The way we run our business

To create a really high-performing business we need to build an inspiring and rewarding workplace where talented people can work to the best of their ability to meet our customers’ needs and our wider social responsibility.
The way we run our business

The workplace

We are re-inventing the way we work at British Airways. We are creating a leaner organisation with a distinctive, high-performing culture through our flagship change programme, Compete 2012.

Over the next three years this programme, described in detail on page 28, will help us to achieve our vision of becoming the world’s leading global premium airline.

It will affect the way we interact with each other, how we measure individual performance and how we promote, develop and reward talent. Coupled with our commitment to be a responsible airline, it will also help us achieve our ambitious environmental targets, put our relationship with key suppliers on a new footing and continue our tradition of supporting communities in useful and imaginative ways.

Restructuring management

While Compete 2012 is a long-term change programme, current market conditions have made it imperative to move fast to create a leaner, more agile structure starting at the very top of our business.

In December 2008, a third of our managers left the business under a voluntary severance scheme. At the same time we redesigned the organisation to promote greater customer focus and better governance and leadership.

This restructuring effort has made us more efficient. It has also helped us identify and draw on new talent in the business, helped by the fact that we are now encouraging more people to move between functions to gain wider experience and find new outlets for their skills. To support greater
The way we run our business
The workplace continued

“Change must start at
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directorate heads, led
by the Chief Executive.”

mobility, we have clarified individual and collective roles and responsibilities and now publish accountabilities for all of our top managers on our intranet.

Leadership development
We need great leaders to help us contend with current trading conditions and achieve our long-term vision. A leading global premium airline must be bold and highly effective in developing present and potential leaders.

This is why we introduced our High Performance Leadership (HPL) system during the year. This is an integrated system, linking business strategy, objective setting, performance assessment, development and reward. Focused initially on the senior leaders, HPL has rigorous assessment mechanisms to identify talented leaders and to provide them with the right tools and support to continue developing.

We have also defined, communicated and begun to measure individual performance against three capabilities we think we need in our leaders, in addition to operational excellence:

• Communicating a common vision;
• Agreeing accountabilities; and
• Motivating and inspiring others.

For each capability, specific behaviours have been developed so that leaders understand exactly what is expected of them and we are supporting them with a range of development programmes, including executive coaching, networks, forums and external courses. We are also using new techniques to measure performance. These will allow us to monitor individual progress and track our own overall success at managing talent.

Among the other leadership initiatives we launched were:

• Behaviours for Success – a leadership development programme for the HPL community, focusing on understanding and developing personal leadership performance;
• Leadership Matters – a scheme to identify and develop leaders who have pivotal roles in the Customer and Operations areas of our business; and
• A Leadership Development Portfolio that will be introduced this year with the aim of supporting current and potential leaders at every level of the business, including emerging leaders, those on a fast track to senior positions and those with strategic roles at the very top of our organisation.

The management of our business
Change must start at the top and during the year we reorganised our top management team, comprising nine directorate heads, led by the Chief Executive. It is now split into two groups – the Management Board and the Customer and Operations Executive.

The Management Board, which meets weekly, is responsible for the vision and strategic direction of the Company.

The Customer and Operations Executive is accountable for day-to-day customer service, operational performance and ensuring the highest standards of safety. This group also meets weekly.

Legal, director of safety and security and director of investments also report to the Chief Executive.
Our restructuring effort has made us more efficient. It has also helped us identify and draw on new talent in the business, helped by the fact that we are now encouraging more people to move between functions to gain wider experience and find new outlets for their skills. To support greater mobility, we have clarified individual and collective roles and responsibilities and now publish accountabilities for all of our top managers on our intranet.
People and organisational effectiveness

In transforming the way we work, we remain focused on creating a diverse, challenging and rewarding workplace which people across the airline can feel proud to be a part of, despite our expectation that the number of people employed will need to reduce as we seek to streamline our business.

Headcount

As at March 31, 2009, we employed 40,627 MPE.

Average attrition remains low at 7 per cent, with the exception of management grades where a voluntary redundancy programme contributed to a significant increase in attrition for this group.

Reward

We operate two principal funded defined benefit pension schemes in the UK, the Airways Pension Scheme (APS) and the New Airways Pension Scheme (NAPS). Both are closed to new members. From April 1, 2003, new employees were entitled to join the British Airways Retirement Plan (BARP).

SmartPension arrangements, which allow our UK-based employees to make their pension contributions in a more tax-efficient way, were introduced in early 2008. Around 90 per cent of those eligible are now benefiting from this arrangement.

Since 2005 our Employee Reward Plan (ERP) has allowed non-management employees to share in the success of the business based on the achievement of corporate measures and targets. However, due to our losses in the year, the scheme did not operate in 2008/09.

Instead we used local incentive plans to offer rewards for improved performance, assessed against a range of operational, customer and financial measures. The first plan was introduced in Terminal 5 and has led to significant improvements in performance, with targets being exceeded frequently. This approach is now being considered in other areas to drive continuous improvement in our performance across the business.

Management bonus schemes, using a mix of financial and non-financial performance metrics, are designed to improve overall performance and to reward individual effort. Given the deterioration in trading conditions during the year, no bonuses will be paid.

However, we have replaced our grade-based reward scheme for managers with a new broad band system which links rewards more closely to individual performance and capability. Separately, our Bravo recognition scheme allows us to recognise people across our business for their efforts and achievements.

Diversity

We are proud to be a business that welcomes and nurtures difference. Diversity and inclusion are a way of life for us.

Our diversity initiatives are all about dignity and respect. They are designed to promote good relationships between colleagues, irrespective of their background, religion or culture. As part of our annual diversity week, a series of events was held to raise awareness and promote a more
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positive and productive work environment. These included an inter-faith panel discussion focusing on five key religions and a presentation from a member of the Board of the British Paralympic Association.

The focus this year has been on developing our Dignity at Work strategy to reduce harassment and bullying in the workplace. We have appointed and trained Harassment Advisors, drawn from across the business, in response to colleagues’ requests for people they can approach confidentially about any issues they may have. The advisors act as a listening ear and provide practical advice and guidance. Our intention is to adopt a more informal approach to resolving potential conflicts using internal mediators.

As a responsible company, we take disability very seriously. We welcome applications from people with disabilities as we aim to employ the most talented people and we support individuals with disabilities in reaching their full potential by making reasonable adjustments for them in the workplace.

We consult with our disabled employee group to identify disability issues and they help us to ensure that we are making all our products, services and training fully inclusive and accessible. All frontline employees are trained in disability awareness to increase their knowledge about disabled customers and employees.

We introduced a Building Ability strategy to identify and promote the needs of disabled customers and colleagues. We constantly look at how we can improve the journey experience for disabled customers and for the first time we conducted specific customer research to identify areas for development. In July 2008, 522 members of the British Paralympics Association travelled to Beijing for the Paralympic Games, providing us with important lessons we can translate into day-to-day practice.

Overall, our Dignity at Work strategy involves training, communications and workshops across the business. All departments have targets to achieve and all employees must now complete the online ‘Expect Respect’ training course, introduced during the year.

Absence
We saw a modest improvement in attendance throughout the year. The headline annual absence level has improved by one day per person. At December 2008 it stood at 10.8 average days per person per annum, with some areas of the business meeting top quartile absence levels. While there has been a modest improvement overall this year, we still compare unfavourably with similar sized businesses in the UK. To remedy this we are creating a new programme to help managers deal with attendance issues.

Absences – days per person per annum

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<table>
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Employee relations
We negotiate with a total of three trade unions representing colleagues across the business. We seek to work constructively with colleagues and their representatives to improve productivity and performance.

Despite the challenges we faced in the early days of Terminal 5, we went on during the year to achieve significant improvements in our operational performance. This was partly down to the agreements we reached for new working practices at the terminal. A major feature of these agreements was direct colleague engagement with the involvement of our recognised trade unions. Another key aspect was the introduction of local incentive plans for many terminal-based jobs as discussed above.

We continue to work hard to foster good relations with the representatives of our flying community. These relationships will remain key as we tackle the challenges ahead.
We carried out consultations with a number of groups within the business to see where we could improve efficiency and this has led to some beneficial changes in work practices and roles. The areas affected by restructuring included:

- Customer relations;
- Gatwick ramp and customer services;
- British Airways World Cargo;
- Glasgow cabin crew base; and
- Manchester engineering base.

During the year we fundamentally changed the way we organise our human resources (HR) management. We introduced HR Business Partners who now focus on good people management and employee relations and are responsible for day-to-day industrial relations matters. The central industrial relations team was consequently scaled back and given a more strategic role. To support this change we ran a number of bespoke industrial relations training courses to improve understanding and practice.

**Engaging our colleagues**

We ensure that colleagues are kept well informed about our Company, customers and industry by using comprehensive internal communications. Face-to-face communication is our priority and we run regular briefings across the Company so that as many people as possible can meet, question and share ideas with senior and line managers. We run workshops to support managers in communicating key announcements and also online forums and an online Ideas Exchange to encourage wider dialogue. Other communication channels include a personalised intranet, mobile SMS messaging, video and a range of Company-wide and local newsletters.

In 2008/09 we saw a sea change in the way people within our business think about working here. Our Speak Up! attitude survey in the autumn of 2008 recorded significant improvements in scores for pride, service and product advocacy, and satisfaction with basic conditions.

The results reflect the positive way colleagues feel about our move to Terminal 5 and our improved performance. Encouragingly, the number of people responding to the survey rose too, indicating that more employees regard this as an important means of expressing their opinions.

To make the survey more effective, we want to ensure that changes are implemented as a result. All managers are now being given a clear responsibility to plan actions based on survey findings in an open and transparent way. Next year we will run the survey more frequently during the year, so that managers get regular feedback on changes in colleague opinion.

2009/10 will also see the launch of an Engagement Index. Building on Speak Up! results, this will help identify how managers can increase levels of engagement within their teams.

**Employment tribunals**

During 2008/09, the Group was served with 74 new proceedings in employment tribunals. British Airways Plc was the respondent in all but three of the proceedings. The other three are against BA Avionic Engineering, CityFlyer and BA Maintenance Cardiff. This remains a low figure given our relative size. Of the 74 proceedings:

- We lost no tribunal claims in the year;
- We did lose a preliminary hearing, currently being appealed, concerning the rights of staff employed and resident in Hong Kong to pursue discrimination claims in the UK;
- Six claims involved multiple claimants, including two, on how holiday pay should be calculated under Civil Aviation (Working Time) Regulations, brought on behalf of some 13,000 pilots and cabin crew members;
- Claims including a discrimination element outnumbered those for unfair dismissal for the second year. There were 19 unfair dismissal claims, about the same as in 2007/08; and
- A total of 47 claims for discrimination or discrimination and other matters were lodged, a 60 per cent increase on the year before. Of these, 31 are ongoing, 12 were settled and four withdrawn, won by British Airways or struck out.

“We negotiate with a total of three trade unions representing colleagues across the business. We seek to work constructively with colleagues and their representatives to improve productivity and performance.”
The way we run our business
The marketplace

Customers
Our customers are at the heart of everything we do. Our overriding aim is to make sure we offer an upgraded service to everyone who chooses to fly with us.

We talk constantly to large numbers of customers to get a real understanding of their needs, each month surveying around 57,000 of them through our global performance feedback survey.

By doing this we get a close and accurate reading of how our customers’ needs are changing and we are able to constantly improve their travelling experience. This is vital for us to secure our position as the world’s leading global premium airline.

Service and training
Our people play a crucial role in providing the upgraded travel experience. We are committed to excellent service and are investing heavily in training customer-facing colleagues. Putting the customer at the heart of everything we do is also a key priority of our Compete 2012 change programme, described in detail on page 28.

These training programmes will continue in 2009, supplemented by service style training for our ground team at Heathrow and coaching for people in our contact centres in how to provide a more attentive and personal service.

Following the introduction of new corporate values last year, all training programmes have been redesigned. The behaviours are woven into all our courses to ensure colleagues, particularly those in customer-facing roles, meet our high standards.

During the year we delivered over 215,000 days of training. This included training days for cabin crew to enable them to deliver the highest level of premium service to our customers, and for ground staff to support the continued phased moves to Terminals 5 and 3 at Heathrow.

Ground experience
Terminal 5 continues to impress our customers. They are enjoying improved punctuality, shorter check-in times and an altogether smoother travelling experience.

Around 21 million customers used the terminal during the year and customer satisfaction has increased noticeably since opening. In direct response to customer feedback, we have further improved the experience since opening, for instance by introducing a dedicated premium check-in zone.

The luxurious lounge complex at Terminal 5 has also been exceptionally well received, with an increase of over 20 percentage points in customer satisfaction. The new lounges offer greatly improved facilities, including wine bars, spa treatments, delicious food and upgraded communication links.

We are now introducing similarly themed lounges across our network.

Onboard experience
The new Club World cabin layout was introduced on our Boeing 747 aircraft in 2007/08 and the roll-out was completed last year. Combining new levels of comfort, greater privacy and choice, the layout has achieved an increase in customer satisfaction, of over 20 percentage points. We are now rolling out the new cabin on our Boeing 777 aircraft.

Later this year we will introduce a new First cabin and the new aircraft we have on order will allow us to introduce further innovations including new seating in World Traveller Plus and World Traveller.

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The way we run our business

The marketplace continued

“During a recent survey, two thirds of respondents rated ba.com as Excellent or Very Good – proof that our creative development of the website is providing real value to our customers.”

and privacy by keeping the middle seat free. Also, we have not forgotten our youngest passengers who can now enjoy an entertainment pack on longhaul flights featuring that much-loved character, Paddington Bear.

ba.com
ba.com – our online portal – is not only becoming more popular with customers, it is also helping us to drive down costs and increase revenues.

Almost a third of all our bookings are now made on ba.com, with almost half of all European leisure fares sold via the UK site. This year we introduced a new feature allowing customers to upgrade their booking at any time between buying a ticket and checking-in online.

A large number of our passengers now check-in online. They clearly enjoy the convenience of this service. For that reason we have now launched a popular new service, allowing customers to check-in or access real time arrivals and departures information through their mobiles.

During a recent survey, two thirds of respondents rated ba.com as Excellent or Very Good – which is proof that our creative development of the website is providing real value to our customers.

Cargo
BA World Cargo continues to focus on providing premium products. We have improved the ‘Prioritise’ (express) service through advancements in the new ‘cool chain’ technology. New services such as scanning for airmail and direct airport-to-door deliveries are just some of the improved solutions we are now offering shippers.

BA World Cargo also continues to play a leading role in simplifying the international supply chain. We are fully committed to the IATA coordinated e-freight initiative. Not only have we played an important role in formulating guidance for participating airlines, we were also the first European carrier to use e-freight between Heathrow and New York.

Overseas branches
We fly to a number of destinations around the world (see inside front cover). In addition to the overseas branches we have established in many of these countries, we have branches in countries to which we do not fly.

Suppliers, partners and alliances

Suppliers
Overall supplier costs, excluding fuel, were up nearly 7 per cent year on year, reflecting significant inflationary pressures on suppliers’ own costs. In continuing to control our costs, we have decided to prioritise those projects that really add value to the customer proposition.

Goods and services are procured through a strategic sourcing process. We use benchmarking principles to make sure we derive the maximum value from them, both at the point of purchase and over the life of the supply contract.

During the year we signed major in-flight catering agreements with three suppliers, all of which will come into effect from April 1, 2010. We believe these agreements will set a new benchmark for high-quality airline catering. Using three suppliers will also help us to minimise our exposure to supplier failure.

We continued to reduce our carbon footprint with the delivery of the first of our new Boeing 777 aircraft during the year. Lower fuel burn and reduced environmental impact were key factors in our choice of aircraft.

In addition, we have selected the Thales in-flight entertainment system for all new aircraft delivered from 2010. With bigger screens, the multimedia system will give customers access to over 100 movies, 300 programmes and 400 CDs as well as a range of radio programmes and podcasts.
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The way we run our business
The marketplace continued

whenever they want. The system is lighter so will also help us reduce aircraft weight and use less fuel.

Supplier risk
Mitigating supplier risk is a key priority, particularly in the current economic climate. Our procurement team records and measures risk across our most important suppliers. We have currently identified a number of suppliers who, if they ceased trading or experienced severe difficulties, would have a serious impact on our ability to operate. For these suppliers, risk is measured across five dimensions, updated each month and we take mitigating action when any supplier is deemed to be in trouble.

In addition to managing supplier risks, we also routinely monitor the financial health of critical suppliers using monthly Dun & Bradstreet company reports as an early warning system.

We use business continuity plans to cover the risk of supply failures and regularly review their effectiveness with the suppliers themselves. Equally, we make sure effective contingency plans are in place to respond to any supply interruption.

Payment performance
We have again made good progress on paying suppliers in accordance with our agreed terms. On average, 91 per cent of payments were on time in the UK for the year ended March 31, 2009. This compares with 88 per cent in the preceding year and exceeds our 90 per cent target. Next year we expect to improve further through increased use of e-invoicing and purchasing cards.

We are a signatory to the Confederation of British Industry (CBI) code of practice on supplier payment and are committed to paying our suppliers on agreed terms. The number of days’ purchases in creditors at March 31, 2009, is calculated in accordance with the provisions of the Companies Act 1985 and was 32 days (2008: 33 days).

Corporate responsibility in the supplier base
We are committed to making responsible purchasing decisions, and during 2008/09 started to refine our purchasing process and train our procurement team to make sure this happens. We will continue to survey potential suppliers to assess their corporate responsibility credentials, using independently-held, self-certification data when deciding with which suppliers to work.

Procurement delivery
Using preferred suppliers helps us to control costs. In December 2008, 96 per cent of our external spend was with 500 suppliers who have all been awarded formal preferred supplier status. Increasingly we are also making sure our spend goes through our approved order-based process. In December 2008, 99 per cent of spend was approved this way.

Partners and alliances
We maintain commercial arrangements with other airlines covering scheduled passenger and cargo services on a small number of our international routes. Commercial arrangements can govern, among other things, capacity offered by each airline, how revenue is shared between the airlines and how schedules are coordinated. In very few cases, some commercial arrangements between ourselves and other airlines are required under the relevant air services agreements.
We have improved the onboard experience for our premium shorthaul customers, offering them greater space and privacy by keeping the middle seat free. And we have not forgotten our youngest passengers who can now enjoy an entertainment pack on longhaul flights featuring that much-loved character, Paddington Bear.
The way we run our business
Community investment

“We have a long history of investing in the communities in which we operate. This work continues and in 2008/09 we supported over 120 community and conservation organisations in a variety of ways, including donating travel awards, cargo and excess baggage space.

We work closely with the communities around Heathrow and the UK regions. Our main priorities include education and youth development, supporting volunteering by our colleagues and promoting sustainable tourism, heritage and the environment.

We continue to be a member of both the London Benchmarking Group (LBG) and the Business in the Community (BTIC) 15 Percent Club.

Education and youth development
Our Community Learning Centre – close to our Waterside headquarters at Heathrow – has welcomed nearly 50,000 young people and adult learners on a range of education programmes since its opening in 1999. Programmes relevant to the school curriculum are run in partnership with the United Nations International Children’s Emergency Fund (UNICEF) focusing on places we fly to, using workshops on customer service, information and communication technology and the environment.

Languages
The British Airways language flag award, offered to schools across the UK, has been recognised by the Foreign and Commonwealth Office and in 2008 won the Business Language Champion Partnership of the Year Award. We are seeking official accreditation for the programme which will allow the test to earn university points. Over 1,500 young people have gained a flag award in languages ranging from French to Urdu.

Partnerships
In partnership with the Natural History Museum, we have developed programmes allowing pupils from Heathrow schools to visit the museum, meet scientists and experience the work of the Darwin Centre.

Overseas, we have been working with UK and South African partners on a multi-agency Safer Communities programme in South Africa to reduce crime and increase community confidence. Since the programme began in 2003, over 40 schools and more than 200 volunteer youth coaches have been trained.

Change for Good

In August 2008 our Chief Executive visited Tanzania to see the work of Change for Good at first hand, particularly how funds are being used to support and treat mothers and babies affected by HIV/AIDS. We have also invested significantly in China to support literacy programmes and in Nigeria our donations have been used to buy malaria nets.

Employee fundraising
Over 3,500 retired and current employees donated over £630,000 directly from their payroll to their chosen charities through our Giving Scheme during the year. In addition, we supported Children in Need and Red Nose Day across the airline raising over £13,000 for charities in the UK and overseas.

Last year’s BA Fun Run raised in excess of £55,000 for Cancer Research UK. During 2008/09 our World Cargo team collected and delivered over 95 tonnes of high-quality gifts, donated by employees from across the airline.

Charitable donations
BITC reported our total direct and in-kind donations for 2008/09 at £5.4 million (2008: £5.7 million). Of these, direct charitable donations amounted to £444,000 (2008: £398,000).
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Over 55,000 tonnes of CO₂ were offset by customers in 2008.

35% of dry waste at Heathrow and Gatwick was recycled in 2008.

The way we run our business
Environment

Climate change
Climate change is an issue of huge importance to us and we have a long-term commitment to address it. Our climate change programme covers four main areas: policy measures to curb emissions growth; voluntary carbon offsetting; fuel efficiency; and support for scientific research.

Our target is to reduce our net CO₂ emissions by 50 per cent by 2050, relative to 2005. Meeting this target will require investment in new technology, sustainable biojet fuels and in cost-effective emissions reductions in other sectors of the economy through the creation of effective global carbon trading markets.

Governments will come together in December 2009 to discuss a future global agreement on climate change. International aviation emissions were not included in the Kyoto Protocol, but we believe that they must be incorporated into this new agreement. We are playing a leading role in aviation groups to develop a global policy approach for the sector.

In December 2008 the European Union finalised the conditions for including aviation in its Emissions Trading System (ETS). With our experience of emissions trading since 2002 we are well placed to meet the EU ETS requirements.

Our offsetting scheme allows passengers to add a carbon offset when they book a flight through ba.com. During 2008, some 150,000 customers offset over 55,000 tonnes of CO₂ in this way and their contributions have helped fund UN-certified carbon cutting initiatives in China and Brazil. In March 2009 our scheme became the first airline offset product to meet the requirements of the UK Government’s Quality Assurance Scheme for Carbon Offsetting – a guarantee that we are achieving genuine, additional and measurable carbon reductions.

We continue to look for ways to improve fuel efficiency and over 600 projects have so far been assessed. Of these, 55 have been implemented, delivering over 65,000 tonnes of CO₂ savings, equivalent to nearly 21,000 tonnes of fuel. In addition, we have reduced CO₂ emissions associated with our UK property portfolio by nearly 11 per cent.

In 2008 our carbon efficiency, expressed in grammes of CO₂ per passenger kilometre (gCO₂/pkm), was just over 107 grammes. Our target is to improve that figure to 83 gCO₂/pkm by 2025. Our carbon footprint was 17.6 million tonnes of CO₂ in 2008.

We are also supporting a number of scientific research projects. These include the European Commission’s IAGOS project which is investigating whether aircraft can be used to collect atmospheric data in-flight and a partnership to develop new policies on preventing deforestation.

Waste
We aim to minimise waste, reduce disposal to landfill and increase reuse and recycling. Where we cannot prevent waste disposal, we aim to manage our waste responsibly.

In 2008 we recycled 35 per cent of dry waste at Heathrow and Gatwick (up from 30 per cent the year before). We have set ourselves the target of recycling 50 per cent by 2010. We will achieve this through the provision of more recycling centres, handling a wider range of materials and by encouraging better segregation of waste.

The amount of waste at Heathrow and Gatwick sent to landfill fell by 7.2 per cent to 3,424 tonnes, during the year. Our non-recyclable waste at Heathrow and Gatwick will be processed through a waste to energy plant before the end of 2009, helping us to meet our target of zero waste to landfill by 2010.

Noise
We are investing in quieter aircraft and technology and aim to change the way we fly to reduce the noise of our activities. We have set a target to reduce our average noise per flight by 15 per cent by 2015.

Night noise is a particular concern for people living near Heathrow and is one of the key issues we want to address. During 2008, we contravened the noise limits at
We are investing in quieter aircraft and technology and aim to change the way we fly to reduce the noise of our activities. We have set a target to reduce our average noise per flight by 15 per cent by 2015.

We also aim to reduce our CO$_2$ emissions by 50 per cent by 2050, relative to 2005. Meeting this target will require investment in new technology, sustainable biojet fuels and in cost-effective emissions reductions in other sectors of the economy through the creation of effective global carbon trading markets.
The way we run our business

Environment continued

Heathrow 36 times, a reduction of 23 per cent compared with 2007. This year, these were principally a result of Boeing 747-400 departures being delayed.

At Heathrow, we use a Continuous Descent Approach on landing to save fuel and cut noise. During 2008, 95 per cent of all day and night flights operated this way, compared with an airport average of 82 per cent for daytime and 88 per cent for night time flights.

Air quality

We have a number of operating initiatives to improve our air quality performance. We have already achieved a reduction in NO\textsubscript{x} emissions (nitrogen oxide – a greenhouse gas) through the modification of Boeing 747 (RB211) engines and Boeing 777 (GE90) engines. We plan to further modify our Boeing 737 engines to deliver a 20 per cent reduction in NO\textsubscript{x}.

At Terminal 5 and other airports worldwide, we are able to use aircraft stands with fixed ground power and pre-conditioned air which means we will rely less on aircraft auxiliary power units. We have developed procedures for aircraft to taxi on one less engine after landing, and are now developing similar procedures to taxi out to the runway. These measures will cumulatively reduce CO\textsubscript{2} and NO\textsubscript{x} emissions, fuel consumption and noise.

Fleet modernisation

In response to delivery delays for our new efficient Boeing 787 aircraft, we have contracted for six Boeing 777-300ER aircraft (two acquired, four leased) due to start arriving in 2010, with options on a further four. We have ordered two Airbus A318 aircraft for our transatlantic services from London City Airport. Additionally, we have ordered six Embraer E190SR and five E170 aircraft to replace the RJ85 and RJ100 aircraft currently operated from London City Airport.

We are also improving our performance on the ground. At Terminal 5, we have invested in buses specified to the future Euro 5 exhaust emission standard and a fleet of electric baggage tugs. Remote monitoring by telematics technology is being used to manage fleet efficiency and an automatic fuel management system has been fitted to refuelling equipment at Heathrow. We continue to be a member of the Heathrow Clean Vehicles Programme.

Summary of environmental achievements and targets

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<th>Target</th>
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<td>84</td>
</tr>
<tr>
<td>Continuous Descent Approach (Heathrow) % – night</td>
<td>95</td>
<td>95</td>
<td>94</td>
<td>88</td>
</tr>
<tr>
<td>Total waste at Heathrow and Gatwick – including our catering companies (metric tonnes)</td>
<td>26,184</td>
<td>27,121\textsuperscript{c}</td>
<td>26,920</td>
<td></td>
</tr>
<tr>
<td>% recycling (Heathrow and Gatwick)</td>
<td>50 per cent by 2010</td>
<td>35.1</td>
<td>30.1</td>
<td>28.9</td>
</tr>
<tr>
<td>Waste to landfill (tonnes) (Heathrow and Gatwick)</td>
<td>Zero by 2010</td>
<td>3,424</td>
<td>3,688</td>
<td>4,063</td>
</tr>
<tr>
<td>Waste per passenger (kg) (Heathrow and Gatwick)</td>
<td>reduce by 2 per cent per annum</td>
<td>0.78</td>
<td>0.79\textsuperscript{c}</td>
<td>0.78</td>
</tr>
<tr>
<td>Heathrow air quality/NO\textsubscript{x} emissions to 1,000ft (metric tonnes)</td>
<td>1,081</td>
<td>1,107</td>
<td>1,096</td>
<td></td>
</tr>
</tbody>
</table>

\textsuperscript{a} Calendar years.

\textsuperscript{b} With effect from 2008, traffic statistics now include data related to customers who have flown on ‘frequent flyer’ mileage redemption tickets. This change brings the Group into line with industry standards, and also into line with all major scheduled carriers.

\textsuperscript{c} Increased due to revised data on catering waste.