Report of the Nominations Committee

**Members:** Martin Broughton (Chairman), Maarten van den Bergh and Baroness Kingsmill.

The Chairman chairs the Committee and all other members of the Committee are independent Non-executive Directors. All Non-executive Board members are invited to attend its meetings and the Chief Executive attends as necessary. No Board member participates in any discussion of his or her own performance. The Committee has written terms of reference covering the authority delegated to it by the Board. The full terms of reference, which were amended during the year, are available on the Company's investor relations website, www.bashares.com.

The Nominations Committee meets at least once a year, and additionally if required, to consider the balance of the Board's membership, to identify any additional skills or experience which might enhance the Board's performance, and to interview candidates and recommend appointments to or, where necessary, removals from the Board. The Committee also reviews the performance of any Director seeking re-election at the forthcoming Annual General Meeting. The Committee's remit also includes review of corporate governance and succession planning.

In relation to the appointment of new Board members, the process used for the nomination of new candidates starts with the identification of the skills and experience needed to maintain or enhance the diversity of skills and experience on the Board. Whilst in most cases this will result in the use of an independent search firm, this is not always the case. During the year, Rafael Sánchez-Lozano Turmo was appointed as a Non-executive Director pursuant to Clause 9 of the Memorandum of Understanding between Iberia and British Airways dated 12 November 2009, which gave Iberia the right to nominate a Director to the Board of British Airways. Rafael Sánchez-Lozano Turmo will seek election by shareholders at the Annual General Meeting to be held on 13 July 2010. Whilst the Committee is satisfied with the current composition and diversity of the Board, it has been engaged in a search for a further Non-executive Director. An independent search firm has been engaged for this process. A different independent search firm is also being used to assist in the selection of two independent Non-executive Directors for the Board of International Consolidated Airlines Group S.A. although this is technically outside the terms of reference of the Committee.

Under the Company’s Articles of Association, all Directors are required to offer themselves up for re-election every three years. Following a review of their respective performances as part of the Board evaluation exercise, the Committee has put forward Jim Lawrence and Alison Reed for re-election at the Annual General Meeting to be held on 13 July 2010. Their biographical details are set out in the explanatory notes of the Notice of Annual General Meeting and demonstrate the skills and experience which they bring to the benefit of the Company.

Report of the Safety Review Committee

**Members:** Ken Smart (Chairman), Baroness Kingsmill, Baroness Symons and Rafael Sánchez-Lozano Turmo (from December 2009).

The Safety Review Committee meets at least four times a year to consider matters relating to the operational safety of the airline and subsidiary airlines, as well as health and safety issues. The full terms of reference are available on the Company’s investor relations website, www.bashares.com.

The Safety Review Committee reviews reports from the various safety boards within the airline including the senior management’s safety review board. Where appropriate, the Committee also reviews relevant reports published by the UK Air Accident Investigation Branch (AAIB), major incidents to other operators and external reports. During 2009/10, issues raised at the Safety Review Committee included the:

- AAIB report into the Boeing 777 short landing at Heathrow on 17 January 2008;
- Circumstances leading to the Certification Authorities requiring modification to the reverse thrust sensing system on the Boeing 747 fleet to ensure safe operation, following an incident on take-off in May 2009 from Johannesburg; and
- Learning points for British Airways from the independent review conducted by Charles Haddon Cave QC into the broader issues surrounding the loss of an RAF Nimrod aircraft in 2006 over Afghanistan.

The Chief Executive is the named Accountable Manager for the Company for the purposes of the Air Operators Certificate and EU Ops (EU Ops are prescribed in Annex 111 to EU Regulation No. 3922/1991). As the Accountable Manager, he chairs quarterly meetings of the Safety Review Board with the four Nominated Postholders (the executives responsible to the Civil Aviation Authority (CAA) for safety in the various operational departments of the Company) along with the Director of Safety and Security, the Head of Aviation Safety, the Head of Operational Safety and the Head of Operational Risk and Compliance. These meetings review operational compliance, quality and safety, monitor the effectiveness of the corporate safety management system and agree cross-departmental policy as appropriate.