



Where we fly to

as at May 15, 2008*

UK & Ireland



Aberdeen
Dublin
Edinburgh
Glasgow
Jersey
Manchester
Newcastle
Newquay

Europe



Alicante
Amsterdam
Antalya
Athens
Barcelona
Bari
Basle
Belgrade
Berlin
Bologna
Bordeaux
Brussels
Bucharest
Budapest
Cagliari
Catania
Copenhagen
Dresden
Dubrovnik
Dusseldorf
Faro
Frankfurt
Geneva
Genoa
Gibraltar
Grenoble
Hamburg
Helsinki
Istanbul
Izmir
Kiev
Krakow
Larnaca
Lisbon
Luxembourg
Lyon
Madrid
Malaga
Malta
Marseille
Milan (Linate)
Milan (Malpensa)
Moscow
Munich
Naples
Nice
Oslo
Palma
Paris
Pisa
Poznan
Prague
Pristina
Rome
Salzburg
Sarajevo
Sofia
St Petersburg
Stockholm
Stuttgart
Thessaloniki
Tirana
Toulouse
Turin
Varna
Venice
Verona
Vienna
Warsaw
Zurich

Americas



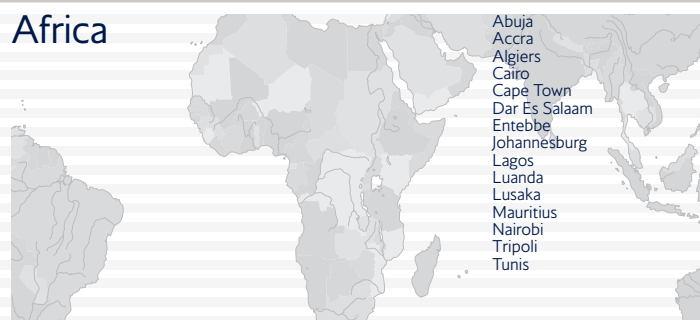
Antigua
Atlanta
Baltimore
Barbados
Bermuda
Boston
Buenos Aires
Calgary
Chicago
Dallas
Denver
Grand Cayman
Grenada
Houston
Kingston
Los Angeles
Mexico City
Miami
Montreal
Nassau
New York (JFK)
New York (Newark)
Orlando
Philadelphia
Phoenix
Port of Spain
Providenciales
Rio De Janeiro
San Francisco
Sao Paulo
Seattle
St Lucia
Tampa
Tobago
Toronto
Vancouver
Washington

Middle East & South Asia



Abu Dhabi
Bahrain
Bangalore
Chennai
Delhi
Dhaka
Doha
Dubai
Islamabad
Kolkata
Kuwait
Mumbai
Muscat
Tel Aviv

Africa



Abuja
Accra
Algiers
Cairo
Cape Town
Dar Es Salaam
Entebbe
Johannesburg
Lagos
Luanda
Lusaka
Mauritius
Nairobi
Tripoli
Tunis

Asia/Pacific



Bangkok
Beijing
Hong Kong
Shanghai
Singapore
Sydney
Tokyo



* British Airways operated routes

Who we are

British Airways is the UK's largest international scheduled airline, flying to over 300 destinations at convenient times, to the best located airports.

We are one of the world's leading scheduled international passenger airlines. Our principal place of business is Heathrow, one of the world's premier airport locations, which serves a large geographical area with a comparatively high proportion of point-to-point business. We also operate a worldwide air cargo business, largely in conjunction with our scheduled passenger services. Operating one of the most extensive international scheduled airline route networks, with our codeshare and franchise partners, we fly to more than 300 destinations worldwide. In 2007/08, we carried more than 33 million passengers.

Our airline network generates economic value by meeting the demand for business travel, by providing vital arteries for trade and investment, as well as providing leisure travel opportunities for individuals and families. In 2007/08, we earned over £8.7 billion in revenue, 3.1 per cent up on the previous year. Passenger traffic accounted for 86.2 per cent of this revenue, while 7.0 per cent came from cargo and 6.8 per cent from other activities. We carried 805,000 tonnes of cargo to destinations in Europe, the Americas and throughout the world. At the end of March 2008, we had 245 aircraft in service, compared to 242 in March 2007.

Our fleet: 245 aircraft

57 Boeing 747s	42 Boeing 777s	21 Boeing 767s
13 Boeing 757s	33 Boeing 737s	11 Airbus A321s
25 Airbus A320s	33 Airbus A319s	10 Avro RJ100s

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Chief Executive's message

Last year turned out to be a mixed one for British Airways. We celebrated some real triumphs – including achieving a 10 per cent operating margin for the first time ever, announcing exciting new services and placing important aircraft orders. However, the opening of Terminal 5 did not go as we had hoped or planned. Despite this, I think we can feel confident about our future.

Vision

Our vision is to become the world's most responsible airline. This is best achieved by ensuring our flying activity is sustainable, and to do so we have devised a series of strategic goals and programme plans to deliver this ambition.

It is clear that the key issue facing British Airways and the aviation industry as a whole is climate change. We take this issue very seriously and will do all we can to minimise our impact through fully supporting the objectives of the Stern* report to achieve the stabilisation of atmospheric greenhouse gas concentrations at a level that would prevent dangerous man-made interference with the climate system.

In recognition of this importance we have established a fifth corporate goal on the environment, focusing on our carbon emissions. This provides a clear signal of our seriousness and commitment to delivering lower carbon emissions through improved technology, more efficient operating procedures and carbon offset and emissions trading activity.

Our target has been set at 83 grammes carbon dioxide per passenger kilometre (83g CO₂/pkm) by 2025, representing a 25 per cent reduction over the 2005 base figure of 111g CO₂/pkm.

We support a comprehensive global approach for aviation to be included in post Kyoto agreements with tough targets to reduce CO₂ emissions.

Governance

In November 2007, we created a new Corporate Responsibility department, led by the Head of Corporate Responsibility. This has brought together our Community Relations and Environment teams, and in June we expanded this team further. The team's activities are overseen by our Corporate Responsibility Board (CRB), which I chair and is attended by Baroness Kingsmill, a non-executive director. In addition, the CRB includes representatives of health and safety, as well as people with responsibility for emerging issues such as climate change, responsible procurement and fuel management. The CRB,

which meets quarterly, is supported by the Corporate Responsibility Team and Corporate Responsibility Champions drawn from across the business.

Strategy

Our approach to Corporate Responsibility has three main components – the vision, goals and programme plan.

We have organised the programme under four streams: Environment, Community Investment, Marketplace and Workplace.

ENVIRONMENT – We recognise that in providing the economically vital service of air transport we have an impact on our planet, so our strategy is to ensure we minimise these negative environmental impacts. This includes consideration of climate change, air quality, noise and waste.

COMMUNITY INVESTMENT – Our strategy is to support community and conservation projects, enabling them to become self-sustaining. These projects are based in the countries we fly to.

MARKETPLACE – Our strategy is to work closely with our customers and suppliers to help us build a more sustainable business.

WORKPLACE – Our strategy is to ensure we deliver a more sustainable work environment for all our colleagues.

We have developed a plan containing over 80 programme level activities and several hundred individual projects. All this aims to deliver our Corporate Responsibility strategy. We have also identified performance goals to measure our progress in each of these four areas.

We believe we now have all the vital elements in place to deliver our overall objective of becoming the world's most responsible airline.

Willie Walsh, Chief Executive

* Stern report November 2006 – The Economics of Climate Change

Highlights

Environment

Emissions

28% improvement

in carbon efficiency since 1990 and we've set a new target to further improve by 25 per cent by 2025

Waste

30% recycled

Heathrow & London Gatwick with amount to landfill reducing by 9.2 per cent

Noise

95% conformance

to continuous descent approach at Heathrow reducing noise for the local community

Air quality

Retrofitted 54

Boeing 777 engines fitted with the latest technology to reduce oxides of nitrogen (NO_x) and improve fuel efficiency

Biodiversity

280 acres

returned to parkland from landfill and other urban uses, adding 10 acres this year and retaining the Wildlife Trust's Biodiversity Benchmark award

Community Investment

Education

45,000 young people

involved in educational activities in our Community Learning Centre since 1999

International projects

130 projects

related to community and conservation in the countries we fly to

Donations

£5.7m

in-kind donations for year 2007/08 (measured by Business in the Community)

Change for Good

£25m

raised over the 14-year partnership with UNICEF helping children around the world

Colleagues

£600,000 raised

through 'Give as you earn'

In 2007/08 we have made significant achievements within all four of our Corporate Responsibility pillars. Some of these are highlighted below.

Marketplace

Customer convenience

11 languages

now available for booking online on ba.com

Carbon offsetting

84,000 passengers

offset their carbon emissions on ba.com in the launch from mid-January to May 2008

Terminal 5 – Our new home

114 seconds

to complete 'Fast Bag Drop' procedures, helping our customers speed through the airport

Responsible procurement

110 hybrid cars

chosen by the UK sales team, emitting just 110g CO₂/pkm

Product

£15.3m

approved for upgrading the customer experience and pursuing Leadership in Energy and Environmental Design certification as part of the terminal upgrade project at JFK Airport, New York

Workplace

Training

235,000 days

of training delivered for the year 2007/08, of which the new entrant cabin crew course achieved NVQ Level 2 accreditation

New entrants

3,100 people

have joined our Company over the past year

Reward

£35m bonus

reward has been shared amongst all employees for the year

Involvement

£611,480 raised

by employees for their chosen charities through our Giving scheme

London 2012

800 volunteer

opportunities created for our staff as part of being a Tier one Olympic sponsor

Environment

Our strategy is to minimise our impact on the environment, with a particular focus on climate change, air quality, noise, waste and resources. Our Corporate Responsibility management system enables us to measure and manage our global impacts.

Our plan

Systems	Management systems Develop our Corporate Responsibility management system to enable us to measure and manage our global impacts.
Fuel efficiency	25% reduction in grammes of CO₂ per passenger kilometre by 2025 Work to identify and implement fuel saving opportunities across our operations, including looking at how we fly, what we fly and where we fly.
Carbon emissions	Carbon trading Work with the EU to finalise the aviation entry conditions by 2012. Further develop our carbon offset scheme for UN-approved renewable energy schemes.
Noise and air quality	Local noise and air quality standards Reduce the impact of aircraft noise and emissions on the community by modernising our fleet and investigating innovative aircraft operating procedures.
Waste	Zero waste to landfill To achieve zero waste to landfill by 2010. Increase recycling to 50 per cent at Heathrow and Gatwick through simple segregation at source. Incinerate all remaining waste, capturing the heat by-product as electricity.
Investment	Research and development Invest in specific projects to help improve the understanding of non-CO ₂ effects in the upper atmosphere. Aid research into alternative fuels for our aircraft and ground equipment.
Engagement	Lead the debate Continue in our leadership role in discussions on climate change with the EU, and related industry stakeholders.

As part of our new fleet purchase, we have ordered 12 Airbus A380s. Environmental performance was one of the key factors in the decision.



© Airbus

Climate change

We realise that climate change is perhaps the biggest long-term challenge we face. It is important to recognise that the atmosphere has no preference whether emission reductions come from aviation or agriculture, from China or the UK. But it does matter that these cuts are achieved in the most economically sensible manner. This message is often lost in the emotional headlines around the issue.

Aviation worldwide accounts for approximately 2 per cent of global CO₂ emissions, and allowing for growth, it is forecast by the UN to produce about 3 per cent by 2050. In comparison, road transport generates about six times as much CO₂ and power generation and deforestation around 10 times as much.

British Airways is determined that the aviation industry plays its full part in reducing climate change emissions. We have led the way in establishing and promoting operational best practice, effective policy instruments and customer engagement towards tackling climate change.

During the year we have made further progress in implementing a comprehensive climate change programme. This includes an extensive reassessment of our carbon footprint, as well as renewed emphasis on our fuel and energy efficiency initiatives, support for carbon trading to address absolute emissions growth, upgrading of our passenger carbon offset scheme and support for scientific research.

Climate policy

We continue to work to secure the timely and pragmatic inclusion of aviation CO₂ emissions into the EU Emissions Trading Scheme in preference to aviation taxes, which we believe are ineffective in tackling climate change.

We believe carbon trading is the most effective way of controlling emissions in an economically sensible manner. So when the UK Government endorsed the introduction of aviation into the EU Emissions Trading Scheme it should have been a decision to welcome. But we were disappointed that the implementation date was delayed until 2012 and not confined to intra-EU airlines.

To impose it on foreign airlines flying into and out of the EU will provoke significant international opposition and lead to further delays in implementation. A preferred approach would be to restrict the scheme to intra-EU travel and negotiate a global framework for addressing inter-continental aviation emissions.

We are actively leading the development of a global agreement in aviation climate policy – both within industry (e.g. at International Air Transport Association (IATA) and as a leading member of the UK Sustainable Aviation Group) and in broader global forums such as the World Economic Forum and the Gleneagles Climate Change Dialogue.

Carbon footprint

We have carried out a reassessment of our carbon footprint, applying the Greenhouse Gas Protocol Standard to aggregate emissions from both direct and indirect sources. The Protocol sets out the guidelines for consolidating and grouping carbon emissions. Scope 1 emissions are derived from the burning of fossil fuels, Scope 2 from the use of electricity at the point of consumption, and Scope 3 are those emissions which are not directly attributable to British Airways, such as those from suppliers, but which we have elected to include as part of our footprint.

Carbon dioxide emissions* (million tonnes)



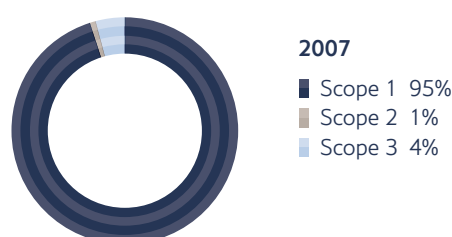
* 2005 and 2006 data represent aircraft CO₂ emissions as previously reported.
2007 data represents the total British Airways plc Group carbon footprint, including aircraft CO₂.

By scrutinising the carbon emissions of our operations including subsidiaries and suppliers, we are now in a stronger position to identify CO₂ reduction initiatives across our Group activities, measure performance and establish relevant goals.

Our carbon footprint in 2007 was 17,714,897 tonnes CO₂.

Environment continued

British Airways plc carbon footprint by scope
(as a percentage of total emissions)



Carbon efficiency

We have developed a company-wide target to improve carbon efficiency, expressed in grammes of CO₂ per passenger kilometre (g CO₂/pkm) by 25 per cent from 111g in 2005 to 83g in 2025. In 2007 our performance was 110.3g CO₂/pkm.

This is now one of our overall corporate goals, signalling the importance of climate change to our business.

Supporting avoidance of deforestation

The felling of forests accounts for 18-25 per cent of global carbon emissions and is accelerating. We are working with Global Canopy Programme to achieve rational valuation of the world's forests, to develop market mechanisms to realise this value and develop sustainable forest management programmes with local communities.

How does carbon trading work?

Carbon trading sets an absolute cap on emissions from the whole economy. Participants are given allowances of permitted emissions. If the allowance is too small, the company must then either cut emissions, for example, by investing in low emissions technology, buying extra allowances from the market, or undertaking a combination of the two. Allowance prices reflect the lowest costs of achieving emissions cuts across the economy.

Climate science

We are supporting a number of climate change scientific research projects. These include work led by Cambridge University to investigate research pathways for improving understanding of non-CO₂ aircraft climate effects, the European Commission's integration of routine aircraft measurement into a global observing system (IAGOS) project which is investigating the feasibility of using aircraft to collect atmospheric data in-flight, and supporting the work of OMEGA, a government formed group to investigate sustainability solutions for aviation.

Carbon efficiency (grammes of carbon dioxide per passenger kilometre)

2007	110.3
2006	110.2
2005	110.8

What is carbon offsetting?

Both carbon trading and offsetting carbon emissions are based on the same idea. By investing in clean technology or renewable energy, we can balance the emissions created by flying by reducing CO₂ emissions elsewhere. The money raised from your offset contribution helps to fund projects that reduce the total amount of carbon emitted, e.g. fuel-efficient light bulbs and human-powered water pumps. The projects often have other health and social benefits, so you can have a positive effect on communities as well as the planet. We have offered an offset scheme through ba.com since 2005.

Carbon offset scheme

In September 2005, British Airways became the first airline to offer its customers the opportunity to offset the CO₂ emissions generated by flying. Early in 2008, we unveiled an upgraded carbon offset scheme, making the offset more user-friendly. Customers are now able to buy an offset at the same time they book their flights in one transaction on ba.com. Initial take up has been encouraging, with almost 84,000 passengers offsetting between mid-January and May 2008. The total carbon volume from these flights was 29,500 tonnes.

Xiaohe Hydro-Electric (Run-of-River) Power Plant, China is one of our carbon offset projects. It is forecast to generate 54,000 MWh of electricity per year and to reduce CO₂ emissions by 36,582 tonnes per year.



The new offset scheme makes use of UN certified emissions reductions to help finance new initiatives in developing countries such as clean energy projects in China and Brazil. Working with our provider, Morgan Stanley, we search for projects that not only deliver carbon reductions but offer real community and economic benefits to the areas they support.

About our carbon offset projects

Ningxia Dalisi Wind Farm, China

Ningxia province is the second poorest region in the country and the average wage is just \$82 each year. In addition, the frequent bouts of drought in this area result in many households not having enough food to eat throughout the year. Access to a clean, reliable source of power is an important step in improving living standards in the region.

Dalisi Wind Farm will have 27 wind turbines, which are projected to supply 82,458 MWh of renewable electricity to local businesses and communities across the Ningxia region each year. Dalisi aims to reduce CO₂ emissions by 78,739 tonnes per year, which is equivalent to taking 17,043 cars off the road each year or 10,108 households' electricity use per year¹.

Faxinal dos Guedes Hydro-Electric (Run-of-River) Power Plant, Brazil

As Brazil's economy has grown rapidly in recent years, so has the country's demand for energy. Some of Brazil's largest coal reserves are in the south, the result of which is that coal is the main fuel for generating power. However, coal releases substantial quantities of CO₂ and is also a major cause of acid rain and harmful air pollution.

This power plant is a unique project for the Santa Catarina region of Brazil. This small, hydroelectric power plant uses the Chapecozinho River to generate clean, renewable electricity and is expected to produce 21,725 MWh of electricity per year. The plant uses the natural river flow with little or no alteration (often described as 'run-of-river') to generate power and has been developed sensitively to minimize the impact on the area's unique plant and animal life.

Faxinal dos Guedes aims to reduce CO₂ emissions by 5,672 tonnes annually which is equivalent to taking 1,228 cars off the road each year or 8,103² households' electricity use per year¹.

Xiaohe Hydro-Electric (Run-of-River) Power Plant, China

In China, demand for electricity has risen in line with rapid economic growth. China has vast reserves of coal, providing much of China's existing energy supplies. However, coal is one of the most CO₂-intensive sources of energy.

The Xiaohe Hydro-Electric (Run-of-River) Power Plant will help reduce regional shortages of electricity by supplying a reliable source of clean, renewable energy. The project, located on Daxia River in the Xiaohe County of Gansu Province, uses the natural river flow with little or no alteration to generate electricity. It is forecast to generate 54,000 MWh of electricity per year and to reduce CO₂ emissions by 36,582 tonnes per year. This carbon saving is equivalent to taking 7,918 cars off the road each year or 4,696 households' electricity use per year¹.

Xiaohe aims to create 30 permanent jobs and 360 temporary jobs, bringing in \$48.20 million via salaries and employee welfare per year. This increase in funding will give people in the region the opportunity to break away from poverty.

Offset fast facts

- Most popular domestic route – Mainland UK to the Scottish Islands of Benbecula and Barra;
- Most popular shorthaul route – London to Luxembourg;
- Most popular longhaul route – London to New York;
- Most offset 9.2 tonnes (for a single passenger);
- Average shorthaul offset volume – 0.2 tonnes (approximate cost £3);
- Average longhaul offset volume – 1.5 tonnes (approximate cost £26); and
- Number of countries where offset sold – 86.

¹ Source: US Climate Technology Cooperation.

² Faxinal dos Guedes Project Design Document

Environment continued

Noise and air quality

Fleet modernisation

At the end of September 2007, we announced the purchase of new aircraft to replace some of our Boeing 767-300 and 747-400s. Environmental performance was one of the key factors in the decision and both the Boeing 787 and Airbus A380 aircraft, powered by Rolls-Royce engines, that were chosen are considerably quieter than the aircraft they replace.

We have calculated that the Boeing 787 has a 30 per cent better fuel efficiency and will emit about 46 per cent less oxides of nitrogen (NO_x) emissions at heights that could contribute to local air quality than the Boeing 767 they will replace.

Similarly, the A380 exhibits 17 per cent lower fuel burn per seat and emits about 10 per cent less NO_x per take-off and landing than the Boeing 747-436 aircraft they will replace.

Noise

Our noise energy Key Performance Indicator (KPI) again shows a slight increase over the previous year as a result of the increased use of our aircraft fleet. However, this is based on certification data, and does not contain the impacts of better noise abatement procedures.

Work continues on the Departures code of Practice and the Group is now meeting at approximately two monthly intervals. Some progress has been made and it is now envisaged that the final 'Code', will include ground operations as well.

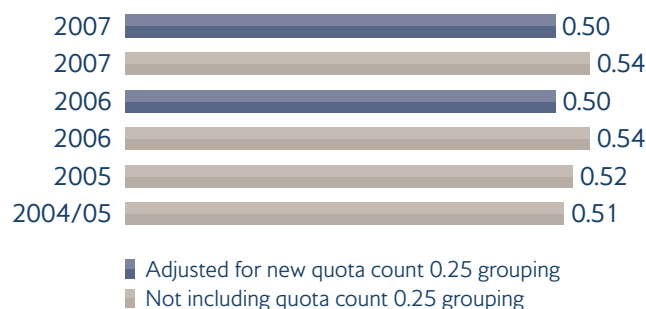
Working with the Sustainable Aviation group, one initiative has been looking at the potential issues surrounding steeper approaches into airports. British Airways has also been helping with trials being conducted at Marseilles airport.

We continue to promote Continuous Descent Approach (CDA) wherever we are allowed to operate the procedure, and investigate ways of further developing it with National Air Traffic Services (NATS) and the aircraft manufacturers. At Heathrow airport, our CDA performance was 95 per cent on track for the last calendar year as opposed to 83.5 per cent for the airport average.

Our track-keeping performance also continues at a high level with 95 per cent on-track at Heathrow compared to 84 per cent for the airport average.

We recorded 47 departure violations at Heathrow airport in 2007, principally as a result of B747-400 departures being delayed into the more stringently regulated night period.

Total noise energy from British Airways aircraft (million 'quota count' equivalents)



Air quality

We continue to use the approved 'assumed temperature method' for reducing our take-off thrust to the lowest available, for as many of our departures as is allowed. This is the most effective way of reducing NO_x emissions that impact local air quality.

We continue to work with the International Civil Aviation Organisation (ICAO) to help develop guidance for modelling aircraft inputs to local air quality.

This year the emissions of NO_x below 1,000ft at Heathrow for our aircraft operations, has shown a slight increase at 1,107 tonnes. Again, similar to our noise KPI, this reflects the increased efficiency of use of our current aircraft fleets.

Total NO_x emissions from British Airways aircraft operations below 1,000ft at London Heathrow airport (tonnes)



At Terminal 5, the Mercedes Citaro Bus is part of a £25 million investment in ground vehicles adhering to the latest exhaust emission standards, meeting the future Euro 5 emission standard.



We are members of the BAA Heathrow Clean Vehicles Programme and have been awarded their Diamond rating, the highest award possible. As part of the programme, we aim to achieve a 5 per cent reduction in the mileage of our ground vehicles by the end of 2008 and a 10 per cent reduction in mileage by 2011.

Less waste, more recycling

The management of resources and waste continues to be a priority issue. The challenge is to manage a complex range of wastes generated by a variety of business activities.

Our aim is to reduce waste at source, but where this is not possible the priority is to find ways to reuse it, whether in whole or part. We are committed to recycling any remaining waste, with an overall goal of reducing our reliance on landfill for final disposal. As technology and facilities become available, we will explore the use of incineration with energy recovery and other compatible methods to avoid disposal to landfill.

Such efforts are having results, with figures showing that the total amount of waste managed through our contracts at Heathrow and Gatwick has decreased by 3.3 per cent to 26,041 tonnes. We have set a target to reduce waste per passenger at Heathrow and Gatwick by 2 per cent per year. In 2007 we achieved a year-on-year reduction of 2.6 per cent.

The proportion of waste at Heathrow and Gatwick disposed to landfill has continued to reduce and is once again some 10 per cent less than the previous year. Currently, 67.4 per cent of our solid waste at these airports goes to landfill (down from 68.4 per cent in 2006). We are working to provide alternative means of disposal towards our target of zero landfill by 2010.

Recycling opportunities come in many different guises. For example, we have built upon our newspaper recycling trial on shorthaul aircraft arriving at Heathrow and have now extended this to some other destinations in Europe. Overall, we recycled 30 per cent of waste at our main operational hubs of Heathrow and Gatwick. This is two points better than the previous year (28 per cent). We have set ourselves a target of 50 per cent recycled by 2010. We have installed new recycling centres at our head office segregating our waste further to include plastic cups and lids and paper beverage cups.

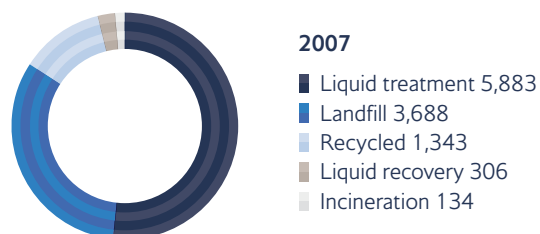
Engineering waste champions

To improve recycling across engineering operations a recruitment programme took place to develop a network of waste champions. All the volunteers took part in a training programme which included visits to waste reprocessing facilities and a waste awareness course certified by the Chartered Institution of Wastes Management. With a greater understanding of the principles of waste management each champion was then able to assess their own work area and produce action plans to improve recycling facilities. Supported by the British Airways Property team and our waste contractor, a number of new segregation schemes were introduced resulting in a decrease in engineering waste sent to landfill.

Waste minimisation and recycling is an important criteria in our procurement process and forms part of a full life cost assessment. During the year, we have continued to work with our furniture management partner Amaryllyis, to reuse and recycle unwanted office furniture.

We also recognise water as a valuable resource and we routinely monitor water consumption whenever possible. We managed to achieve a 9 per cent reduction in our water consumption at our main London hubs of Heathrow and Gatwick, compared to the previous year.

Waste management methods Heathrow and Gatwick (tonnes)



Environment continued

Biodiversity

We are committed to protecting and enhancing Harmondsworth Moor, the parkland surrounding our Head Office. We have now had one complete year of working to the requirements of the Wildlife Trust's new Biodiversity Benchmark for Land Management, and were successfully audited by them again in March this year.

This year, two varieties of Wainscot moths were identified in one of the reed beds in the parkland, and two otter footprints were also positively identified suggesting that these animals had passed through the parkland along one of the river courses.

Harmondsworth Moor has received the Green Flag Award again, which is recognised as setting the national standard for parks and open spaces in England and Wales. This prestigious award has been retained by British Airways for a number of years, with the objective to encourage the provision of good quality public parks and green spaces that are managed in environmentally sustainable ways.

Terminal 5 – Our new home

Environment is at the heart of the design and construction of our new home at Terminal 5 and will continue to be an integral part of its operation.

At the earliest stages of design, the independent Environmental Assessment Advisory Group was established to advise on design and construction to ensure that the impact on the environment was minimised.

Noise and emissions

Reducing noise and emissions was a key consideration in the design and operation of Terminal 5.

Fixed electrical ground power and pre-conditioned air has been provided on all pier stands to reduce the need for using the aircraft's auxiliary power unit when parked on stand, avoiding both noise and local emissions.

An investment of £25 million was made in ground vehicles adhering to the latest exhaust emission standards, including 38 new buses meeting the future Euro 5 emission standard and 150 new electric baggage tugs.

All deliveries to the new terminal go through our local consolidation centre reducing vehicle movements around the campus.

The terminal has a good public transport hub, including a new station providing links to London Paddington on the Heathrow Express and the Piccadilly Line on the London Underground.

Energy

To address energy efficiency, challenging energy targets were set for all the terminal buildings and British Airways airfield buildings.

The main terminal is glazed on all facades, reducing the need for artificial lighting, whilst louvers have been fitted to the southernmost facades to provide shading to prevent solar gain. A lighting management system controls the lighting needs for particular areas at particular times of the day or for certain weather conditions.

Energy-efficient fittings have been installed into the terminal buildings, and chilled water to cool the building is supplied by the efficient ammonia chillers in the Terminal 5 energy centre.

Energy-efficient systems have also been built into our industrial airfield buildings including automated lighting controls, movement detectors, light detectors, and energy-efficient lamps. Building management systems have been installed so that we can monitor and manage our energy consumption effectively.

Water

A terminal with a capacity of 30 million passengers had the potential for a significant impact on the local water supply. By using ground and rainwater, our demand on the public supply is reduced by 70 per cent.

In our Arrivals lounge we have installed vacuum flush toilets that use just 1.2 litres per flush instead of a standard six litres. Our taps and showers are fitted with water-saving devices such as automatic sensors and flow restrictors. Our showers are also aerated, a mix of air and water, to reduce water consumption.

Environment is at the heart of the design and construction of our new home at Terminal 5 and will continue to be an integral part of its operation.



Waste and effluent

Over 97 per cent of all waste from the construction site was reused, recycled or recovered. During operation we are seeking to segregate at source as much waste as possible to meet our recycling targets. Colleagues and our customers are also encouraged to recycle their waste.

Within our staff accommodation areas we have installed recycling facilities for mixed paper, plastics, cans and glass.

We are segregating waste produced in our lounges and will be providing our customers with facilities to recycle their waste. All packaging waste is removed at our delivery consolidation centre.

A segregation facility for the management of hazardous aircraft maintenance wastes has been installed at the head of stand, allowing greater recovery of engineering wastes.

Our state-of-the-art de-icing plant has been designed with controls to prevent the discharge of effluent when filling tankers with fluid. There is a radio frequency transmitter vehicle recognition system that will identify the vehicle and provide details of tank fill volumes.

Our vehicle and chassis wash plant has been designed as a closed loop recycle system. All wash effluent will be recycled, cleaned and reused in the plant.

Sustainable resources

All timber used in Terminal 5 was from a sustainable source. In our lounges we used oak and pear wood from Mehling and Wisemann in Germany for furniture and veneers. This wood is Forest Stewardship Council (FSC) accredited, sourced from the Spessart region of Northern Bavaria. The wood has been smoked and has undergone a chemical alteration process to give it a darker appearance.

We eliminated as far as practically possible the use of PVC in Terminal 5. We approved small amounts of PVC where there was no practical alternative such as in toilet ceilings and vacuum drainage pipe work in our lounges.

We have also been innovative in our choice of materials. The shower pavilions in our lounges are decorated with a faux timber cladding that is in fact recycled plastic milk bottles.

What next?

- Continue readiness for inclusion of aviation in the EU Emissions Trading Scheme;
- Offer customers the opportunity to offset when they use our Manage My Booking facility online, so that passengers can offset at any time prior to their departure;
- Provide additional recycling arrangements at our ground facilities and on board our aircraft. Researching sustainable packaging materials for our on board catering product;
- Support further environmental research, for example, non-CO₂ effects on the upper atmosphere and alternative fuels;
- Continue to develop our programme on avoidance of deforestation with Global Canopy;
- Further develop aircraft operating procedures to minimise noise and NO_x;
- Continue to investigate the impact of emission from tyres and brakes on the local environment;
- Maintain our biodiversity benchmark at our head office; and
- Engage with our suppliers to reduce their carbon footprint.

Community Investment

We believe that consideration to our impact on the environment should resonate beyond our core business. We believe that we should invest our resources in community, tourism and conservation projects where we fly to across our network, and in supporting the local communities where we fly from.

Our plan

Environment	Environmental projects Invest in environmental projects such as renewable energy and 'avoided deforestation' programmes.
Donations	Giving Donate travel awards, cargo, excess baggage, and recycled merchandise in support of our community and conservation programmes.
Education	Learning Invest in education initiatives in communities we fly to. Develop the community learning centre at Heathrow to promote educational opportunities for young people around Heathrow.
Waste	Community awareness Waste minimisation and recycling workshops for students.
Investment	130 projects Invest in our community and conservation projects to facilitate their self-sustainability.
Engagement	Award-winning partnerships Continue to work with UNICEF to raise money for children around the world.

Change for Good, which is transforming the lives of children across the world, has reached its milestone of raising £25 million.



Community Investment – Connecting communities

We are committed to developing strong community partnerships. Our priorities for investment include: education and youth development, supporting our colleagues, environment, sustainable tourism and heritage. In 2007/08 we supported 130 community and conservation organisations in the communities we fly to, donating travel awards, excess baggage, cargo capacity and funding for programmes. The programmes range from internationally renowned organisations such as the Natural History Museum to conservation projects such as the Sheldrick Wildlife Trust in Kenya. Our support is generally for a period of three years, enabling organisations to work towards becoming financially self-sustaining.

Business in the Community reported our total direct and in-kind donations for 2007/08 as £5.7 million. Of these, our direct charitable donations amounted to £398,000. Over the past year we have donated more than £821,000 surplus merchandise, such as blankets to charities in the UK and overseas.

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

Employees fundraising

Over 4,000 retired and current employees donated £611,480 to their chosen charities through our Giving Scheme. In addition, we hosted 10 fundraising events which raised over £160,000 for a range of employee-supported charities. Our colleagues participate in the annual British Airways Fun Run for Cancer Research UK and over the past 14 years have raised in excess of £735,000.



Partnerships through education

In the UK, through our corporate partnership with the Natural History Museum, we have developed programmes to provide opportunities for pupils at Heathrow schools to visit the Museum, meet scientists and experience the work of the Darwin Centre. We are working closely with Reading is Fundamental, a national organisation that promotes reading in schools. We have funded five primary schools in the London Borough of Hounslow, enabling them to participate in the initiative and attend educational programmes at the British Airways Community Learning Centre.

Overseas, we have been working with the Mukuru Promotion Centre in Nairobi, Kenya for over five years, supporting over 4,000 children and their teachers in four schools through the development of education and training programmes. Fifteen teachers have participated in teacher exchange programmes to gain a better understanding of both the UK and Kenyan education systems. This programme will continue to be developed in 2008/09.

The British Airways Community Learning Centre

The British Airways Community Learning Centre is located next to our Waterside head office and has welcomed 45,000 young people and adult learners since its opening in 1999. Interactive, airline focused programmes relevant to the school curriculum are delivered to local school students; they include, customer service, environmental education, languages, Information and Communication Technology and global education weeks which focus on communities in which we operate.

The Sheldrick Wildlife Trust Kenya, supported by British Airways.

Community Investment continued

Change for Good

Change for Good, which is transforming the lives of children across the world, has reached its milestone of raising £25 million.

British Airways has worked in partnership with UNICEF UK on the Change for Good programme since 1994.

Donations are made to Change for Good by our customers on board our aircraft by using envelopes provided in the seatback pocket, headset pack or from a member of cabin crew. To date, we have over 2,400 cabin crew champions promoting Change for Good.

During 2007/08, we raised £1.3 million that was invested in projects in countries that we fly to. Projects that have benefited from customers' donations include:

- Morocco** £100,000 given to a street children project
- Egypt** £200,000 was given to support a street children project in Cairo
- Ghana** £300,000 to benefit a HIV/AIDs school-based prevention project
- Tanzania** £300,000 donated to a community-based care programme for children with HIV/AIDs.

We have also supported emergencies in Bangladesh, £75,000; South Asian Floods £150,000; Darfur, Sudan £75,000 and Myanmar £300,000 as well as donating free of charge cargo space to UNICEF to transport vital supplies to both China and Myanmar. The emergency donation will be used by UNICEF to help supply basic equipment such as water purification tablets, drugs, medical supplies, water kits, oral rehydration salts, latrine pans and tarpaulins to the millions left homeless.

Pat Kerr, formerly British Airways cabin crew, set up Sreepur Village, which provides sanctuary for 600 children and over 100 women.

If you would like to make a donation to Change for Good please go to: www.ba.com/changeforgood.

Sreepur Project in Bangladesh

Pat Kerr, formerly British Airways cabin crew, set up Sreepur Village, which provides sanctuary for 600 children and over 100 women.

Pat Kerr's objective is to provide a refuge for women and children who are alone and in danger. The project provides food and shelter, vocational training and skills for the women in Sreepur and the surrounding communities, as well as education for the children.

The ingredients for handmade paper (water hyacinth and jute) grow wild all around the village. The traditional Bengali paper-making facility has grown and 'Sreepur Village Cards' is today a successful business, employing many of the Sreepur women.

Women make the cards at home, for which they are paid a fair wage without having to leave their children. With the help of British Airways the charity is able to bring the cards back to the UK and return every penny from sales to Sreepur Village.

Sreepur Village cards export worldwide, for more information visit: www.sreepurcards.org.

British Airways in South Africa

In 2003 a partnership was formed between British Airways, the Foreign and Commonwealth Office, the Metropolitan Police Southwark, Charlton Athletic Football Club and the South African Police Service. The aim was to develop strong community partnerships between young people, the local community and the South African Police Service in the



Members of Broadwater Farm United under 13s team visiting 10 Downing Street.



Township of Alexandra in Johannesburg. This was developed through a sports and health education programme. British Airways has supported the initiative by providing flights, cargo space and excess baggage for the partners as well as running health and wellbeing workshops for the young people who participated in the programme.

In 2007 this successful model was extended to two further township communities, Mitchells Plain and Khayelitsha in Cape Town. Since the programme started, over 12,000 young people have participated in the project and 100 youth coaches that include teachers, police officers and local community workers have been trained in the Level 1 Football Association's coaching qualification. This is the first time this qualification has been allowed to be used outside of the UK.

2008 will see the project extending to Durban with a planned national roll-out across South Africa in partnership with the Foreign and Commonwealth Office, the Metropolitan Police, the South African Police Service and Charlton Athletic FC by 2010.

British Airways and JACK

Forty three officers from across the Metropolitan Police, British Transport Police and Essex Police were supported by British Airways who flew the team out to New York to undertake a 36-mile uniformed run around Central Park to raise money for the JACK (Joining Against Cancer in Kids) Foundation. This is British Airways' third year of support. It is estimated that money raised from the NY-LON charity run should reach in excess of £45,000.

Seeing the group off from Heathrow were Commissioner of the Metropolitan Police, Sir Ian Blair and British Airways Chief Executive, Willie Walsh.



One of the Corporate Responsibility team received a borough commendation which is one of the highest police honours in recognition of her dedication and commitment to the JACK appeal.

Broadwater Farm United

Broadwater Farm United is a youth football team started by Classford Stirling, local resident and community worker on the Broadwater Farm Estate, north London. British Airways provided flights, kit and support to the team.

Broadwater Farm United under 13s were selected to represent England in the Tokyo International Youth Tournament in April by invitation from the Governor of Tokyo. The team visited 10 Downing Street to meet with Sarah Brown and Culture Minister Andy Burnham.

What next?

- Work with young people as the official airline of 2012 Olympic and Paralympic games and developed British Airways Olympic Youth Bursary Scheme;
- Develop an innovative centre of learning for the community in the Heathrow area;
- Celebrate 15 years of Change for Good in 2009;
- Continue support for our community and conservation programmes; and
- Further develop the British Airways Global Community volunteering awards for employees to benefit their chosen charities.

Member of Charlton Athletic Football Club coaching children in Cape Town.

Marketplace – customers

Our customers are our business. It is important that we engage and work with our customers to build a sustainable business. It is equally important that we share our achievements with our customers, building our reputation, so that they choose to fly with us time and time again.

Our plan

Environment	Customer-enabled carbon offsetting Provide opportunities for customers to offset their travel-related carbon emissions simply and conveniently.
Wellbeing	Customer experience Work with stakeholders to provide improved customer service across the passenger journey, from booking to destination.
Tourism	Sustainable tourism Work in partnership to deliver a vision and strategy for a sustainable outbound UK tourism industry.
Waste	Customer facilitation Implement opportunities for our customers to recycle their waste during their journey.
Investment	Products and services Investing in innovative and sustainable products and services that enhance the customer experience.
Engagement	Customer engagement Actively listen to the views of our customers, through market research, focus groups, and other engagement channels.

Terminal 5, Heathrow is a state-of-the-art building and will progressively offer a smoother check-in, and enhance the customer experience.



Customer engagement

ba.com

In January 2008, we upgraded our Corporate Responsibility website 'Respecting our World.' The site features the four key Corporate Responsibility areas of Environment, Community Investment, Marketplace and Workplace. It also provides information on responsible growth for aviation, future Heathrow development plans and information on responsible travel.

Also, in January 2008 we significantly upgraded our carbon offset scheme for passengers, introducing a highly-visible, 'one click' option into the booking process on ba.com. Customers now have the option to offset the carbon emissions of their journey when they book their ticket, with all proceeds going towards UN-certified emission reduction projects.

On board our aircraft

We introduced 'The Green Wing' in our High Life magazine, a column dedicated to the CEO answering questions on concerns about the effects of aviation on the environment. We have also had regular Corporate Responsibility features in both High Life and Business Life magazines.

Customer experience

The wellbeing of our customers is extremely important to us. Every year, we research and listen to the views of over 600,000 customers. As a result we continually seek to offer a range of high quality products and services to meet the needs of our customers.

Terminal 5 customer experience

	The opening week	First switch performance (excluding week one)	Performance since switch two (from June 11 2008)	Best performance	Target
Fast bag drop time	133 secs	124 secs	114 secs	81 secs	121 secs
Departures leaving within 15 minutes	22%	61%	79%	87%	63%
Regularity (how much of our planned operation we delivered)	84%	98%	100%	100%	100%
Missed bags per 1,000 passengers	195	55	27	22	31
Average taxi time to stand on arrival	14 mins	10 mins	8 mins	8 mins	–
Average time of bags to carousel	39 mins	25 mins	22 mins	19 mins	–
Arrivals punctuality	16%	38%	58%	72%	–

Data from 27 March 2008 to 11 June 2008.

Kids' Council

This year, we have also sought the advice of young travellers through our newly-launched Kids' Council, the first group of its kind of any airline. The Kids' Council provides young people with the opportunity to genuinely influence the British Airways flying experience. Children from Hong Kong, Uganda, Mexico, Nairobi and South Africa flew to Heathrow to join Council members from the UK. When asked what they would like to see more of on board, technology was top of the agenda.

Club World

The Club World product has recently been redesigned. In 2007/08, we finished fitting the new Club World cabin to all our Boeing 747 aircraft and have been preparing to introduce it on our Boeing 777s. The new cabin combines comfort, control and privacy. It features club kitchen where customers can find a wide range of hot and cold food. A newly designed seat, a softer mattress, memory-foam headrest and cosy quilt mean that customers can comfortably stretch out on a fully flat bed and sleep in privacy behind a touch button screen.

Terminal 5

Preparing for our move to Terminal 5 has been a major focus this year. The building boasts a wide range of options for eating, drinking and relaxing as well as the world's largest lounge complex for premium passengers. Environmental excellence was at the forefront of the design and delivery of this project. Despite the initial difficulties on opening, this state-of-the-art building will progressively offer a smoother check-in, and improves customer flow through the airport. In the table below, you can see our progress on these fronts from opening and through the switches.

Marketplace – customers continued

Audiovisual on demand

Our new in-flight entertainment system is now available on all our Boeing 747s and Boeing 767s, offering increased choice and control to our customers with more than 200 movies, TV shows, audio options and interactive games. We have seen marked improvements in satisfaction among passengers who have used the new system.

Service style

We are committed to providing excellent service and this year we have updated and modernised our service style vision, driven directly by feedback from employees. We are now making sure everyone is aware of the new service style to help them offer a brilliant service across all areas of the business.

Baggage policy

As a result of the lifting of hand baggage restrictions by the UK Department for Transport, with the exception of Newquay airport, we were able to reintroduce our hand baggage allowance of two pieces for all passengers travelling to, from and through UK airports.

We also launched our new checked baggage policy. First and Club World passengers are now entitled to three bags. In addition, unlike many of our competitors, all of our customers are now able to carry, free of charge and in addition to their normal checked baggage allowance, one piece of sporting equipment, from our defined list of sporting items.

British Airways World Cargo

In September 2007, the LIFT loyalty and reward programme was launched to support key regional customers. The programme is the first of its kind in the air cargo industry and this is reflected in the high level of customer enrolment. Premia, our new premium products facility at Heathrow, has seen its first full year of operation. Volumes of specialist and time-sensitive cargo have increased significantly as our customers have recognised the added value that our new building provides to the logistics supply chain.

What next?

- Holding corporate customer forums to exchange information and develop ideas and initiatives, to work together to build a sustainable business;
- Developing our responsible traveller programme and work in partnership to deliver this;
- We are partnering Forum for the Future, ABTA, and the transport and tourism industry in a project to develop a high level vision and strategy for a sustainable outbound tourism industry;
- We will pursue Leadership in Energy and Environmental Design certification for our building project at our terminal building at New York's JFK airport;
- Take delivery of four Boeing 777-200 ER aircraft during early 2009. These aircraft will continue our commitment to deliver the best travel experience to our customers;
- Communicating our key environmental initiatives in our lounges, and installing recycling bins in our lounges;
- Upgrading the existing estate of over 50 British Airways lounges. Environment will play a key in the refurbishment;
- Holding a second Kids' Council to listen to the opinions of our youngest customers, and developing an online kids' forum to allow more children to tell us their views; and
- Continue to improve our First Class catering with a move towards seasonal menus, with an emphasis on locally sourced and produced food.

Marketplace – suppliers

We value the vital role our suppliers play in supporting our customers and our operations. We work in partnership to deliver responsible procurement across our supply chain.

Our plan

Environment	Environmental impact Reduce the environmental impact of our supply chain with a particular focus on carbon footprint.
Wellbeing	Ethical sourcing Ensure good working conditions throughout the supply chain.
Diversity	Supplier diversity Encourage the diversity of the supply chain and workforce, and ensure equal opportunities for all suppliers.
Waste	Supplier awareness Build consideration of waste minimisation and recycling into the procurement process.
Investment	Technology and process Work with our suppliers to invest in new technologies and innovative processes, recognising investment may require longer payback periods.
Engagement	Supplier engagement Actively listen to the views of our suppliers, and work in collaboration with them to deliver our responsible procurement strategy.

Marketplace – suppliers continued

Supplier market

Overall supplier costs, excluding fuel, were held flat over the year, despite significant inflationary pressures on suppliers' own costs.

We had a busy year with our suppliers, with a number of major sourcing projects either started or completed during the period. We placed new aircraft orders with Airbus and Boeing for 12 Airbus A380 and 24 Boeing 787 aircraft. We have also begun to review our in-flight catering needs at Heathrow, with a new supply contract required by March 2010. Additionally, the launch of our OpenSkies subsidiary in mainland Europe, and direct flights from London City to the US, will mean new work with suppliers.

Supplier risk

Our procurement team records and measures risk across our most important suppliers. We have currently identified 25 suppliers who, if they ceased trading or experienced severe operational 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 at risk.

In addition to managing risks relating to key suppliers, we also routinely monitor the financial health of a number of other critical suppliers using monthly Dun & Bradstreet company reports. This information provides an early warning of increased risk.

We use Business Continuity Plans to cover the risks of supply failures from our key suppliers and we test these plans regularly. Equally, we make sure contingency plans are in place to respond to any supply interruption, from securing alternative suppliers, switching to the use of our own resources, or scaling down the services required.

Payment performance

We have again made good progress on paying suppliers promptly. On average, 88 per cent of payments were on time in the UK for the year ended March 31, 2008. This compares with 84 per cent in the preceding year.

Next year our aim is to maintain this momentum and eventually to achieve a target of 90 per cent on time payments worldwide. Increased use of e-invoicing and purchasing cards will help us in this effort.

We are a signatory to the Confederation of British Industry 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, 2008 is calculated in accordance with the provisions of the Companies Act 1985 and was 33 days (2007: 34 days).

Procurement delivery

We are committed to driving spend through preferred suppliers. In December 2007, 97 per cent of our external spend was with 2,050 suppliers and they have been awarded formal preferred supplier status. We have also focused on ensuring our spend is committed through our approved order-based process, and in December 2007, 99 per cent of spend was through this process.

What we have achieved so far

At the end of September 2007, we announced the purchase of new aircraft to replace some of our Boeing 767-300 and 747-400s. Environmental performance was one of the key factors in the longhaul purchase decision. The engines that power both the A380 and Boeing 787 are cleaner and quieter than the engines they replace.

In November 2007, working with London Remade and Action Sustainability, we evaluated British Airways procurement against the Flexible Framework developed as part of the Sustainable Procurement Task Force recommendations. The result of this evaluation has helped develop the next steps in our process.

Our customers are now able to enjoy 100 per cent Rainforest Alliance coffee onboard flights – making a valuable contribution to sustainable development. The coffee comes from farms that have been certified by the Rainforest Alliance. The farms are only given certification if they have met strict guidelines on all aspects of production, including protecting the environment, the rights and welfare of workers and looking after the interests of coffee-growing communities.

We work with our suppliers to invest in new technologies and innovative processes that enhance the customer experience.



Our worldwide furniture management contract with Amaryllis promotes waste minimisation, including the reuse and recycling of office furniture.

We invested £25 million in new fleet and equipment for Terminal 5, including 38 new buses that meet the future Euro 5 standard.

We adhered to a strict materials strategy in Terminal 5 to reduce the use of environmentally sensitive materials. In our lounges all our furnishings are manufactured using timber from sustainable sources. The carpets are PVC-free and completely recyclable. At the end of their life they will be recycled into more backing and more nylon for new carpet. The shower pavilions are decorated with a material that looks like timber but is in fact made from recycled milk bottles.

Following a rigorous procurement process which took into account lifetime carbon costs, we are replacing our sales car fleet with Honda Hybrid Civics, reducing our car fleet CO₂ emissions by a third.

We have recently engaged with selected suppliers to identify a service partner to provide aircraft catering at Heathrow and Gatwick from 2010. At the outset, the challenge was set to achieve a 'quantum leap in environmental performance'. Suppliers were encouraged to look at novel and innovative use of technology, materials selection and product sourcing. In particular, emphasis was focused on energy conservation and the minimisation of packaging and waste.

We have been working with Grundon, our waste management service partner, to identify ways to minimise waste, increase recycling and reduce dependency on landfill. Although waste is segregated for recycling or placed through a materials recycling facility, a proportion is still sent to landfill. We have recently negotiated capacity at the local Waste to Energy plant operated by Grundon. This is expected to come online in the autumn of 2008. To ensure that this option is available into the future, we have extended the duration of the contract beyond the normal period of five years.

What next?

- Communicate to our buyers our responsible procurement objectives. We are planning a number of training workshops to engage with our procurement professionals;
- Communicate our Corporate Responsibility requirements to our suppliers, and work with them to develop competitive advantage in this area;
- Continue to survey potential suppliers to assess their Corporate Responsibility credentials, we will look at using independently-held, self-certification data to better inform supplier selection decisions;
- Hold a supplier forum to engage with our suppliers on our priority impacts;
- Continue to develop effective performance measures;
- Continue to be innovative in our approach to product/service selection; and
- Identify additional partners to help us achieve our responsible procurement strategy.

Workplace

We provide a working environment that motivates, engages, supports and develops our colleagues. Our strategy is to deliver a more sustainable working environment for all, and make British Airways a great place to work.

Our plan

Environment	Carbon footprint education Launch campaigns to help our colleagues understand the size of their own carbon footprint and what they can do to reduce this.
Wellbeing	Responsible employer Provide a working environment that motivates, engages, supports and develops our people, through the change programme.
Diversity	Diversity and inclusion Recognise the value of how the diversity of our colleagues contributes to our business and its success.
Waste	Awareness Heighten awareness of waste reduction options, and improve the convenience of recycling in the workplace.
Investment	Responsible colleagues Invest in infrastructure to enable all of us to be more environmentally responsible such as through developing our car sharing and cycle to work schemes.
Engagement	Recognition and reward Increase our network of Corporate Responsibility Champions across the business to drive responsible behaviour, engage individuals locally, and identify local opportunities. Provide reward for individuals who have gone beyond the call of duty in terms of Corporate Responsibility.

Colleague involvement continued to be a key focus during the year. Colleagues are asked to give their views and opinions on a wide range of topics every year via the Speak Up! opinion survey, administered by Ipsos MORI.



British Airways values

We have defined our corporate values as part of the business planning process. All training programmes now contain a module which helps customer service colleagues understand how they can demonstrate commitment to our values in the work they do – safe and secure, responsible, warm, thoughtful, professional and British. Our recruitment processes have been redesigned to make sure we select people who can clearly demonstrate these essential values.

A new change programme

We have recently embarked on a culture change programme that will transform British Airways into an organisation where innovation, growth and clear customer focus are the defining qualities.

The programme has five main themes:

- Colleagues – engaging our people to make British Airways a high performance workplace;
- Customers – focusing all our people to deliver consistent customer service;
- Partnerships – developing and maintaining world-class partnerships with all key stakeholders, both internal and external;
- Performance – creating a performance-based culture; and
- Operational efficiency – driving continuous improvement, short and long term.

This work, led by the Leadership team, involves and engages employees right across our business.

Training

We delivered 235,000 days of training during the year, including 30,000 training days to staff at Heathrow to support our move to Terminal 5. Over the past year, some 3,100 people have joined our Company. This has required a high level of induction training. We have refreshed our new entrant training programmes to make sure they reflect the priorities in our business plan.

Following the government review of vocational education, led by Lord Leitch, we have explored how we can invest more effectively in the development of our employees to build both their skills and educational standards. We have become the first national airline recognised as a training centre by the City & Guilds and, from February 2008, all new entrant cabin crew will achieve an NVQ Level 2 qualification on completion of their training. It is envisaged that further internal training programmes will become accredited and that employees undertaking courses will achieve nationally recognised qualifications.

Colleague involvement

Involvement of all colleagues continued to be a key focus during the year. Colleagues are asked to give their views and opinions on a wide range of topics every year via the Speak Up! opinion survey, administered by Ipsos MORI.

Results from the last survey showed significant improvements over the 12-month period in the perception of the effectiveness of line managers. However, despite these positive trends, the overall response rate to the survey – at just 35 per cent – was low. Colleagues expressed concerns about our ability to provide excellent customer service, reflecting some of the difficulties over the summer caused by increased security arrangements at UK airports.

Leadership development

Leadership was a significant priority during the year. We have developed a number of programmes to improve the capability and performance of our leaders. These included a one-day programme for all managers, called 'Leading the Business', which focused on the challenges of managing change, engaging employees and delivering results to support our business strategy. As a result of this programme, a leadership website has been developed which provides information and training materials to help managers with all aspects of their roles.

Other development programmes included a three-day 'Leadership Matters' programme aimed at developing world-class leaders throughout the airline, including our pilot and cabin crew communities.

There will be increased focus on talent and leadership development over the coming year as we build the capability we need for growth.

Workplace continued

Employee relations

During the year, we consolidated our UK operations in six regional airports, and transferred ground roles to third-party ground handlers. This affected some 1,000 employees. Those affected were helped to find alternative employment both inside and outside the airline.

Since May 2007, we have held 113 full-day change implementation forums with employees represented by trades unions. As a result, a further 55 key implementation agreements were completed, delivering extensive change to working practices, industrial agreements, operational processes and support systems in readiness for the consolidation of our operations in Terminal 5.

Following the threatened cabin crew strike of early 2007, we committed ourselves to a fresh start. Since then we have continued to implement the settlement that was reached and to develop a better relationship with our cabin crew trades union.

Within Flight Operations, we have agreed radical changes with the trades union in a far-reaching agreement on work coverage. This has involved changes to rostering rules, work bidding practices, overtime payments and reserve establishment.

We notified BALPA that we thought strike action would be unlawful, and BALPA did not call a strike.

Our Industrial Relations Change Programme is continuing. This brings together trades union representatives and managers in specific training and action planning events, to help us find ways to solve problems together and involve colleagues across the business.

Reward

We operate two funded principal 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 we commenced a new defined contribution scheme, the British Airways Retirement Plan (BARP).

In February 2008, we also introduced a SmartPension arrangement, which allows our UK-based employees to make their pension contributions in a more tax-efficient way. The changes were introduced with trades union support and around 90 per cent of those eligible are now benefiting from this arrangement.

We operate an Employee Reward Plan (ERP) allowing our non-management workforce to share in the success of the business. The plan, introduced in 2005, awards amounts to employees based on our performance against a balance of financial and non-financial measures. These measures cover operational, customer and financial performance and the plan helps to reinforce the importance of all the various factors that affect our overall performance.

Management bonus schemes use the same financial and non-financial performance metrics as the ERP, but also include employee involvement as a further measure. Our managers are also rewarded for their individual contribution towards achieving the Company's goals and targets.

We also operate a recognition scheme, known as Bravo. The scheme enables people across our business to be recognised for their efforts and achievements.

Diversity and inclusion

Our Diversity team launched a new Diversity and Inclusion Strategy during the year. This has two simple aims. Firstly, to ensure that everyone understands why and how diversity is important to us and, secondly, to ensure that diversity is integrated into every part of the business.

In the first phase of the strategy we used a survey, interviews and focus groups to find out and discuss what harassment and bullying meant, and how awareness about this could be raised. A booklet and film were produced and these have been distributed across the business. Further work on how bullying cases are resolved and on the role mediation might play in tackling harassment are also being explored.

Baggage and loading staff have completed their manual handling training whilst cabin, flight, engineering and cargo crew are scheduled to start training later in the year. Each training programme will focus on risks associated with the specific roles and we will do a root cause analysis with employees who report an injury.



We focused on religion and belief throughout the year and successfully defended an employment tribunal in November 2007 in this regard. We have become a steering group member of a new organisation called 'Employers Forum on Belief' and we have established a new interfaith network group which meets to discuss all aspects of religion in the workplace such as prayer rooms, catering and uniforms.

We also sponsored Gay Pride in London in July 2007. As well as having a positive commercial impact, there was also an opportunity for our people to show their solidarity by marching together.

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 front line employees are trained in disability awareness to increase their knowledge about disabled customers and colleagues.

We are also constantly looking at how we can improve our journey experience for disabled travellers. We have put into place a disability strategy for the next four years, called 'Building Ability towards 2012', which covers many areas and will ensure that we can meet the needs of all our paralympic athletes.

Gender profiles

Total employees

Women 43%
Men 57%

Senior managers

Women 27%
Men 73%

Managers

Women 37%
Men 63%

Absence

We have continued to manage absence carefully and the latter part of 2007/08 has seen the previous decline in attendance start to improve, despite some trade union unrest and a challenging operating environment. Overall, this recovery has resulted in the annual headline absence figure holding at 11.7 average days per person per annum.

Through our Absence Management Policy, we support our employees' absence, with managers undertaking return to work discussions with colleagues after each and every absence. British Airways Health Services provide occupational health advice, consultation, and guidance for intervention plans, and work with BUPA for additional support. HelpDirect provides individuals with confidential personal support.

Absence – average days per person per annum

January 2008 11.7
2003 baseline 16.7

Health and safety

In 2007/08, there were a total of 23 major injuries recorded across our business. The majority of these injuries related to employees slipping or tripping.

Manual handling injuries continue to be the most common injury. In conjunction with our employer's liability insurers, we are introducing a series of focused training programmes across our business. Baggage and loading staff have completed their training whilst cabin, flight, engineering and cargo crew are scheduled to start training later in the year. Employees injured whilst at work are able to benefit from a company-sponsored rehabilitation programme. This benefit has been extended to employees who are injured away from work to help them return to work as soon as possible.

Our behavioural safety programme, Rampsafe, continues to deliver safety improvements with a reduction in damage to aircraft and equipment.

Workplace continued

Employment tribunals

During 2007/08, the Group was served with 69 new proceedings in the Employment Tribunals. Of these, eight claims were multi-applicant proceedings, i.e. there is more than one claimant. Seventeen of the claims were for unfair dismissal, or unfair dismissal plus other claims of which none were discrimination claims. Thirty of the claims were for discrimination, or discrimination plus other claims. For the first time, therefore, the number of claims including a discrimination element outweighs the number of claims for unfair dismissal.

What next?

- Recruit more Corporate Responsibility Champions and Ambassadors from across our airline;
- Facilitate everyone having the opportunity to understand their personal carbon footprint through providing a carbon calculator;
- Enhance our reward and recognition programme for individuals who have gone beyond the call of duty in terms of Corporate Responsibility;
- Launch our new corporate change programme to re-energise and engage all of us; and
- Develop our company travel plan, providing facilities to enable people to cycle to work and to car share.

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