proposal by the Board to the General Shareholders' Meeting, following report by the Nomination and Remuneration Committee. See Corporate Governance Report in Annual Report 2008		<input checked="" type="checkbox"/>
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance	CORPORATE RESPONSIBILITY IN IBERIA, Corporate Responsibility Policy, Pg. 250 & 251. SHAREHOLDERS, Good Governance, Pg. 286		<input checked="" type="checkbox"/>
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance.	BOARD OF DIRECTORS, See pg. 250 Audit and Compliance Committee, See pg. 285		<input checked="" type="checkbox"/>
4.10	Processes for evaluating the highest governance body's own performance	Nomination and Remuneration Committee, See Corporate Governance Report in Annual Report 2008		<input checked="" type="checkbox"/>
4.11	Explanation of how the precautionary approach or principle is addressed by the organisation	SHAREHOLDERS, Risk Management, Pg. 285	BUSINESS RISKS	<input checked="" type="checkbox"/>
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses	EMPLOYEES, Corporate citizenship Pg. 303 - 305 SOCIETY, Millennium Development Goals, Pg. 307 - 308 Annexes A.3. Contributions made to social and environmental causes and entities in 2008, Pg. 330	ADVERTISING & SPONSORSHIP	<input checked="" type="checkbox"/>
4.13	Main associations of which the organisation is a member or which it supports	SOCIETY, Participation in associations and foundations. Pg. 309 - 310		<input checked="" type="checkbox"/>
4.14	List of stakeholder groups engaged by the organisation	CORPORATE RESPONSIBILITY IN IBERIA, CR Framework, Pg. 252	BUSINESS RISKS	<input checked="" type="checkbox"/>
4.15	Basis for identification and selection of stakeholders with whom to engage	CORPORATE RESPONSIBILITY IN IBERIA, CR Framework, Pg. 249 & 250		<input checked="" type="checkbox"/>
4.16	Approaches to stakeholder engagement	CORPORATE RESPONSIBILITY IN IBERIA, Stakeholder engagement, Pg. 252 - 254		<input checked="" type="checkbox"/>
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to them through its reporting	CORPORATE RESPONSIBILITY IN IBERIA, Stakeholder engagement, Pg. 252 - 253		<input checked="" type="checkbox"/>



GRI 3.0 Guidelines Performance Indicators

Explanations

- **The G3 indicators are classified into core and additional indicators.** The former are those of interest for our company and most of the stakeholders. The latter represent a prominent, although not widely used, practice in measuring social, economic or environmental aspects, offer significant information for the interested parties and may be changed in the future to core indicators.
- C In order to prepare Iberia's Corporate Responsibility Report in accordance with the GRI standards, all the core indicators must be included, or their omission explained. The core indicators not included in this Report are indicated in the table **Indicators Not Applicable**, stating the reasons for their exclusion.
- Iberia has also included some **indicators complementing** those listed in the GRI guidelines, version 3, in view of their importance in its activities and compliance with the principle of transparency expressed in said guidelines.
- Just as in the Corporate Responsibility Reports for 2005, 2006 and 2007, this report indicates the **approximate correspondence of the GRI indicators with the criteria for including the company in the Dow Jones Sustainability Index (DJSI)** (last columns of the tables). The following should be noted in this regard:
 - The DJSI questionnaire, completed in-house or sent to companies, is the main tool for those responsible for the social and environmental analysis required to build up this index, the Dow Jones Sustainability Group Index. SAM Group is the agency responsible for making the analysis for Dow Jones.
 - The identification made for the indicators, according to their inclusion in those questionnaires, is not univocal, so they are not always defined in the same way. It has in any case been considered interesting to make such correspondence to identify qualitatively which aspects are considered by the two main benchmarks of the company.
 - It should also be mentioned that the criteria established by DJSI require certain specific information not required by the GRI. This is the case, for example, of the information on strategic planning methods used, which DJSI requires in its questionnaire for inclusion or renewal.
- The indicators published in this report **cover all the areas and activities performed by the company**, with no limitation on the reporting scope or boundaries. **Adequate comparability of the 2008 indicators with previous years** is also guaranteed. In case the yearly figures are in percentage, the comparison is performed in percentage points (p.p.)
- Newness in 2008, **a column is added that identifies the area accountable for each indicator**, according to the organisation and responsibilities of Iberia's CR Framework (rf. pg. 249).
- **New indicators** have been included in 2008, while maintaining those included in 2007. The inclusion of new indicators is due to the availability of greater information or to the performance of new related actions. Indicators LA7 and LA10 have been added.

Economic performance indicators 2008					2004	2005	2006	2007	2008	Variation 2008-2007 (% o p.p.)	Area accountable	DJS
GRI code	Type of indicator	Name	Location in the Report									
			CHAPTER, Section	Pages								
EC1	Core	Direct economic value generated and distributed, including operating revenues and costs. (NB: operating revenues in million €)	SEE ANNUAL REPORT 2008 - IBERIA L.A.E.	319	4,805	4,929	5,359	5,494	5,480	-0.2%	FINANCE & CORPORATE STRATEGY	
EC2	Core	Financial implications and other risks and opportunities for the organisation's activities due to climate change	ENVIRONMENT, Climate change flight operations	260 - 263	Qualitative & Quantitative						ENVIRONMENT	<input checked="" type="checkbox"/>
EC3	Core	Coverage of the organisation's defined benefit plan obligations	EMPLOYEES, Welfare assistance & benefits	300, 302 - 303	100% (see also indicator LA3)						HUMAN RESOURCES	
EC4	Core	Significant financial assistance received from government	-	319	0	0	0	0	0	-	BUSINESS RISKS	
EC5	Additional	Minimum wage (€)	-		6,447	7,182	7,573	7,988	8,400	5.2%	HUMAN RESOURCES	
		Minimum wage IBERIA (€)	-		14,331	14,684	13,930	14,635	15,147	3.5%		
		Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	-		122.3%	104.4%	84%	83.2%	80.3%	-2.9 p.p.		
EC6	Core	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	SUPPLIERS	289 - 291	The contracts signed contain clauses in fulfillment with the UN Global Compact on economic, social, environmental and human rights topics. All significant operations for the contracting of products and services are made in Spain						PURCHASING	
EC7	Core	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	EMPLOYEES, Equality opportunity & diversity	299	The company has the policy of hiring local personnel in the countries where it operates as a multinational enterprise. Approximately 50% of the executives are locally hired. Hiring personnel abroad is ruled by internal controls. See also pg. 115 - Workforce and labor relations by countries						HUMAN RESOURCES	
EC8	Core	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bond engagement	SOCIETY, Responsible investments	310 - 311	Qualitative & Quantitative						ADVERTISING & SPONSORSHIP	
EC9	Additional	Understanding and describing significant indirect economic impacts, including extent of impacts	RESPONSIBLE IBERIA, Iberia and society	254 - 255	Qualitative						BUSINESS RISKS	
(*)		Ratio of revenues from flights of less than 400 km to total revenues	ENVIRONMENT	262	1.93%	1.96%	1.53%	1.98%	0.32%	-1.6 p.p.	ENVIRONMENT	<input checked="" type="checkbox"/>
(*)		Tonnes of cargo carried (on regular or special traffic) (**)	ENVIRONMENT	263	218,222	209,684	208,762	260,601	242,213	-7.1%	ENVIRONMENT	<input checked="" type="checkbox"/>

(*) IBERIA indicators

(**) The RTK produced on cargo carried represented less than 20% of total RTK in 2008.



Environmental performance indicators 2008											Area accountable	DJSI	
Flight Operations													
GRI code	Type of indicator	Name of indicator	Location in the Report		2004	2005	2006	2007	2008	Variation 2008-2007 (% o p.p.)			
			CHAPTER, Section	Pages									
EN3	Core	Fuel consumption (Tonnes/year)	ENVIRONMENT, Flight operations: Climate Change	260 - 263, 320	2,010,728	1,920,245	1,927,472	1,923,837	1,835,884	-4.57%	ENVIRONMENT	<input checked="" type="checkbox"/>	
		Specific fuel consumption (litres/RTK)			0.496	0.470	0.432	0.417	0.411	-1.44%		<input checked="" type="checkbox"/>	
EN16	Core	CO ₂ emissions (tonnes) for all Iberia flights			6,333,794	6,049,793	6,071,538	6,060,086	5,783,034	-4.57%		<input checked="" type="checkbox"/>	
(*)		NO _x emissions in cruising (Tonnes)			There are no internationally accepted methods for calculating these emissions, since it is not clear whether this gas contributes to climate change.							<input checked="" type="checkbox"/>	
		Average age of fleet (no. years)			7.70	7.95	7.92	7.66	7.13	-6.92%			
EN20	Core	NO _x emissions in LTO cycles (Tonnes)	ENVIRONMENT, Flight operations: local air Quality	264, 320	3,096	2,995	2,841	2,673.90	2,185.00	-18.28%		<input checked="" type="checkbox"/>	
		HC emissions in LTO cycles (Tonnes)			259	233	219	212	164	-22.55%			
		CO emissions in LTO cycles (Tonnes)			1,350	1,211	1,125	1,088	944	-13.21%			
EN28	Core	Number and value of fines and sanctions for non-compliance with conventions, treaties, declarations and standards on environmental issues	ENVIRONMENT, Environmental management	257 - 260, 320	0	0	0	0	0	-			

(*) Iberia indicator

 Figures calculated using internal methods. Directive 2008/101/EC is currently under study

Ground Operations												Area accountable	DJSI			
GRI code	Type of Indicator	Name of Indicator	Location in the Report		2004	2005	2006	2007	2008	Variation 2008-2007 (% o p.p.)						
			CHAPTER, Section	Pages												
Cargo																
(*)	Core	Classification ground equipment	Environment, Ground operations: emissions	266 - 267, 321	62	44	49	33	30	-9,09%	ENVIRONMENT					
		Diesel vehicles			0	0	0	0								
		Petrol vehicles			194	159	145	139	134	-3,60%						
		Electric vehicles			126,425	102,135	91,387	79,412	64,465	-18,82%						
EN3	Core	Diesel consumption (litres)	Ground operations: consumption of resources	268, 321	26,963	23,671	7,888	9,540	9,835	3,09%				✓		
EN4	Core	Electricity consumption (J*109)			21,005	8,647	5,210	4,157	3,102	-25,38%				✓		
EN8	Core	Water consumption (m³)			73	66	60	61	32	-46,60%				✓		
EN1	Core	Paper consumption (tonnes)													✓	
EN3	Core	Boiler consumption	Consumption of resources	268, 321	589,641	626,133	560,000	697,500	738,000	5,81%				✓		
		GasOil C consumption (litres)												✓		
EN24	Additional	Hazardous waste management (fluorescents, toner, batteries, oil filters, impregnated absorbers, etc.)	Waste & recycling	269, 321	2,93	2,15	3,89	6,54	3,22	-50,76%				✓		
		Generación (tonnes)												✓		
EN22	Core	Urban waste management (paper/cardboard, glass, wood, organic)	Waste & recycling	269, 321	245	270	207	213	223	4,60%				✓		
		Generación (Ton.)												✓		
Ramp and passenger handling														✓		
(*)	Core	Classification ground equipment	ENVIRONMENT, Ground operations: emissions	266 - 267, 321	2,839	3,325	3,484	3,373	3,373	-	ENVIRONMENT					
		Diesel vehicles			97	88	93	52	42	-19,23%						
		Petrol vehicles			486	495	494	472	393	-16,74%						
		Electric vehicles			8,507,585	8,551,947	7,659,755	6,548,405	6,690,692	2,17%						
EN3	Core	Diesel consumption (litres)	Ground operations: consumption of resources	268, 321	33,687	41,811	30,471	13,323	29,317	120,05%				✓		
EN4	Core	Electricity consumption (J*10⁹)			88,038	100,796	88,073	76,242	28,257	-62,94%				✓		
EN8	Core	Water consumption (m³)			125	123	109	78,0	82,0	5,06%				✓		
EN1	Core	Paper consumption (tonnes)													✓	
EN24	Additional	Hazardous waste management (oils and oil filters, solvents, batteries, shoes, polluted absorbers, cutting oils, antifreeze, polluted containers, decanter sludge, fluorescents, cells, etc.)	Waste & recycling	268, 321	280	264	249	183,55	258,4	40,75%				✓		
		Generación (tonnes)												✓		
EN22	Core	Urban waste management (paper/cardboard, glass and packaging, pallets, etc.)	Waste & recycling	269, 321	573	892	1,098,2	586,56	1,123,24	91,50%				✓		
		Generación (tonnes)												✓		
Industrial areas - Madrid														✓		
EN3	Core	Fuel consumption in boilers	Ground operations: consumption of resources	268, 321	187,580,680	181,808,413	144,358,672	206,266,380	124,882,001	-39,46%			ENVIRONMENT			
		Natural gas consumption (KWh)			259,397	257,632	244,900	161,357	118,047	-26,84%						
		GasOil C consumption (litres)														
EN4	Core	Electricity generation in cogeneration plant	ENVIRONMENT, Ground operations: consumption of resources	268, 321	148,422	142,035	101,369	55,955	79,419	41,93%		✓				
		Net total (J*10⁹)			34	33	27	36,24	83,96	+ 47,72 p.p.						
		% Consumed in Iberia			66	67	73	64	16,04	- 47,96 p.p.						
		% Sold to grid			124,253,598	118,742,426	85,309,139	47,859,872	66,149,494	38,21%						
EN4	Core	Natural gas consumption (KWh)	Ground operations: consumption of resources	268, 321	228,127	217,993	247,180	270,788	223,855	-17,33%		✓				
EN8	Core	Total electricity consumption (J*10⁹)			562,695	557,003	414,898	376,227	403,498	7,25%		✓				
EN16	Core	Boiler emissions In Industrial areas														
		CO₂ (tonnes)			35,749	33,967	27,276	19,209	21,126	9,98%						
		SO₂ (tonnes)			1,02	1,01	0,39	0,63	0,69	8,78%						
EN20	Core	NOₓ (tonnes)	ENVIRONMENT, Ground operations: emissions	266 - 267, 321	33,5	32,5	25,9	18,4	20,2	9,72%		✓				
EN19	Core	Critical use of halon	ENVIRONMENT, Ground operations: emissions	266 - 267, 321	7,620	7,645	7,270	7,312	6,396	-13,35%	ENVIRONMENT					
		Kg. installed in equipment			150,00	120,00	71,15	24,92	52,05	108,87%						
		Kg. used for this use			0	0	0	0	0	-						
		Kg. stored for this use			298,719	122,729	101,101	110,074	113,651	3,25%						
EN19	Core	Use of products with VOCs In Industrial areas (litres)	ENVIRONMENT, Ground operations: Waste & recycling	269, 321	1,181	1,250	1,487	1,537	1,555	1,14%						✓
EN22	Core	Urban waste generation (tonnes) (paper & cardboard, timber, not separated)														
					18,672	17,496	16,362	15,013	13,760	-8,35%						
EN24	Additional	Hazardous waste generation (washing water, paints, solvents, metals In solution, oils, polluted containers and absorbers, hydroxide sludge, residual kerosene, WEEE, etc.) (tonnes) (**)														
Common to all ground operations																✓
EN22	Core	Urban waste management (%)	ENVIRONMENT, Ground operations: Waste & recycling	269, 321	0	0	0	0	0,7	+ 0,7 p.p.			ENVIRONMENT			
		Re-use			43	29	28	27,4	21,8	- 5,6 p.p.						
		Recovery			0	0	1,9	2,1	1,1	- 1,0 p.p.						
		Elimination			57,0	71,0	70,1	70,5	76,4	+ 5,9 p.p.						
EN24	Additional	Hazardous waste management (%)	ENVIRONMENT, Ground operations: Waste & recycling	269, 321	9	9	9	0,0	0,0	-						
		Re-use			21	21	21	0,2	0,2	-						
		Recycling			24	24	24	5,5	2,3	- 3,2 p.p.						
		Safe deposit			46	46	46	94,3	97,5	+ 3,2 p.p.						

(*) Iberia Indicator

(**) Includes Industrial effluent (95% of hazardous waste)

Figures calculated using Internals methods. Directive 2008/101/EC is currently under study



General environmental aspects											Area accountable	DJSI
GRI Code	Type of indicator	Name of indicator	Location in the Report		2004	2005	2006	2007	2008	Variation 2008-2007 (% o p.p.)		
			CHAPTER, Section	Pages								
(*)		Employees trained in environmental issues and percentage	ENVIRONMENT, Environmental management	257 - 260, 322	In 2008 more than 2160 people received some kind of environmental training (new or refresher courses)						ENVIRONMENT	<input checked="" type="checkbox"/>
EN2	Core	Percentage of materials used that are recycled input materials	ENVIRONMENT, Ground operations: consumption of resources	268, 322	Owing to the peculiarities of the aviation sector, the applicable technical standards and prevailing safety parameters, no recovered materials are used, only original materials							<input type="checkbox"/>
EN5	Additional	Energy saved due to conservation and efficient improvements	ENVIRONMENT, Flight operations: climate change	260 - 263, 322	-4.28%	-5.24%	-8.09%	-3.47%	-1.44%	+2.03 p.p.		<input checked="" type="checkbox"/>
EN6	Additional	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives	ENVIRONMENT, Environmental management	257 - 260, 322	Qualitative							<input type="checkbox"/>
EN7	Additional	Initiatives to reduce indirect energy consumption and reductions achieved		257 - 260, 322	See indicators EN6, EN18 and EN26							<input checked="" type="checkbox"/>
EN10	Additional	Percentage and total volume of water recycled and reused	Consumption of resources	268, 322	0	0	0	0	0	-		<input type="checkbox"/>
EN13	Additional	Habitats protected or restored	ENVIRONMENT, Nature protection, SOCIETY, Millennium development goals	270, 307 - 308, 322	Iberia does not operate in protected spaces, yet it nevertheless engages in actions to protect habitats, directly or through sponsorships						ADVERTISING & SPONSORSHIP	<input type="checkbox"/>
EN14	Additional	Strategies, current actions and future plans for managing impacts on biodiversity			Qualitative							<input type="checkbox"/>
EN17	Core	Other relevant indirect greenhouse gas emissions by weight	ENVIRONMENT, Flight operations: Climate Change	260 - 263, 322	The indirect emissions produced in Iberia are included in the indicators EN16 and EN20, and in the emissions inventory						ENVIRONMENT	<input checked="" type="checkbox"/>
EN18	Additional	Initiatives to reduce greenhouse gas emissions and reductions achieved			Qualitative (to check reduction of the environmental indicators, check variation 2004-2008 of environmental aspects)							<input checked="" type="checkbox"/>
EN21	Core	Total water discharge by quality and destination (m³)	ENVIRONMENT, Ground operations: Waste & recycling	322	292,923	168,832	142,048	120,792	102,790	-14.90%		<input type="checkbox"/>
EN23	Core	Total number and volume of significant spills			All effluent is treated in accordance with legal requirements							<input type="checkbox"/>
EN26	Core	Initiatives to mitigate environmental impacts of products and services and extent of impact mitigation	ENVIRONMENT, Flight operations: Climate Change	322	There has been no accidental spillage, in 2008 or earlier							<input type="checkbox"/>
EN29	Additional	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce			The specific consumption of aircraft is down 1.4% year on year and CO2 emissions have been reduced by more than 8% since 2004							<input checked="" type="checkbox"/>
EN30	Additional	Total environmental protection expenditures and investments by type (thous. euro)	ENVIRONMENT, Environmental management	257 - 260, 322	2,771	3,139	3,926	2,869	3,995	39.22%		<input checked="" type="checkbox"/>

(*) Iberia indicator

(**) Includes industrial effluent (95% of hazardous waste)

Figures calculated using internal methods, Directive 2006/101/EC is currently under study



CO ₂ emissions inventory according to ghg protocol methods										DJSI
GHG PROTOCOL SCOPE	Types of emission	Emissions GEIs (tCO ₂)				Emissions per employee* (tCO ₂ /employee)				
		2005	2006	2007	2008	2005	2006	2007	2008	
Direct emissions (Scope 1)	Boilers and generator sets (natural gas)	55,542	42,443	46,963	35,303	2.16	1.70	1.99	1.57	☑
	Boilers and generator sets (diesel)	2,383	2,171	2,316	3,372	0.09	0.09	0.10	0.15	☑
	Vehicles owned or rented by Iberia (petrol)	56	55	38	38	0.002	0.002	0.002	0.002	☑
	Vehicles owned or rented by Iberia (diesel)	23,193	20,773	17,763	17,722	0.90	0.83	0.75	0.79	☑
Indirect emissions (Scope 2)	Electricity consumption	37,875	34,423	36,135	26,304	1.47	1.38	1.53	1.17	☑
Other indirect emissions (Scope 3)	Travel to work in private vehicle	19,375	18,833	17,744	16,930	0.75	0.75	0.75	0.75	☑
	Travel to work in bus	9,328	9,067	8,542	8,150	0.36	0.36	0.36	0.36	☑
	Travel to work in train/underground	5,550	5,395	5,083	4,850	0.22	0.22	0.22	0.22	☑
Totals	Total Scope 1 (direct emissions)	81,174	65,441	67,079	56,435	3.15	2.61	2.84	2.51	☑
	Total Scope 2 (indirect emissions)	37,875	34,423	36,135	26,304	1.47	1.38	1.53	1.17	☑
	Total Scope 3	34,253	33,294	31,369	29,930	1.33	1.33	1.33	1.33	☑
	Total (scope 1+2+3)	153,303	133,159	134,583	112,669	5.95	5.32	5.71	5.01	☑
	Total (including flight operations, which are scope 1)	6,203,096	6,204,697	6,194,669	5,895,703	241	248	263	262	☑

* The trend of emissions per employee is due mainly to a greater reduction of total headcount than the reduction of emissions



Social performance indicators 2008					2004	2005	2006	2007	2008	Variation 2008-2007 (% or p.p.)	Area accountable	DJSI		
GRI Code	Type of Indicator	Name of Indicator	Location in report											
			CHAPTER, Section	Pages										
LA1	Core	Workforce	EMPLOYEES, Workforce & labor relations, Equality opportunity & diversity	291, 331	19,695	19,503	19,068	17,548	16,678	-4.96%	HUMAN RESOURCES	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>		
		Ground											291 - 292, 299	See Indicator LA1
		Flight												
		TOTAL workforce												
		Average seniority (years)												
		Average age of workforce (years)												
		Type of contract												
		Permanent												
		Permanent part-time												
		Permanent discontinuous												
Temporary														
LA2	Core	Total no. employees & average rate of employee turnover, by age group, gender and region		291 - 292, 299	See Indicator LA1									
LA3	Additional	Welfare benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	EMPLOYEES, Welfare assistance & benefits	302, 324	Temporary employees enjoy the same welfare benefits as permanent employees (medical assistance, access to grants, suggestion box prizes, special payslips, meal vouchers and free tickets, among others).									
LA4	Core	Percentage of employees covered by collective bargaining agreements	EMPLOYEES, Workforce & labor relations	292	100%									
(*)		Percentage union affiliation (%)												
		Ground			67.8	57.5	68.3	69.8	72.2	+ 2.4 p.p.				
		Pilots			100	100	100	100	100	-				
		Flight attendants			31.1	31.3	31.5	31.7	31.3	- 0.4 p.p.				
LA5	Core	Minimum notice periods regarding significant operational changes, including whether it is specified in collective agreements		324	Spanish law contemplates cases in which minimum notice is required when the company makes a substantial modification of its employees' working conditions. No such changes have taken place in Iberia in 2008.									
LA6	Additional	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes	EMPLOYEES, Health & safety at work	300	100%	100%	100 % (24 committees & 108 prevention delegates)	100 % (21 committees & 87 prevention delegates)	100 % (22 committees & 105 prevention delegates)	-				
LA7	Core	Rate of absenteeism for ordinary disease and occupational accident		324	New indicator in 2008					5.1%	-			
		Occupational disease		301	Quantitative									
		Number accidents at or on the way to or from work		324	2,608	2,724	2,591	2,142	1,878	-12.32%				
		Number of days' sick leave for occupational accidents or in itinere			New Indicator in 2008					35,404	-			
		Number of work-related fatalities			0	0	0	0	0	-				
LA8	Core	Education, training, counselling, prevention & risk-control programmes in place to assist employees, their families or community members regarding serious diseases (number of courses given)		301 - 302, 324	650	481	747	805	844	4.84%				
LA9	Additional	Health & safety topics covered in formal agreements with trade unions		300 - 303	Qualitative									

(*) Iberia Indicator



Social performance indicators 2008					2004	2005	2006	2007	2008	Variation 2008-2007 (% or p.p.)	Area accountable	DJSI	
GRI Code	Type of indicator	Name of indicator	Location in Report										
			CHAPTER, Section	Pages									
LA10	Core	Training: total no. courses	EMPLOYEES, Training & Development	295 - 297, 325	10,659	11,079	10,777	11,919	11,817	-0.86%	HUMAN RESOURCES	<input checked="" type="checkbox"/>	
		Training: total no. participants			67,343	80,355	68,625	70,475	82,834	17.54%		<input checked="" type="checkbox"/>	
		Average hours by employee category											<input checked="" type="checkbox"/>
		Senior Managers & Engineers			New indicators in 2008				8	-		<input checked="" type="checkbox"/>	
		Pilots							67	-		<input checked="" type="checkbox"/>	
		Flight assistants							24	-		<input checked="" type="checkbox"/>	
		Technical staff/Specialists							28	-		<input checked="" type="checkbox"/>	
		Administrative/Auxiliary Services							34	-		<input checked="" type="checkbox"/>	
(*)	Work experience programmes								<input checked="" type="checkbox"/>				
	Novations employee contracts	16	7	9	10	9	-10.00%	<input checked="" type="checkbox"/>					
	No. scholarships: graduates, undergraduates, ocational training	166	178	229	334	414	23.95%	<input checked="" type="checkbox"/>					
	No. people with work experience contracts	54	69	31	67	81	20.90%	<input checked="" type="checkbox"/>					
LA11	Additional	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.		295 - 297	Qualitative							<input checked="" type="checkbox"/>	
LA12	Additional	% employees receiving regular performance and career development reviews.	EMPLOYEES, Satisfaction, internal communication & motivation	293 - 294	100%				-	<input checked="" type="checkbox"/>			
LA13	Core	Equal opportunities	EMPLOYEES, Equality opportunity & diversity	299								<input checked="" type="checkbox"/>	
		% Women			36.6%	36.8%	37.2%	38.5%	38.3%	- 0.2 p.p.		<input checked="" type="checkbox"/>	
		% Men			63.4%	63.2%	62.8%	61.5%	61.7%	+ 0.2 p.p.	<input checked="" type="checkbox"/>		
(*)		Nº women in positions of responsibility			138	131	139	146	161	10.27%	<input checked="" type="checkbox"/>		
LA14	Core	Ratio of basic salary of men to women by employee category.			Salary is the same for men and women at the different employee levels, regulated by collective agreements.						<input checked="" type="checkbox"/>		

(*) Iberia indicators

Social performance indicators 2008					2004	2005	2006	2007	2008	Variation 2008-2007 (% or p.p.)	Area accountable	DJSI
GRI Code	Type of indicator	Name of indicator	Location in Report									
			CHAPTER, Section	Pages								
HR1	Core	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	SUPPLIERS, The value of responsibility in the supply chain	289, 326	100% (Iberia requires the inclusion of a number of clauses in its contracts with suppliers, whereby the supplier undertakes "not to infringe any of the principles established in the UN Global Compact, of which IBERIA is a member, and to offer In the performance of Its duties effective compliance with all obligations deriving therefrom").						PURCHASING	
HR2	Core	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.										
HR3	Additional	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including percentage of employees trained.	EMPLOYEES, Training & Development	295 - 297, 326	The content of training is not only related to the development of skills associated with the job, but also the alignment between that content and the strategic goals of the company, such as respect for the environment and human rights. These aspects are addressed in all company management courses and in on-the-job training. Estimated 3 hours of training per year for approximately 7,000 employees. <i>See also indicators HR6 and HR7.</i> To reach all employees, Iberia has launched a Code of Ethics. <i>See page 98</i>						HUMAN RESOURCES	
HR4	Core	Total number of incidents of discrimination and actions taken.	EMPLOYEES	326	0	0	0	0	0	-		
HR5	Core	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.			None. <i>See indicator LA4</i>							
HR6	Additional	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.			Iberia complies with international recommendations such as the Universal Declaration of Human Rights and the ILO conventions on fundamental human rights. Iberia has no operations involving forced or compulsory labour. Iberia joined the UN Global Compact in 2004 and includes a clause requiring compliance with its Principles in all its contracts.							
HR7	Core	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures taken to contribute to the elimination of forced or compulsory labour.										
HR8	Additional	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	SUPPLIERS, The value of responsibility in the supply chain	289, 326	100%. <i>See indicator HR2</i>						PURCHASING	

Social performance indicators 2008					2004	2005	2006	2007	2008	Variation 2008-2007 (% or p.p.)	Area accountable	DJSI
GRI Code	Type of indicator	Name of indicator	Location in Report									
			CHAPTER, Section	Pages								
S01	Core	Nature, scope and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting the company.	ENVIRONMENT, Flight operations: local air quality & noise control	264 - 266, 326	As a result of fleet renewal, actions in operations and environmental management systems implemented in the company, the impact of operations in areas around the airport, noise and emissions is reduced year on year. It also has committees and other working groups, including the Noise Control Committee.						ENVIRONMENT	<input checked="" type="checkbox"/>
S02	Core	Percentage and total number of business units analysed for risks related to corruption.	SHAREHOLDERS, Fraud prevention & anti-corruption measures, Good governance	285, 314, 327	100%	100%	100%	100%	100%	-	INTERNAL AUDIT AND QUALITY	<input checked="" type="checkbox"/>
S03	Core	Percentage of employees trained in the organisation's anti-corruption policies and procedures.			100% of employees with responsibility in internal management and budget control: training on the job. Furthermore, the Code of Ethics for application of the Global Compact principles is addressed to all employees.							<input checked="" type="checkbox"/>
S04	Core	Actions taken in response to incidents of corruption.			There have been no significant cases in 2008. The obligations and actions to be taken in the event of breach are set out in the corporate governance regulations and collective agreements.							<input checked="" type="checkbox"/>
S05	Core	Public policy positions and participation in public policy development and lobbying.	ENVIRONMENT, Flight operations: climate change	262, 327	The company participates actively in the task forces for implementation of the Single European Sky and the Aviation Emissions Trading System. Iberia favours a system that rewards companies that take measures to reduce their CO ₂ emissions and advocates including mechanisms in the system to encourage technological improvement by manufacturers and the implementation of more efficient infrastructures, such as the Single Sky. The efforts that the sector is making in this matter will thus be clearly reflected.						ENVIRONMENT	
S06	Additional	Total value of financial contributions and contributions in kind made to political parties or related institutions, by countries.	-	327	Iberia does not make financial contributions to any political parties in any of the countries in which it operates.						FINANCE & CORPORATE STRATEGY	<input checked="" type="checkbox"/>
S07	Additional	Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes.		327	0	0	0	0	1 (+)	-	-	
S08	Core	Monetary value of significant fines and total number of non-monetary sanctions. (In million, total operating expenses in indemnities for passengers & baggage, in pursuance of Regulation (EC) No 261/2004.	CUSTOMERS, Iberia passengers: the essence of our existence	271, 327	-	35,5	51,6	37,0	33,0	-28,29%	CUSTOMER RELATIONS	
		Total No. of non-monetary sanctions			0	0	0	0	0	-	BUSINESS RISKS	

(+) In 2008 the Spanish Supreme Court confirmed a fine of 3.6 million imposed by the Fair Trading Court on Air Europa, Iberia and Spanair, and the agencies of the Leading Spanish Travel Agencies (CAAVE), for fixing charges for the issuance of air tickets in 2005.

Social performance indicators 2008					2004	2005	2006	2007	2008	Variation 2008-2007 (% or p.p.)	Area accountable	DJSI
GRI Code	Type of indicator	Name of indicator	Location in Report									
			CHAPTER, Section	Pages								
PR1	Core	Life cycle stages in which customer health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	CUSTOMERS, Iberia passengers: the essence of our existence. SUPPLIERS, Specific relationships within airlines industry	275, 290	Qualitative						CUSTOMER RELATIONS	<input checked="" type="checkbox"/>
PR2	Additional	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by types of outcomes.	CUSTOMERS, Iberia Passengers: the essence of our existence	328	0	0	0	0	0	-		<input type="checkbox"/>
PR3	Core	Type of product and service information required by procedures and legislation and percentage of products and services subject to such information requirements.		270 - 272, 275	100%							
PR4	Additional	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.		328	See Indicator S08							QUALITY
PR5	Additional	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.		272 - 273	Qualitative							
PR6	Core	Programmes for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship.		279	Qualitative						ADVERTISING & SPONSORSHIP	<input type="checkbox"/>
PR7	Additional	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship, by type of outcomes.		328	0	1 (0 euros)	1 (0 euros)	0	0	-		
PR8	Additional	Total number of substantial complaints regarding breaches of customer privacy and losses of customer data.		271, 328	0	0	0	0	0	-	IT	
PR9	Core	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services of the organisation.		-	328	See indicators S07, S08, PR2, PR4, PR7 and EN28						

Indicators not applicable				Area responsible
GRI Code	Type of indicator	Name of indicator	Reason	
EN9	Additional	Water sources significantly affected by withdrawal of water.	There are no significant impacts in Iberia. The water used by Iberia is obtained exclusively from the local mains; no wells or own withdrawal points are used.	ENVIRONMENT
EN11	Core	Description of land adjacent to or in protected areas or areas of high biodiversity value outside protected areas. State location and size of land owned, leased or managed in areas of high biodiversity value.	Iberia does not operate on land in or adjacent to protected natural spaces or areas of high biodiversity.	
EN12	Core	Description of significant impacts of activities, products and services on biodiversity in protected areas or areas of high biodiversity value outside protected areas.	Moreover, Iberia does not represent a threat to the species included on the IUCN Red List and national lists, since the company's operations are not performed in the habitats of these species. See indicator EN13.	
EN15	Additional	Number of IUCN Red List species and national conservation list species, with habitats in areas affected by operations, by level of extinction risk, indicating the degree to which the species is threatened.	Similarly, Iberia's activities do not affect the water resources and related habitats. In addition, the company's effluent is way below the limits established in current legislation.	
EN25	Additional	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff.		
EN27	Core	Percentage of products sold and their packaging materials that are reclaimed at the end of their useful life, by category.	This indicator is not applicable to air transport activities. This notwithstanding, it is worth noting the resources saved through the issuing of electronic tickets, for both passenger and cargo services, and the ground operation waste management, which are described in the Environment chapter of this report.	
HR9	Additional	Total number of incidents of violations involving rights of indigenous people and actions taken.	The international structure of the company performs exclusively commercial and administrative duties, so there are no material impacts in these aspects.	HUMAN RESOURCES

A.3. Contributions made to social and environmental causes and entities in 2008

Total contributions made by Iberia to social entities and causes in 2008: 2,083,653 €			
Entity	Collaboration	Euro	Value in Kind (€)
Mano a Mano	Relief of humanitarian aid (47,940 kg)		165,444
	Medical assistance for foreign children in Spain (11 tickets)		22,817
	Carriage of goods (96,878 kg)		104,766
APMB	Annual non-refugeable aid	72,121	
	Christmas Campaign 2007 "bid for them"	42,669	
	Miscellaneous	4,005	
	Donation Internal Social Fund of Ground Staff	144,246	
	Company contribution by Flight Assistants	121,600	
Spanish International Cooperation Agency AECID	Collaboration in all activities and projects		800,000
Ministry of Education, Social Policy and Sport	Cooperation with more than 1,500 NGOs and other welfare entities accredited by the Ministry		50,000
Isakones Foundation	Donation to the "Hopes and Stars" project	6,000	
Miguel Angel Blanco Foundation	Cooperation in its projects with sick children		30,000
	Cooperation in the activities of the Foundation		725
Creser Jagando Foundation	Donation for sending toys and toy libraries	6,000	
RED CROSS	"One toy, one joy" campaign		36,000
	Donation for the Family Regrouping Project	12,000	
Special Olympics	Family Regrouping Project		61,000
	Donation	18,800	
Business & Society Foundation	Cooperation in its activities	19,845	10,000
Clamas	Donation	600	
	Computers		1,600
Xunta de Galicia	Cooperation with the Immigration Department		12,000
Fremen in Action / without Frontiers	Cooperation in its projects and carriage of special material		42,000
Toledo International Centre for Peace	Cooperation in its activities		50,000
Christmas Campaign 2008	Phone tickets for the Solidarity Tombola (6 tickets)		21,592
	Christmas presents for the Solidarity Tombola		744
Provenza Foundation	Cooperation in its activities		5,592
Corporate Reputation Forum	Cooperation in its activities	45,000	
Spanish Cancer Research Assoc.	Donation	600	
Women Together	Sponsorship of Women Together Prizes		60,000
Charity parade in aid of cancer research	Air tickets for the draw among those attending		1,616
UN	Charity concert for refugees		5,850
Spanish delegation of NATO in the EU	Charity bazaar		3,913
M Esquerra Foundation	Meeting of world Navarre ministers		7,398
Mito Huilo	Sending of microscopes to schools in Guatemala		272
Erasmus Foundation	Cooperation in its activities		36,000
	Transport to Spain of Ecuadorian girl for surgery		30,316
Aid Against Drug Addiction Foundation	Cooperation in its activities		30,500
TOTAL		484,252	1,589,400

Others:	In-flight collections for Special Olympics customer donations	5,630	
	National Transplant Organization:		
	Carriage of 121 organs for transplants		

Total contributions made by Iberia to environmental projects in 2008: 38,792 €			
Entity	Collaboration	Euro	Value in Kind (€)
Spanish Orthology Society	Cooperation in its activities		32,792
WWF/Adena	Donation for two projects to improve the living conditions of the otter	6,000	
TOTAL		6,000	32,792

Acknowledgement

Iberia would like to thank all the customers, shareholders, suppliers, institutions and employees who selflessly cooperate with the socially responsible initiatives and projects run by the company every year.

A.4. Workforce and labor relations by countries

Country	No. Employees at 31-12-08	Collective agreements	Union representation
Germany	67	☑	☑
Argelia	1		
Argentina	73	☑	☑
Austria	4	☑	☑
Belgium	19	☑	☑
Brazil	95	☑	☑
Chile	30	☑	☑
Colombia	9		
Costa Rica	8		
Cuba	16		
Denmark	7		
Spain	21,601	☑	☑
USA	50		
Ecuador	25		
Egypt	10		
France	55	☑	☑
Greece	12	☑	☑
Guatemala	10		
Equatorial Guinea	9		
Holland	15	☑	☑
Ireland	3	☑	☑
Israel	17	☑	
Italy	57	☑	☑
Morocco	14		
Mexico	55	☑	☑
Nigeria	2		
Panama	9		
Paraguay	2		
Peru	25		☑
Poland	2		
Portugal	22	☑	☑
Puerto Rico	9		
United Kingdom	45	☑	☑
Czech Republic	2		
Dominican Republic	21		
Romania	2		
Russia	10		
Senegal	9		
South Africa	12		
Sweden	4	☑	
Switzerland	20		
Turkey	7		
Uruguay	5	☑	
Venezuela	30	☑	☑
Total workforce	22,500		



A.5. Assurance Certificate

