Our plans to transform British Airways into the leading global premium airline are about securing our future in a sustainable way. That's not just about becoming financially stronger. It's also about acting as a socially and environmentally responsible business in every aspect of our operation. We have created a new Corporate Responsibility (CR) framework for the business to make sure we achieve that goal.
Our Corporate Responsibility programme

Our One Destination programme is organised under four streams. These are the Environment, Community Investment, Workplace and Marketplace.

We believe this is a practical way to make sure that responsibility underpins every aspect of our day-to-day working lives. As such, it covers the way we operate our network, how we manage our workplace, how we go about providing outstanding service to our customers, how we tackle the environmental challenges we face, how we deal with our suppliers and how we interact with the many local communities we support around the world.

The Corporate Responsibility Board, chaired by our Chief Executive, Willie Walsh, oversees our One Destination programme and ensures that people across the business understand and are fully engaged with this programme. Each Directorate in the business has a senior Corporate Responsibility Sponsor and, overall, we have more than 100 Corporate Responsibility Champions. We also have a significant network of Diversity Champions.

Our full Corporate Responsibility Report is published online at www.ba.com

Running a responsible business

Our aim is to become the World’s Most Responsible Airline. To do this we have created our ‘One Destination’ programme, a wide-ranging initiative that brings together every element of our corporate responsibility activity under one banner.
Environment

We recognise that by providing air transport services we have an impact on the environment. We are committed to reducing our environmental footprint, including playing our full part in reducing global greenhouse gas emissions.

We believe the airline sector should be included in a global sectoral approach with emissions reductions targets of carbon neutral growth from 2020 and a 50 per cent reduction in net emissions by 2050.

We are also focusing on reducing our absolute carbon emissions. A key element of this strategy is the adoption of sustainable alternative fuels, which is why in February 2009 we established a partnership with Solena to build Europe’s first biomass to liquid plant to supply us with biofuel from 2014.

We have also taken steps to improve air quality and noise conditions through investment in improved technology. This shows our ongoing commitment to meet the targets set by the Government linked to the construction of the third runway.

Climate change

Climate change is an issue of huge importance to us and we have a long-term commitment to reduce our emissions.

Our climate change programme is focused in five main areas:

- Securing a global sectoral policy regime with ambitious long-term CO₂ reduction targets;
- Improving our carbon efficiency;
- Developing the potential of low-carbon fuels;
- Promoting our voluntary carbon offset scheme; and
- Supporting scientific research into aviation’s climate change impacts.

We continue to play a leading role in the development of a global framework for regulating aviation’s carbon emissions. We are working closely with the International Air Transport Association (IATA), in promoting the target to reduce net CO₂ emissions by 50 per cent by 2050, relative to 2005. Meeting this target will require investment in new technology, sustainable biofuels and in cost-effective emissions reductions in other sectors of the economy through the creation of effective global carbon trading markets.

Indeed, we recognise that biofuels will play a critical role in helping the airline sector reduce its carbon emissions. We are working on a number of projects to help accelerate the implementation of biofuels into the airline industry.

From January 2010, monitoring of emissions and traffic data began in preparation for the start of aviation’s entry into the EU Emissions Trading System in 2012.

Our carbon efficiency is expressed in grammes of CO₂ per passenger kilometre (gCO₂/pkm). Our target is to improve our fuel efficiency to 83 gCO₂/pkm by 2025.

In 2009, this was 106.1 gCO₂/km.

As a comparison, the average for a car is 109 gCO₂/pkm. This represents an improvement on last year reflecting better aircraft utilisation, higher load factors and savings delivered through our carbon efficiency programme.

Our carbon footprint was 16.67 million tonnes of CO₂ in 2009, a reduction of 5.2 per cent over the previous year. This is due both to fuel efficiency improvements and capacity reductions during 2009.

During 2009, more than 126,000 passengers offset their emissions. We are the first airline to meet the UK Government’s quality assurance scheme for offsetting. We continue to improve our carbon offset product by offering passengers to offset according to their cabin of travel. The scheme helps to support vital renewable energy projects in China and Brazil.

We are also the only airline and, indeed, one of the first UK companies to complete a Forest Footprint Disclosure (FFD). This is an audit of the impacts of our business on global deforestation.

Noise

We are investing in quieter aircraft and changing the way we fly to reduce noise impact. 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 airports and is one of the key areas where we want to improve. During 2009 at Heathrow, we reduced the number of departure noise infringements by over 30 per cent compared with 2008.

Air quality

We have a number of operating initiatives to improve our air quality performance. We are modifying our Boeing 737 (CFM56-3) engines to deliver a 20 per cent reduction in Nitrogen Oxide (NOₓ) emissions. The recently introduced Airbus 318 (CFM56-5B) is a lower NOₓ engine.

We use aircraft stands with fixed power and pre-conditioned air so we rely less on using aircraft auxiliary power units and have also developed procedures
for aircraft to taxi on one less engine after landing. We operate a large fleet of electric vehicles and continue to be a member of the Heathrow Clean Vehicle Programme to further improve the environmental performance of our ground fleet.

Waste
We aim to improve resource efficiency through waste minimisation, increased reuse and recycling and reduced disposal to landfill.

We are on track to achieve our target of recycling 50 per cent at our main bases of Heathrow and Gatwick by the end 2010. We achieved 39 per cent recycling throughout 2009.

We are also on track to meet our target of zero waste to landfill by the end of 2010 for our main activities. Over the last year, the amount of waste managed through our contracts at Heathrow and Gatwick disposed to landfill on an annual basis reduced by 36 per cent from 3,424 tonnes to 2,187 tonnes. We have also begun processing our non-recyclable waste at Heathrow and Gatwick through a waste to energy plant which will enable us to meet our zero waste to landfill target.

Community Investment
We are committed to supporting communities in countries where we operate through our community investment programme.

At present we work with over 120 community and conservation organisations worldwide. We also have an extensive education programme for children and young people at our Community Learning Centre at Heathrow, which has welcomed over 58,000 learners since it opened in 1999.

Our 16 year partnership with UNICEF came to a close in March 2010. We raised more than £27 million through the generous support of our customers and colleagues through the Change for Good programme. Since the partnership began we have funded projects in over 58 countries and all of the projects we have supported leave a valuable legacy for vulnerable children in the communities where both British Airways and UNICEF operate.

Summary of environmental data and targets

<table>
<thead>
<tr>
<th>Target</th>
<th>2009*</th>
<th>2008*</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carbon efficiency gCO₂/pkm**</td>
<td>83 by 2025</td>
<td>106</td>
<td>107</td>
</tr>
<tr>
<td>CO₂ emission (million tonnes)</td>
<td>16.67</td>
<td>17.60</td>
<td>17.7</td>
</tr>
<tr>
<td>Average noise per flight</td>
<td>15% reduction by 2015</td>
<td>On track***</td>
<td>On track***</td>
</tr>
<tr>
<td>% Recycling (LHR and LGW)</td>
<td>50% by end 2010</td>
<td>39.0</td>
<td>35.1</td>
</tr>
<tr>
<td>Waste to landfill (tonnes LHR and LGW)</td>
<td>zero to landfill by end of 2010</td>
<td>2,187</td>
<td>3,424</td>
</tr>
</tbody>
</table>

* Calendar years.
** With effect from 2008, traffic statistics now include data related to customers who have flown on ‘frequent flyers’ mileage redemption tickets. This change brings the Group into line with the industry standards and also into line with all major scheduled carriers.
*** Our fleet replacement programme is on track to deliver this target.
During the year, we continued to build on our sponsorship strategy for London 2012. Olympic hero Sir Chris Hoy launched our Great Britons Programme which offers free flights to help British talent realise their potential. We flew the British and Irish Lions to South Africa for the Lions Rugby Tour and we are proud to be backing the bid to stage the FIFA World Cup in England in 2018.

The workplace
We are continuing to make big changes to the way we run our business so that we can achieve our strategy of becoming the leading global premium airline.

Our main aim is to develop a customer focused, high performing culture that offers rewards for great individual performance but also recognises different people in the business have different needs in terms of benefits, training and development.

At the year end our manpower equivalent was a total of 36,832 across our operations. This is a reduction of some 3,800 since March 2009, all on voluntary terms.

We completed the restructuring of our management staff at the beginning of 2009. We now have a leaner, more agile organisation, but we have also improved governance and accountability in the business.

Having the right leaders with the right support and motivation is essential if we are to create a high performance culture. High performance leadership means that our managers can engage with and involve their people in achieving world-class levels of productivity.

We are now exploring new ways to boost efficiency and achieve greater value for customers across the rest of the business, with a particular focus on further improving employee engagement. Colleague surveys will now run quarterly and include an engagement index that managers are expected to track and take action on.

The latest survey showed that 60 per cent of our people feel generally well informed about the Company, with more than 90 per cent aware of the financial situation. Face-to-face communication has been more important than ever this year; we run regular briefings across the Company so that as many people as possible can meet, question and share ideas.

Measuring our community investment
We continue to be a member of both the London Benchmarking Group (LBG) and Business in the Community (BitC). The LBG’s model is used to assess our total contribution to the community.

Our partnership with UNICEF, Change for Good, raised £1.3 million from on-board donations in the year to 31 March 2010.

Some 3,330 retired and current employees donated over £600,000 directly from their payroll to their chosen charities through our Giving Scheme during the year.

BitC reported our total direct and in-kind donations for 2009/10 at £5 million (2008/09: £5.4 million). Of these, direct charitable donations amounted to £190,000 (2008/09: £444,000).
with senior and line managers. Live online forums have also played their part in encouraging wider dialogue and understanding. Other communication channels include a personalised intranet, mobile SMS messaging, video and a range of Company-wide and local newsletters.

Employee relations

The challenging financial and operating environment we faced during the year meant we had to make some fundamental changes to the way we work to manage our way through recession. Many thousands of colleagues responded fantastically to this challenge, including working temporarily for no pay, working part-time or taking unpaid leave.

We continue to work towards resolving the cabin crew dispute and, longer term, we want to work with the unions to create a new and modern framework for industrial relations within British Airways.

We tabled proposed changes to some of our key employment policies during the year. We will continue to work with our colleagues and their representatives to introduce these changes as soon as possible.

Reward

We recognise how important reward is in making British Airways a great business to work for. We are committed to creating an environment where our colleagues feel valued and are recognised fairly for the individual contribution they make.

One of our key aims is to provide total reward packages which encourage high performance and outstanding customer service throughout the business. To support this aim, we continually look for better ways to communicate with colleagues about the rewards we offer. We want to offer them real flexibility and the ability to choose benefits that suit them, including in their pension arrangements.

Training and development

We carried out 173,000 days of training during the year. This included some 9,000 days of training for cabin crew – twice as many as in 2008/09 – designed to make sure they have the skills to offer our customers the very highest levels of service.

Our training team also put huge resources into training volunteer cabin crew to CAA standards during the year as we prepared for the threat of industrial action. The large number of courses we ran meant we were able to keep a high proportion of our customers flying during the cabin crew strike, a remarkable achievement.

Our Leadership and Talent strategy is a critical part of our efforts to become the leading global premium airline. Leadership development continues and is being rolled out more widely in the airline to make sure we embed cultural change and put a real emphasis on the importance of our managers listening and acting on feedback.

There is no ‘one-size-fits-all’ where training and development is concerned. Different people have different needs. During the year we therefore began developing a new approach. Our aim is to create a learning culture where individuals have the right support, resources and motivation to take responsibility for their own personal development.

We continue to attract and develop talent at all levels. Last year this included taking 100 people on to new Engineering Apprenticeship programmes and hiring 20 graduates to our Graduate Recruitment programme which now totals 50 in the business.
Diversity

We are proud to be a business that welcomes and nurtures differences. 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.

We continue to focus 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 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.

All frontline employees are trained in disability awareness to increase their knowledge about disabled customers and employees.

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

Premium service

We aim to provide a premium service to all our customers at every touch point, providing comfort, convenience and reliability. Our people play a crucial role in delivering the upgraded customer experience we want everyone who travels with us to enjoy.

In keeping with the best companies in the hospitality sector, we are investing in an extensive training programme for our customer-facing colleagues to support this.

The service we provide on the ground at our main hub, Heathrow, is highly valued by our customers. In 2009 we consolidated our Heathrow operations by completing the final moves out of Terminal 4 into Terminal 3 and Terminal 5, thereby offering a smoother travel experience, extensive facilities and consistently high levels of punctuality.

Our new premium lounges at Terminal 3, which we share with our one world partners, are proving as popular as those in Terminal 5.

On-board experience

Our long-term commitment to offering premium products valued by our customers saw two important launches
Running a responsible business continued

during the year. The innovative, all-business class service from London City to New York was launched in September and was an instant success with customers.

We also introduced our stylish new First cabin, offering our customers a sophisticated environment in which to work, sleep, eat and be entertained.

ba.com
Our website has become a significant and integrated part of the British Airways travel experience. We are constantly improving our online offering to make it easier for customers to find the best offers, make the right travel choices and purchase more extensive travel packages in one seamless booking.

Nearly one-third of our bookings are made through ba.com, accounting for 20 per cent of our revenue. ba.com has also become an invaluable medium for communication with our customers, becoming their first point of call for up-to-date information especially during periods of disruption.

In 2009, improvements included the introduction of the value calculator, allowing customers to see the extra value they receive when they choose to fly with British Airways rather than with one of our competitors.

Cargo
BAWC has a reputation for tremendous innovation. During the year we once again led the field by introducing the next generation of cool chain airfreight logistics products, under the brand name Constant Climate. We have also started developing our express airfreight proposition, Prioritise, which will be relaunched during 2010.

Our Boeing 747 freighter programme, operating cargo-only flights to 16 destinations on key global trade lanes, continues to be successful and we have now reaffirmed our strategic commitment to this market.

Our loyalty programme, offering small and medium sized businesses the opportunity to earn loyalty points to use on flights and hotels, has proven its worth in the downturn, winning continued support from this important and valuable customer segment.

Overseas branches
We fly to a number of destinations around the world (see pages 2 and 3). 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
Each year we spend some £5.2 billion purchasing goods and services from our suppliers. We are determined to build strong and trusted relationships with our supply partners but also to boost the efficiency of our procurement process.

Efficient procurement
We procure goods and services through a strategic sourcing process, using benchmarking to make sure we achieve maximum value both at the point of purchase and over the life of a supply contract.

During the year, our procurement team reviewed our spending with our top 500 suppliers who account for some 94 per cent of total annual external spend. The structure of our commercial deals and the specification of the goods and services being bought were fully investigated, resulting in considerable savings over the year.

Corporate responsibility in the supplier base
As we describe in more detail in our annual CR report we have taken a fresh look at our supplier CR strategy. Called ‘Responsible Procurement’, the new multi-faceted approach allows us to understand much more clearly if the CR credentials of our suppliers match up with our own ‘One Destination’ corporate goals.

Supplier risk
We have overhauled our supplier risk assessment and monitoring process in favour of a less subjective approach, using external company data and analytics.

Payment performance
We continue to maintain supplier payment performance around our target of 90 per cent of suppliers paid in accordance with mutually agreed terms. The number of days’ purchases in creditors at 31 March 2010 is calculated in accordance with the provisions of the Companies Act 2006 and was 33 days (2009: 32 days).