

## Independent Assurance Statement for the British Airways 2005/2006 Corporate Responsibility Report

British Airways' corporate responsibility web content 2006 (the Report) has been prepared by the management of British Airways plc, who are responsible for the selection of content and for the collection and presentation of information. The Reassurance Network has been commissioned by British Airways to provide external assurance of the Report. Our responsibility, in accordance with British Airways' instructions, is to carry out a limited assurance engagement, in order to provide conclusions on the accuracy, coverage and balance of content. This includes consideration of the accuracy, relevance and presentation of information and the extent to which British Airways has responded to its own previous commitments and to the expectations of its key stakeholders.

Our responsibility in performing our assurance activities is to the management of British Airways plc and in accordance with the terms of reference agreed with them. We do not accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance that any third party may place on the Report is entirely at its own risk.

### SCOPE AND METHODOLOGY OF ASSURANCE ACTIVITIES

Our assurance activities have been planned and performed in accordance with a scope and methodology that takes into account emerging good practice and standards in this area, including the AA1000S assurance standard and the International Federation of Accountants' International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE3000).

In order to form our conclusions we undertook the steps outlined below:

- Interviews with a selection of British Airways' executives and senior managers to understand the main areas and issues that have received management focus during the reporting period and the corresponding objectives and priorities. We also reviewed the means by which British Airways planned to achieve its objectives, the degree to which objectives were met and how internal assurance is given to the board on these matters.
- Review of British Airways' relationships with its stakeholders through interviews with key relationship managers and reviews of selected documentation.
- Review of British Airways' approach and criteria for determining the content of the Report considering its relevance to the business, significance to stakeholders and overall materiality.
- Review of the corporate risk register and minutes from the audit committee and safety committee to assess management awareness of significant risks and to test the coverage of the Report against these.
- Review of a selection of external media reports relating to British Airways, as a check on the coverage of issues.
- Verification of the Report's data, statements and assertions regarding British Airways' corporate responsibility performance. This included reviews of policies, procedures, records, surveys, minutes and other documentation relating to performance management and reporting.
- Review of British Airways' operations in New York to assess understanding and prioritisation of corporate responsibility issues, response to stakeholders, implementation of corporate policies, performance management and reporting processes.

### LEVEL OF ASSURANCE AND LIMITATIONS OF OUR REVIEW

We sought to apply a level of investigation that was appropriate to the potential significance of the information to British Airways' business objectives, its stakeholders and the Report's wider readership. We undertook 23 management interviews at British Airways' corporate headquarters (Heathrow, UK), 13 interviews at JFK airport, New York and supporting investigations, as outlined above.

Our review was limited in the following ways:

- Neither the scope of the Report nor the scope of our review covers British Airways Holidays or British Airways World Cargo.
- Our document reviews and interviews did not adequately cover information relating to the stress management programme or the business change management and workforce training aspects of Terminal 5 planning.
- Our review did not cover the detail of British Airways' performance, nor its processes for data management, in the areas of flight safety, passenger health and safety, or security. However, we note that the Civil Aviation Authority's Safety Regulation Group does monitor and assess safety performance in detail.
- Data for other areas of performance were checked at a top level only. We did not check the operational reporting processes or underlying data management systems which generate and handle the basic data
- We did not attend any stakeholder engagement activities.
- We did not interview any operational staff.

With reference to ISAE3000, therefore, our activities for gathering evidence have been sufficient to obtain a 'limited' level of assurance on which to base our conclusions.

## CONCLUSIONS

Subject to the limitations listed above, based on our review, and in accordance with the terms of reference for our assignment, we provide the following conclusions on the Report in relation to the main principles of the AA1000 Assurance Standard (Materiality, Completeness and Responsiveness).

- We believe that the scope and content of the Report are appropriate and sufficiently accurate, up-to-date and free from material misstatement or omission for readers to form a balanced opinion of British Airways' activities and performance in relation to its responsibilities to its main stakeholders. We are not aware of any invalid or misleading statements in the Report.
- We are satisfied that the Report covers the main areas of performance that are of relevance to the business and of significant interest to stakeholders. We are not aware of any issues of significant interest to British Airways' main stakeholders that have not been included in the Report. However, we note that the scope varies somewhat throughout the Report in terms of business activities included and geographical coverage. Although this is not significant for the Report as a whole, it may be important for certain stakeholders in relation to specific areas of interest.
- We believe that the Report provides coverage of the significant aspects of British Airways' operations that have received management attention during the reporting period. We are not aware of any material aspects that have received management attention that have been excluded from the Report.

## OBSERVATIONS AND RECOMMENDATIONS

Feedback relating to the detailed Report content was given to British Airways management during the drafting of the Report. Much of this feedback has been incorporated into the final copy. Residual points and comments relating to longer term improvement are summarised below.

- **Scope of Business Activities.** We recommend that British Airways include all of its significant business activities in future reports, in particular British Airways World Cargo and British Airways Holidays.
- **Overseas operations.** We recommend that selected case studies of overseas operations would provide valuable insights on BA's approach and achievements in locations where it does not occupy such an influential position as in the UK.
- **Achievement of Commitments.** We note that British Airways have achieved or are on course to achieve 40 of the 49 commitments made in its 2004-05 Corporate Responsibility Report.
- **Terminal 5.** We have noted British Airways' prioritisation of Terminal 5 planning and the anticipated opportunities for operational performance improvement and efficiency gains. However, the Report has not included a clear plan and set of targets in this regard. We recommend that future reporting includes a clear and comprehensive performance framework for measuring and reporting the improvements achieved and ongoing targets as they are set.
- **Customer Complaints.** We note that survey data are presented on customer satisfaction with the handling of complaints. We recommend that a more comprehensive set of data are presented in future reporting to provide a more balanced picture across the views of all customers surveyed.
- **Stress Management.** We note that British Airways has an employee stress management programme. We recommend that this programme and any relevant statistics are included in future reporting.
- **Local Noise Impacts.** Total Noise Energy is used as a measure of noise impact, although this does not mean that the impact on surrounding populations has been assessed. It would be better to refer only to noise generation. We note that the Report lists the three airports that receive 53% of total noise generated. It would be useful to show how the other 47% is distributed geographically. Although a Heathrow off-site impact assessment would be complex, we believe it would be useful to undertake analyses to map the contribution of British Airways operations to off-site impacts and perceived nuisance.
- **Local Air Quality - NOx.** There is no presentation of the total amount of NOx emissions, only the percentage distribution of landing and takeoff emissions across five airports. Although there are uncertainties relating to selection of emissions factors, we feel that BA's best estimate of its total global emissions should be presented. Given the company's participation in the UK Government's Project for the Sustainable Development of Heathrow (PSDH), we would expect that in future years this information should be available in some detail for that location in particular.
- **Local Air Quality - hydrocarbons.** There is no mention of BA's contribution towards and management of hydrocarbon emissions. Though not as significant as NOx we feel that some quantification of this pollutant is justified because (along with NOx) it is a precursor to tropospheric ozone formation – a major regional pollutant in the UK which has respiratory impacts on affected individuals.
- **Waste.** We recommend that British Airways continues to develop and report more completely upon its overseas management of wastes.
- **Community Investment.** We note the wide range and geographical spread of community investment projects that British Airways continues to invest in, both independently and in association with partners. We recommend that in future, a more comprehensive, quantitative set of accounts for these investments is presented, to accompany the descriptive case studies.