



Who we are

British Airways is one of the world's leading global premium airlines and the largest international scheduled airline in the UK. We fly our customers at convenient times to the best located airports across the world.

Our principal place of business is London, we have a significant presence at Heathrow, Gatwick and London City airports. Some 20 million people live within commuting distance of these airports, on the doorstep of the City of London, the world's largest premium travel market.

We also operate a worldwide air cargo business, largely in conjunction with our scheduled passenger services.

Together with our joint business agreement, codeshare and franchise partners, we fly to more than 400 destinations worldwide.

We support the UK economy by providing vital arteries for trade and investment, meeting the demand for both business and leisure travel.

Where we fly to



Our mainline network of destinations worldwide.

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Chief Executive's message



Even though these are extremely challenging times for British Airways and the airline industry, I continue to see our Corporate Responsibility programme as a core part of our business strategy. Aviation is an economically vital activity generating employment and wealth across the world and thus it is important to everyone that we strive to develop a truly sustainable industry. At British Airways we are fully committed to playing an active role in achieving this goal. Our ambition is to lead the airline industry in responsible behaviour."

Our approach to Corporate Responsibility

Corporate Responsibility is a key part of our company's business plan. Despite the current economic uncertainties, at British Airways we have fully protected the level of resources to maintain our commitment to One Destination, our Corporate Responsibility programme. British Airways has led the airline industry in setting ambitious and challenging targets, including a carbon efficiency target, an absolute emissions reduction target, noise reduction targets, targets to improve our level of recycling and fund raising targets for Flying Start.

Flying Start is our new flagship charity partnership launched in June 2010 which helps to raise money for Comic Relief through generous donations from customers onboard our aircraft and through a variety of exciting activities and initiatives led by our colleagues across the airline.

British Airways' commitment to Corporate Responsibility is also demonstrated through innovation and creative thinking on issues of sustainability. This includes our partnership on biofuel development with Solena, a US technology company, our joint biofuel testing programme with Rolls-Royce, aircraft trials with low friction coatings to improve fuel consumption and our Forest Footprint Disclosure (FFD) initiative, where we measure and take action to reduce our impact on deforestation, a leading cause of global carbon emissions.

Environment

Our Environment strategy focuses on assessing and minimising the impact of our business on the environment. Our key areas of focus are climate change, air quality, aircraft noise, waste management and fuel efficiency. We also work closely with policy makers to influence the development and implementation of effective environmental regulation.

Community

Our Community strategy focuses on delivering financial and humanitarian support to numerous initiatives in the UK and in many of the countries that we serve. Our team focuses on education programmes, conservation and community projects and Flying Start.

Marketplace

Our Marketplace strategy responds to customer demand for more responsible air travel with particular attention given to recycling, carbon offsetting and supply chain sustainability. Work is carried out to ensure we manage and audit our suppliers and that Corporate Responsibility principles are adopted throughout the customer journey. Parallel to this, our Diversity team ensure that particular attention is paid to our customers with additional needs and mobility issues.

Workplace

Our Workplace strategy aims to integrate Corporate Responsibility principles throughout the organisation. Our Diversity team provides training and advice on discrimination laws, promotes inclusion and works to eradicate unacceptable behaviour.

In addition, over one hundred of our colleagues volunteer to champion the One Destination programme across the airline.

“ I am proud to see that our continuing efforts on Corporate Responsibility along with our plans for the future have been recognised. This year we have received awards from the World Biofuels Markets, with the award for our Biofuels Adoption programme, the Business Travel Award for Best Corporate Responsibility Programme, the Institute of Travel Management Icarus Sustainability Award and the Airline Business Magazine Airline Strategy Award for our environment programme. I truly believe that through actions like these we can create a sustainable aviation industry giving global communities the opportunity to continue to enjoy the benefits provided from flying.”

Keith Williams - CEO

At British Airways we recognise that the key environmental issue facing the industry is climate change. Today the airline industry represents approximately 2% of global CO₂ emissions with this share increasing as the airline industry continues to grow.

British Airways' position on climate change

In recognition of the importance of this issue we have an extensive climate change programme which we describe through our external and internal activities.

Our external activities primarily involve working with the global airline industry and governments to ensure there will be efficient and cost effective climate change regulation for our industry. A key element of this work is the development of a globally agreed industry vision to adopt a harmonised global approach with ambitious CO₂ reduction targets.

The internal activities include those that reduce British Airways' carbon emissions ranging from carbon saving initiatives, to purchasing of new fleet and development of opportunities from sustainable biofuels.

Through this programme we believe we can play our full part in addressing the climate change challenge.

British Airways governance

Our One Destination programme is managed by our Environment team. We have recently enhanced the governance of our Corporate Responsibility programme which is overseen by the British Airways Leadership Team chaired by our CEO, Keith Williams. In addition we have established a Corporate Responsibility Board Committee chaired by Gavin Patterson, British Airways Non-Executive Director.

Environmental Compliance Group

The Environmental Compliance Group (ECG) was formed in 2010. It brings together representatives from around the company to ensure that our environmental programmes and risks are appropriately managed. Meeting quarterly, the ECG monitors compliance with regulation and company policy, and assesses developments in environment legislation with recommendations for future compliance. It also enables us to trend performance against key measures and share best practice.



Highlights and achievements

Although the past year has been extremely challenging, we have made some exciting progress in our key areas.

Flying Start

In June 2010 we successfully launched Flying Start our new charity partnership with Comic Relief.



11,650

11,650 students have successfully passed the Language Flag Award programme tests since its introduction in 1999.



500,000

Almost half a million customers have offset their emissions through the British Airways carbon offset scheme since 2008.



£1.5 million

Since July 2010 £1.5 million in fuel burn has been saved through reduced use of Auxiliary Power Units, the power source used when aircraft engines are switched off.



3%

We have reduced waste to landfill at Heathrow and Gatwick to about 3% through the use of a local energy from waste facility and an increase in the level of recycling.



Airline Strategy Award

British Airways received 4 awards for its environment programme including the Airline Strategy Award for the Environment.



Recycling


In 2010 we recycled 45% of our waste at Heathrow and Gatwick, 6% more than in 2009.



Forest Footprint

2010 saw British Airways achieve Forest Sector Leader under the Forest Footprint Disclosure project. We were the first airline to participate in the programme.



A high-angle photograph of a large blue and white aircraft engine on a tarmac. The engine's internal fan blades are visible through the open intake. A technician in a white uniform is walking in the foreground, providing a sense of scale. The engine is mounted on a yellow support structure.

Our business inevitably has
an impact on the environment.
We work on mitigating and
minimising our emissions
globally throughout our
environment programme.

Environment



At British Airways we take our environmental responsibilities very seriously. We understand that while the air transport services we provide are vital to the social and economic welfare of the UK and the countries we serve, they also have an impact on the environment.

As such, we aim to set the standard in responsible aviation. We have an extensive programme covering not only our carbon footprint but also the important areas of noise, air quality and waste management.

This report provides details of our Corporate Responsibility programme and the work we undertake to ensure we continue to improve our environmental performance."

Lynne Embleton, Director of Strategy and Business Units

Our targets

Carbon efficiency

- Achieve 25% reduction in grams of CO₂ per passenger kilometre (gCO₂/paxkm) from 111 in 2005 to 83 by 2025.
- Reduce our net CO₂ emissions by 50% by 2050 over the 2005 baseline.

Noise

- Reduce our average noise per flight by 15% by 2015.

Air quality

- Meet the overall air quality targets set for Heathrow, through continued improvement of our operating procedures and modernising our fleet.

Waste management

- Increase our overall level of recycling to 60% by 2015.

Overview

We welcomed the progress made at the International Civil Aviation Organisation (ICAO) General Assembly in October 2010 where the 190 member states agreed to the aspiration of achieving Carbon Neutral Growth (CNG) from 2020. This is consistent with the global airline industry vision for a sector-wide approach enabling CNG by 2020 and a 50% reduction in net emissions by 2050.

British Airways has long supported carbon trading as the most cost effective tool to manage CO₂ emissions from aviation. During 2010 we made important progress to meet our requirement for entry into the EU Emission Trading System.

We have had discussions with the UK government and the European Union to encourage the development of policy frameworks for the introduction of sustainable aviation fuels. We have also continued to collaborate with our partner Solena on Europe's first sustainable biojet plant, converting waste materials into sustainable alternative fuels. In addition we are conducting a series of tests on biofuels working with Rolls Royce.

Noise is also a significant issue for us particularly in considering the environmental impacts on our local communities. We continue to reduce our average noise per flight year on year and support UK airports and local communities in researching further ways to reduce our noise impact.

This year we made significant progress on routine use of aircraft stands, which lowered the level of emissions helping improve local air quality.

Our recycling performance continues to improve with facilities now extended to all the UK regions where we operate.

Climate change

We are determined that aviation plays a full and proportionate part in tackling the urgent challenge of climate change.

The objective of the international community is to limit greenhouse gas concentrations in the atmosphere such that global temperatures do not increase by more than 2 degrees Celsius. By 2050, emissions must be reduced by at least 50% to meet this objective, and this is the basis for our emissions targets illustrated in the chart.

Our climate change programme focuses on the following key areas:

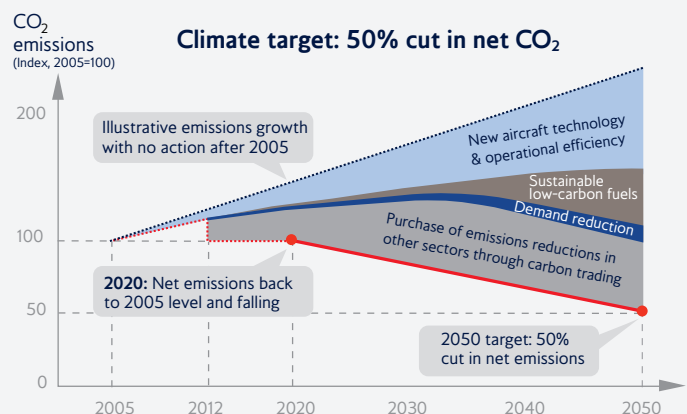
- ✈ Securing a global sectoral policy regime with ambitious long-term CO₂ reduction targets.
- ✈ Improving our carbon efficiency.
- ✈ Developing the potential of low-carbon fuels.
- ✈ Supporting scientific research into the impact of aviation on climate change.

Securing a global sectoral policy regime

British Airways is playing a leading role within the aviation industry in developing and promoting robust global climate policy through the International Air Transport Association (IATA) and a dedicated group of companies called Aviation Global Deal (AGD).

We believe that governments should collectively adopt a framework for reducing aviation emissions based on carbon trading that is applied equally to all airlines. Instead, we are currently seeing a build up of uncoordinated, environmentally ineffective, national and regional measures that will cause unintended distortion in markets. Distortions occur when some airlines face higher climate policy costs than others in the same market.

At their October 2010 International Civil Aviation Organisation (ICAO) assembly meeting, governments took a positive step by adopting a resolution that introduces the concept of a global sectoral framework for managing aviation CO₂ emissions. In addition there was an agreed aspiration to deliver a target to cap emissions by 2020 including outline principles for environmental economic measures. Considerable effort will be required from both governments and industry to further strengthen and elaborate a global climate policy for aviation, and British Airways is determined to proactively contribute to this effort.



Key

- ✈ The upper dotted line represents projected emissions if the industry does not invest in new technology and governments do not introduce policy measures.
- ✈ The 'New aircraft technology & operational efficiency' area represents savings from new fuel-efficient aircraft and operational improvements.
- ✈ The 'Sustainable low-carbon fuels' area represents the benefit from using low-carbon biofuels.
- ✈ The 'Demand reduction' area represents the reduction in flying due to the inclusion of carbon costs in air fares.
- ✈ The 'Purchase of emissions reductions' area represents the emissions reductions made in other sectors through carbon trading.
- ✈ The lowest line is the net emissions level achieved after all emissions reduction actions have been implemented.

EU Emissions Trading System

British Airways has long supported carbon trading as the most cost effective tool to manage CO₂ emissions from aviation. It works through the allocation and trading of carbon allowances - one allowance represents one tonne of CO₂.

An overall limit, or 'cap', is set on emissions. Operators are then required to ensure they have sufficient allowances to cover their emissions and can buy or sell allowances should they emit above or below their cap.

In 2010 the aviation industry passed an important milestone with airlines

benchmarking their flying activity. This will provide a basis for the future allocation of allowances.

During 2010 we have:

➔ Complied with all requirements under the EU Emissions Trading System (EU ETS).

- ➔ Gained Third Party Verification for all activity data in 2010 and submitted a verified EU ETS report to the UK Environment Agency.
- ➔ Implemented new procedures to meet our EU ETS requirements.

Carbon efficiency

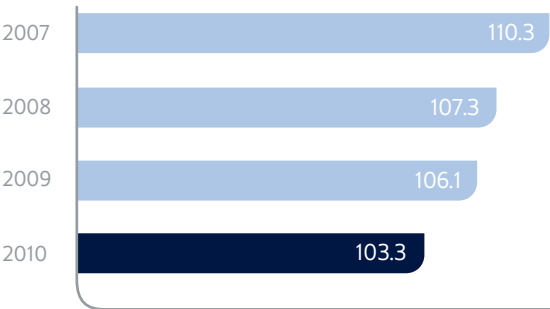
Our target is to improve our carbon efficiency by 25% by 2025 from a 2005 baseline. In 2010 our carbon efficiency was 103.3g CO₂/pax km.

The improvement can be attributed to a number of factors, including the retirement of some of our older Boeing 737 and 757 aircraft and the introduction of newer extended range Boeing 777s to our longhaul fleet which are 15% more fuel efficient per seat than Boeing 747-400 aircraft. In addition, passenger load factors improved in 2010.

The British Airways Fuel Efficiency Group delivered initiatives that focused on modifications to our aircraft, weight reductions on board and new operational practices. Examples included reducing carriage of potable water, trialling an aircraft coating application to improve aerodynamics and using one engine (on a twin engine aircraft) when taxiing to a stand.

Carbon efficiency

(grams of carbon dioxide per passenger kilometre)



Fuel and emissions reductions

A core focus of our fuel efficiency programme on the ground is the use of Fixed Electrical Ground Power (FEGP) and Pre-conditioned Air (PCA) during aircraft turnarounds avoiding the need to deploy aircraft Auxiliary Power Units (APUs).

As well as saving fuel this will also reduce the level of ground noise and local emissions.

Through routine and timely connection of PCA and FEGP, Heathrow Terminal 5 airport teams have delivered savings of over 1000 tonnes of CO₂ in the first six months since the launch of the initiative in July 2010.

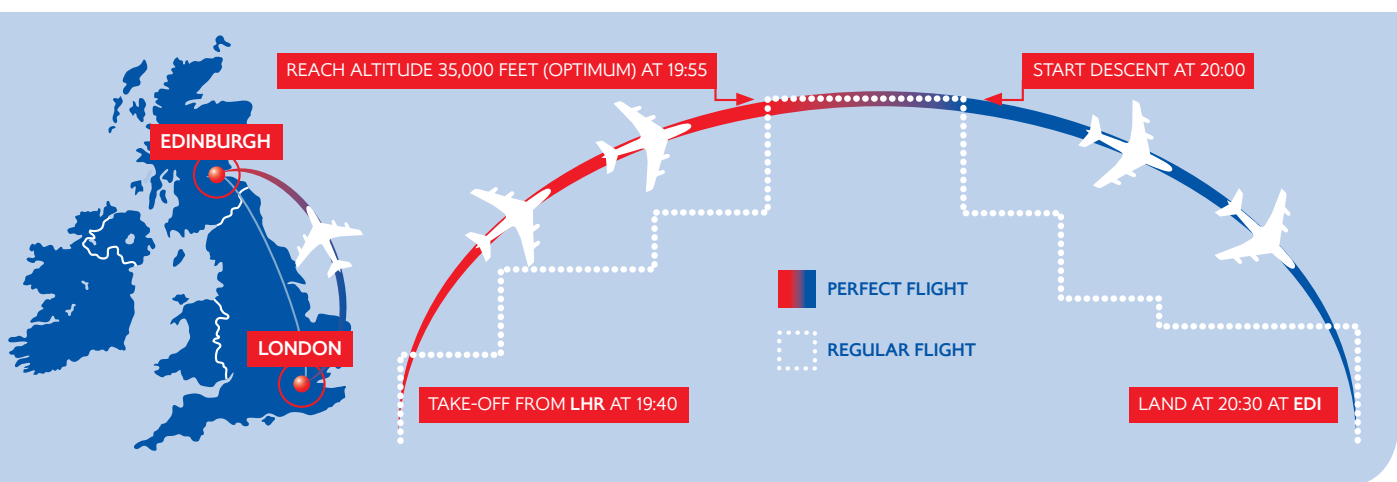
New aircraft coatings

In late 2010, British Airways engaged with Triple O, a company that produces an aerodynamic aircraft coating, to trial this coating on an A318 aircraft. We are reviewing the aircraft performance to determine the level of improvement in fuel efficiency with the intention of coating further aircraft in our fleet.



The perfect flight

In July 2010 British Airways flight BA1462 operated a "Perfect Flight" between Heathrow and Edinburgh. With the help of NATS, the National Air Traffic Services company, the flight was optimised for fuel efficiency. A fuel saving of approximately 11% was achieved, compared to a standard flight, by using optimised air traffic control and flying procedures including a continuous climb on departure and a continuous descent on approach. Lessons from this flight are being used to assist in developing more efficient UK airspace for the future, and we plan to organise further such flights to help improve fuel efficiency.



Cargo carbon efficiency

We are committed to improving the environmental performance of our cargo operation.

Carbon efficiency in British Airways World Cargo improved by 3% from 1,252 gCO₂ per cargo tonne kilometre in 2009 to 1,215 gCO₂ per cargo tonne kilometre in 2010 whilst overall carbon emissions remained relatively static at 5.6m tonnes. Higher load factors were the significant reasons in delivering this efficiency improvement.

“How we manage our environmental impact continues to grow in importance for both our customers and colleagues and its improvement is something to which the team here at World Cargo is fully committed. We have every incentive to keep improving our environmental performance; whether that is to reduce costs, increase efficiency or simply to make responsible choices. We are in a great position to continue investing in clean technologies for the future and make a positive difference.”

*Steve Gunning, Managing Director
Group Cargo*

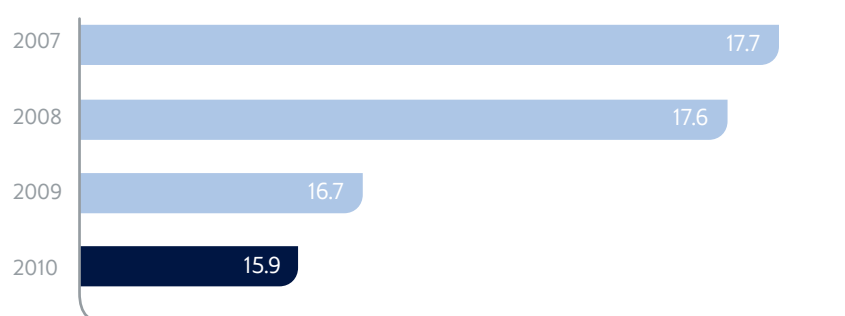


Carbon footprint

We have been reporting our carbon footprint since 1993 and we have continually improved our procedures for assessing our carbon performance. In 2010 we took further steps to refine our data gathering system for faster and more accurate results through utilising our verified ETS data.

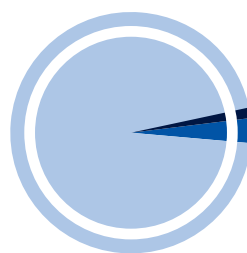
Our 2010 carbon footprint was 15,887,133 tonnes of CO₂.

Carbon dioxide emissions* (million tonnes)



* Measured using the Greenhouse Gas Protocol corporate standard guidelines to calculate our emissions from both direct and indirect sources.

Carbon footprint by scope



Scope 1 - 15,255,349 tonnes

Emissions arising from the burning of fossil fuels such as aviation kerosene, natural gas, petrol and diesel.

Scope 2 - 114,933 tonnes

Emissions arising from electricity at the point of consumption.

Scope 3 - 516,850 tonnes

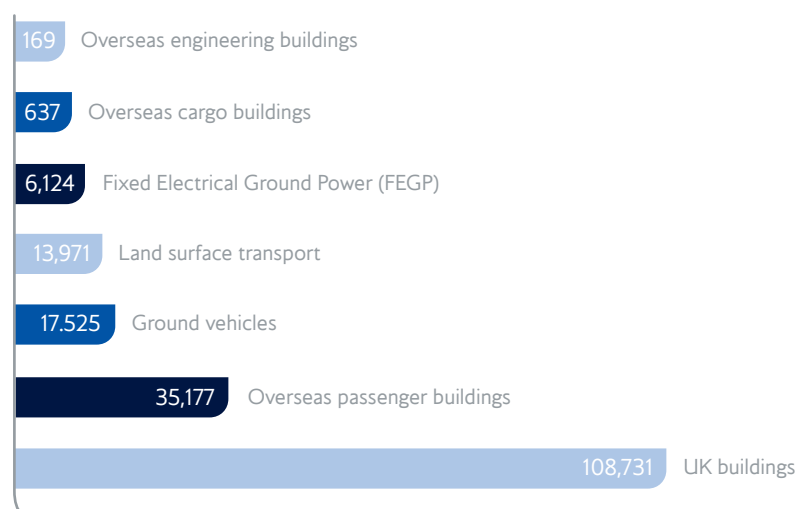
Emissions not directly attributable to British Airways but which we have chosen to include as part of our footprint.

Global ground emissions footprint

While our aircraft operations produce most of our carbon emissions we also assess in detail our ground emissions, so that we can focus on reducing these emissions as well. Our global ground operations generated an emissions footprint of 182,334 tonnes, broken down as shown opposite.

As well as improving our carbon efficiency we are also very focussed on initiatives that will enable us to deliver to our ambitious carbon reduction targets including achieving 50% reduction in our net emissions by 2050.

Ground emissions footprint (tonnes)



Sustainable biofuels

There is now a firm belief that sustainable biojet fuels will play a vital role in helping to meet CO₂ targets. There are still hurdles to overcome, but many of the technological and sustainability issues are being addressed.

The remaining challenges are largely commercial and the need to establish a level playing field for suppliers to produce aviation biojet against road transport fuels and other energy products is a priority. During 2010, working with other airlines and other organisations, we have continued to make good progress on our work in helping to accelerate the deployment of sustainable alternative fuels into the aviation sector.

We have been working on a number of projects, and in particular there has been good progress with the European Union with the development of policy frameworks for the introduction of sustainable aviation fuels. We have also continued working with our partners on a number of biofuel projects:

Solena

Working with US technology company Solena, we continue to make progress on building Europe's first sustainable Fischer-Tropsch biojet plant, converting waste materials into sustainable alternative fuels. The plant, which is intended to be located east of London, will process 500,000 tonnes of residual waste (i.e. waste that cannot be reclaimed or recycled) into biojet fuel, renewable naphtha, electricity and heat.

Rolls Royce

We are conducting a series of tests working with Rolls Royce on those aviation fuels not currently on the certification roadmap. Laboratory testing began early in 2011 and will be followed by further tests leading to full engine tests towards the end of next year. This project is supported by the US Federal Aviation Association's CLEEN (Continuous Lower Energy, Emissions and Noise) programme.

SAFUG/RSB

We continue to work with other airlines and supply chain stakeholders through the Sustainable Aviation Fuels User Group (SAFUG). This group brings together those organisations with a strong interest in developing sustainable fuel and associated supply chains, to share learning and to accelerate the commercialisation of biojet fuels. We also work closely with the Roundtable on Sustainable Biofuels (RSB) who develop global sustainability standards for all biofuels.

With a number of other companies, we are supporting Cranfield University on a project to develop algae-based biofuels for use in aviation.

In recognition of our efforts in this area, at the leading World Biofuels Markets event held in Rotterdam in March 2011, British Airways was awarded the Biofuels Adoption Award.



Environment scientific research

As part of our long standing commitment to environment research, we support OMEGA, a consortium of major UK universities and aviation organisations dedicated to researching the impact of aviation on the environment.

OMEGA is currently developing proposals to progress future research projects. Moreover, we continue to take part in key projects including the EU funded IAGOS (Integration of routine Aircraft measurements into a Global Operating System), which aims to use aircraft to take in-flight measurements of the non-CO₂ gases in the atmosphere.

Noise

We continue our work to reduce our noise impact through improved operational procedures and the purchase of quieter aircraft. We have reviewed our target to deliver a 15% reduction in noise per flight by 2015.

This will be delayed due to delivery delays on the Airbus 380 and Boeing 787 into our aircraft fleet. However, we continue to reduce our average noise per flight year on year; this reduction is currently estimated to reach approximately 10% by 2015 and the 15% target by around 2018.

We operate our aircraft using current best practice for noise. At Heathrow last year we exceeded our target of 95% Continuous Descent Approaches (CDA). We achieved 97% CDA for nighttime and 96% for daytime arrivals, compared to the airport averages of 94% for nighttime and 83% for daytime.

The number of instances where our aircraft exceeded Heathrow departure noise limits increased last year to a total of 46 occasions totalling 0.05% of our Heathrow departures. The infringements largely resulted from delayed Boeing 747-400 departures into the more stringently regulated nighttime phase due to the snow disruption over the Christmas period.

We support UK airports, government and local communities with the implementation of Noise Action Plans (NAPs) developed in accordance with the EU Noise Directive. We also support several areas of international and local collaboration and research on further ways of reducing noise impacts from our operations.



Air quality

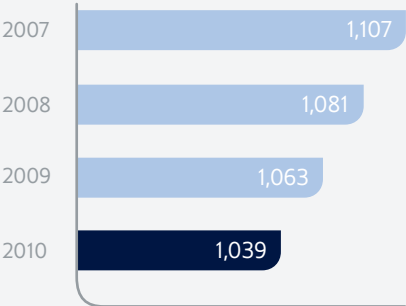
Work to reduce the impact of our operations on air quality continues.

Examples include physical modifications to existing aircraft engines, the purchase of newer more fuel-efficient and reduced NOx aircraft engines, and procedures to allow our aircraft to shut down an engine during taxiing and the use of reduced thrust for all routine take-offs.

We also stepped up our focus on ground emissions during the year. We made significant progress on the routine use of aircraft stands with fixed ground power and preconditioned air during turnaround. This allows us to reduce the running of aircraft Auxiliary Power Units (APUs). At Heathrow Terminal 5 we reduced our Boeing 777 APUs usage by more than one third over the year, and by up to 50% at 15 other targeted worldwide airports. This has produced direct benefits for ground emissions, fuel efficiency and ground noise.

Air quality data

Total annual NOx emissions from British Airways aircraft operations below 1,000 feet at London Heathrow airport (tonnes).



Waste management

In 2010 we recycled 45% of our waste at our main bases of Heathrow and Gatwick (up from 39% in 2009).

This was achieved through the provision of additional recycling facilities and the removal of desk bins from our office locations including our headquarters, Waterside. The highest level of recycling during the year was 49.5% in July close to our overall target of 50% by the end of 2010.

We now process our non-recyclable waste at Heathrow and Gatwick through a waste-to-energy plant. The amount of landfill waste managed through our contracts at these two airports reduced last year from 2,187 tonnes to 297 tonnes and is now at a level of just 3% of our total waste.

We are now close to our target of zero waste to landfill for our main activities. We continue to work with our service partners to find alternative means of disposal for this residual waste that cannot be incinerated. We aim to divert waste from landfill at other locations where infrastructure or alternative techniques allow.

We have continued to work with our furniture management partner to reuse and recycle unwanted office furniture. Our information technology partner provides a similar service for our computer and communications equipment. Both companies are able to recycle the majority of the equipment that cannot be reused and divert most of the waste away from landfill. Our aircraft cleaning partners now recycle newspapers from our

inbound flights into Heathrow and Gatwick and we expect to extend this to other locations as facilities and regulations permit.

Waste management methods at Heathrow and Gatwick in 2010

Method	Tonnes
Recycling	1,249
Reuse	6
Composting/ Anaerobic digestion	45
Liquid recovery	236
Energy from waste	1,465
Incineration	105
Landfill	297
Liquid treatment	5,466

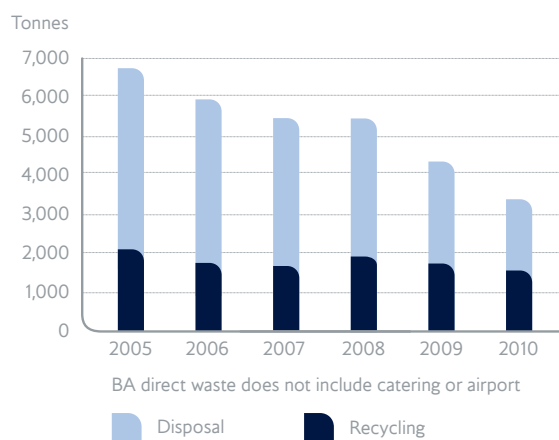
“One Destination continues apace within Engineering - overall the level of recycling achieved for 2010 was 53%. Engineering colleagues are fully committed to maximising the removal, reduction, re-use and finally recycling of waste. In 2011 we will launch Project 65 aimed at increasing the overall recycling to 65% of total Engineering waste by 2013.

This project will engage all areas of the business to develop local plans to achieve this joint goal.

We continue to reduce our energy consumption in conjunction with British Airways Property team. Locally, area walks are being conducted to identify where quick energy reductions can be achieved on top of the benefits identified through the property portfolio.”

Mark Novell, Design Assurance Manager, Engineering

British Airways Dry Waste (Heathrow & Gatwick)



Grundon Waste Management site, Berkshire



Biodiversity

Our commitment to enhance and protect Harmondsworth Moor, the parkland surrounding our headquarters at Heathrow, has been reinforced with a focus on our major biodiversity impacts and the introduction of improved audit processes.

In 2010/11 we were again awarded the much heralded Wildlife Trust's Biodiversity Benchmark for our ongoing efforts in land management, and through the further improvements to the tree plantings and pond enhancements carried out during the year. A further 10 acre area of semi-improved grassland close to the village of Harmondsworth was added to the parkland and is currently being sympathetically landscaped to retain its heritage aspect. This area will be opened to the public in 2011 increasing the size of the parkland to a total of 250 acres.



Paul Jarvis, Park Ranger, Harmondsworth Moor

What's next

Climate change

- ➔ We will continue to work with the aviation industry to further develop the industry position on climate change.

Sustainable biofuels

- ➔ We will continue to work with our technology partner Solena to progress the biojet plant construction project.
- ➔ We will continue to influence EU policy on biofuels to accelerate implementation of the deployment of these fuels into aviation.

Noise and air quality

- ➔ We will continue to seek further reductions in our noise and air quality impacts through fleet purchasing choices, improved operational procedures, collaboration with airports, local communities, manufacturers and research at national and international levels.

Waste management

- ➔ We will continue to work with our suppliers to reduce the amount of waste at source, particularly by looking at the volume of packaging and order quantity.
- ➔ We will increase the level of recycling across the UK Regions where we operate.

Our Community Investment programme is aimed at developing and sustaining projects in many of the countries we operate to. In 2010 we worked with 80 community and conservation organisations, our contribution consisted of flight bursaries, excess baggage allowance, free of charge cargo logistics, merchandise and fundraising events.



Community Investment



We are committed to supporting communities in the countries where we fly to through our programme. In 2010 we were delighted to announce the launch of Flying Start, our charity partnership with Comic Relief, which enables us to support initiatives both in the UK and overseas."

Mary Barry, Community Investment Manager



Our targets

Education

- ➔ Reach 8,000 students in 2011 through our education programmes at the British Airways Community Learning Centre.

Colleague volunteering

- ➔ Launch a formal volunteering programme within the business in 2011.

Charity partnerships

- ➔ Continue to grow our partnership with Comic Relief and engage colleagues across the business in fundraising events.
- ➔ Develop strategic partnerships with key charitable organisations to grow and build our reputation in the communities in which we operate.

Overview

We continue to deliver education programmes in the Community Learning Centre (CLC) which hosts mainly schools from the Heathrow catchment area.

Fundraising events supported by our colleagues contribute to our charitable donations. Business in the Community reported that our total direct and in-kind donations for 2009-10 amounted to £5 million, £190,000 of which was direct charitable donations.

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

In 2010 we established and launched Flying Start, our new corporate charity partnership with Comic Relief and we continue to engage our colleagues in raising money for causes both in the UK and overseas.



Community Learning Centre

The Community Learning Centre (CLC) gives students in the Heathrow area the ability to find out more about British Airways. In addition, the CLC offers the opportunity for young people to meet with role models and gain a better understanding of how a business operates. We run courses on customer service, IT, languages and global and environmental awareness.



Deborah Workman teaching French at the CLC



Police officer teaching rail safety at the CLC

Language programmes

Our award-winning languages programme continues to thrive with 95 schools and 221 teachers currently taking part.

Since 1999 when the programme was launched, 11,650 students have successfully passed language tests in 13 out of the available 18 languages.

2010 saw us prepare for the launch in January 2011 of a special edition London 2012 Flag Award, which is valid until December 2012. The aim of the 2012 Award is to highlight how languages could be used at the Olympic games. Part of the test involves role-play, during which the students take the role of a service provider in areas such as working in a cafe in the Olympic Village or selling an entrance ticket into the stadium. Special 2012 badges and certificates are awarded to successful candidates.

The Primary Languages programme was launched in early 2009 to coincide with the compulsory introduction of language teaching in primary schools from 2011. During 2010-2011, 445 students from 10 schools in Hillingdon, Hounslow and Windsor visited the centre to experience a fun and interactive day. The main focus is to inspire young learners to appreciate the advantages of having a language skill, promote cultural awareness and breed enthusiasm for communicating in a foreign language.

The Secondary Languages programme, which began in 1999, continues to be successful with 333 young learners visiting the CLC in 2010.

Our Language career talks in schools reached 1,159 students in 2010. Language representatives from British Airways spoke to young people about their career choices and opportunities with languages both within British Airways and externally. One school mentioned a higher take up of languages in their school compared to previous years, thanks to the information presented by British Airways.

Environmental education

We run an extensive environmental education programme for both primary and secondary schools. We provide activities in the CLC, supplemented by walks on nearby Harmondsworth Moor, which offer children direct experience of green spaces.

Each year we host National Tree Week with tree planting sessions for local schools. Tata Consulting donated this year's saplings.

We work in partnership with Glendale Park Rangers and a number of external organisations such as the Wildfowl and Wetlands Trust, to promote and broaden environmental experiences for young people in the communities we serve.



Children planting trees in Harmondsworth Moor

Colleague volunteering

Many of our colleagues volunteered their services in support of community and charitable initiatives and our aim is to introduce a formal volunteering programme across the business in 2011 with a specific focus on our leadership and talent development.

The British Airways Community Volunteering Awards

In December 2010, 45 awards totalling £22,402.83 were presented to British Airways colleagues for their volunteering efforts both in the UK and overseas. Funding awards are given to colleagues' chosen charities.



BA employees raising funds for Flying Start

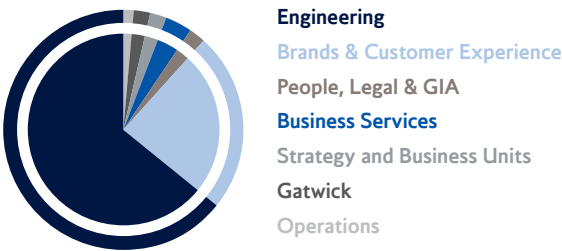
Work experience

We are striving to create a quality work experience programme across a variety of British Airways departments. Our objective is to raise students' aspirations and provide them with key skills for business.

During 2010 we placed 87 students in work experience roles, an improvement on the 39 students given one week placements in 2009.

2011 will be an exciting year for the programme with the reintroduction of Flight Training placements and students will be going into Terminal 5 for the first time.

Work Experience placements by department in 2010



Cargo in the community

British Airways World Cargo continue to work with a number of charities by donating free-of-charge logistics support.

Sreepur Village in Bangladesh, a project for abandoned women and children, has been a major beneficiary of cargo space. The charity ships hand-made greeting cards to the UK, which helps reduce its running costs.

Other charities that benefit from regular free cargo include Computer Aid International, for whom we send refurbished computers to schools in Lusaka, Zambia. We also send books regularly to schools in Cape Town for Ufosa Foundation and we ship musical instruments to schools in Entebbe, Uganda in support of You Give to Uganda.



Women and children making cards - Sreepur village



BA Fun Run - Harmondsworth Moor

Employee fundraising

Payroll giving

3,335 current and retired colleagues donate to charity through our Payroll Giving scheme raising over £600,000 for their chosen charities. The top three charities are Cancer Research UK, Highlight and Sreepur Village, Bangladesh.

BA Fun Run

Since 1993, British Airways has supported Cancer Research UK through the Race For Life. The team grew so large that in 1997 we hosted our own private race at our headquarters, Waterside. This race is now known as the BA Fun Run.

We also allocate 20 pairs of tickets on an annual basis for fundraisers both through the BA Fun Run and the Bobby Moore Fund as well as other Cancer Research fundraisers local to our airports. In 2010, the BA Fun Run raised £30,532.

Flying Start

In June 2010 we launched Flying Start the new Global Charity Partnership between British Airways and Comic Relief UK.

Its aim is to raise money to help children living incredibly tough lives in the UK and around the world.

The inaugural launch flight to Nairobi took place on the 20 June with celebrities Bill Nighy and Nick Frost visiting Comic Relief funded programmes alongside British Airways colleagues.

On the 30 June British Airways officially launched the partnership across the business with support from celebrities Ruby Wax, who hosted an event at our Engineering base at London Heathrow, and Emma Freud and Richard Curtis, who announced the partnership at our Waterside

corporate headquarters. British Airways is the first Comic Relief corporate partner to raise money every single day of the year.

The partnership provides British Airways with the opportunity to engage both our colleagues and customers in fund raising efforts for the charity, supporting projects both in the UK and overseas. As part of British Airways commitment to the partnership we have pledged to raise up to £6 million by 2013.



Nick Frost and Bill Nighy on the flight to Nairobi

What's next

Education

- ✈ We will continue to offer an extensive range of airline-focused education programmes to schools and colleges at the British Airways Community Learning Centre.
- ✈ We will continue to grow our work experience programme.
- ✈ We will continue to grow the Flag Award language programme.

Colleague volunteering

- ✈ We will launch our colleague volunteering strategy in 2011.

Charity partnership

- ✈ We will continue to develop a strong colleague engagement and fundraising programme to build on our new corporate charity partnership with Comic Relief.





Our vision is to build sustainability throughout our customer journey and supply chain. We achieve this by working closely with our marketing and procurement colleagues and by calling on expertise within the organisation and external sources.

Marketplace



“Our customers are increasingly aware of the environmental impact of flying and they want to understand how we manage these impacts within our business. We like to be able to demonstrate to our customers that sustainability is stitched into the fabric of everything we do at British Airways, which is why we constantly challenge ourselves to do things that reinforce our commitment to sustainability. In the early years this resulted in the industry's first carbon offset device on our ba.com website, and more recently the leasing of a fleet of hybrid cars for the sales force. They are small things but we believe they are important.”

Drew Crawley, Commercial Director

Our targets

Forest Footprint

- ✈ Take part in the Forest Footprint disclosure project and actively progress options to reduce our impact on deforestation.

Responsible procurement

- ✈ Deliver our Responsible Procurement strategy.
- ✈ Audit key suppliers on ethical behaviour by 2012.

Customer experience

- ✈ Onboard recycling rolled out by the end of 2011 across our whole fleet.
- ✈ Onboard catering waste to be reduced through collaborative working with our catering partners.

Diversity and Inclusion

- ✈ Analyse trends to improve satisfaction of our disabled customers by 4% by 2012 with the aim of improving their journey prior to the London 2012 games.

Overview

With aviation's inclusion in the EU Emissions Trading System from 2012, we are reviewing options to improve our voluntary carbon offset scheme.

We continue to work closely with our supply chain, for example to minimise our impact on deforestation. We do this by monitoring our forest footprint and changing the way we do business to reduce our impact.

We are also developing proposals to improve onboard recycling. Although we already achieve significant levels of recycling after the waste has left the aircraft, we believe we can improve our performance further by enhanced recycling on-board our aircraft.



Heathrow Terminal 5

One Destination customers and stakeholders engagement



British Airways Head of Environment Jonathon Counsell speaks at the Corporate Responsibility Seminar

Corporate Responsibility Seminar

When we first launched our One Destination programme we asked our corporate customers and other key stakeholders as to how our programme could support their own sustainability aims. The responses included a desire to learn more about the broad topic of Corporate Responsibility particularly through facilitated events. Accordingly, we launched our annual Corporate Responsibility Seminar to meet this need.

Over 100 guests from a variety of stakeholder groups joined our 2010 event. Attendees were able to network with their counterparts from other companies, discuss their own programmes and also meet a large group of British Airways Corporate Responsibility Champions who promote One Destination throughout our business. An impressive line-up of speakers from Unilever, The Climate Group and Rolls Royce shared their in-depth experience, focusing on the twin challenges of creating a responsible supply chain and reducing the carbon footprint of aviation. In feedback 95 % of guests said they would value attending similar events in the future.

Environment Debate

British Airways has played a key role in the aviation industry's work to tackle the global issue of climate change. We believe that the sustainable growth of aviation is achievable, and that with robust challenge we can find a way forward.

Recognising that an essential element of leadership is the willingness to initiate wide-ranging discussion, we hosted the first ever British Airways Environment Debate in November 2010. This was organised in partnership with the Air League, which promotes aviation and encourages young people to take up careers in aviation and aerospace.

We were determined that the debate should be a frank and open discussion of sustainable growth in the aviation sector. A group of respected aviation industry, academic and non-governmental organisation (NGO) speakers participated as panellists. The ultimate conclusion, expressed through an audience vote, was that a sustainable growth model was possible, but that significant challenges remain. A commitment from the aviation industry, regulators and world governments will be required if these challenges are to be overcome.

Our forest footprint

Concern for the world’s forests is mounting as their critical role in the global carbon cycle is acknowledged.

Global deforestation continues at an alarming rate – an estimated 32 million acres are being lost each year¹. Forests are estimated to store 289 gigatonnes (Gt) of carbon in their biomass alone² which is why deforestation accounts for around 18%³ of total global carbon emissions.

The environment does not distinguish between individual sources of carbon emissions such as electricity production, heavy industry and transport. What matters is the combined global total. We need to manage all our actions with this in mind, and stopping deforestation is regarded as one of the fastest and most cost effective measures for reducing emissions.

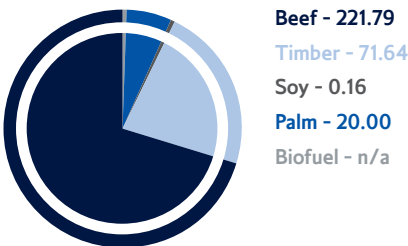
But forests are more than just carbon. 2010 was International Year of Biodiversity, reminding us that forests represent diverse ecosystems that also provide food, resources, and livelihoods for a large proportion of the population – especially in developing countries.

British Airways is contributing directly to the mitigation of deforestation, by focusing on our forest footprint and changing the way we do business to reduce this impact wherever possible.

Looking forward we have:

- Already adopted policies that move British Airways toward using certified sustainable palm oil and soy.
- Begun to develop new supplier performance indicators that will enable us to work with our suppliers to improve the accuracy and completeness of our forest footprint reporting which in the long term will enable us to have a better picture of where our footprint is and therefore how to tackle it.
- Investigate how we can source more sustainable supplies of beef.

Forest footprint per commodity in acres of deforestation



Total estimated forest footprint 314 acres

¹ FAO Global Forest Resources Assessment 2010
² FAO Global Forest Resources Assessment 2010
³ Stern report 2006



Forest Footprint Disclosure Project

2010 saw British Airways achieve Sector Leader under the Forest Footprint Disclosure Project. This builds on British Airways achievement of being the first airline to participate in the programme when it was launched in 2009.

The Forest Footprint Disclosure Project (www.forestdisclosure.com) seeks to identify where companies use key commodities that drive global deforestation, such as timber, beef, palm oil, soy and biofuels – and highlight best practice among different industry sectors. The project has continued to grow with the number of participants doubling since its launch.

British Airways drew inspiration from the programme to investigate our impact on deforestation.

British Airways’ forest footprint is estimated at a minimum of 314 acres. This is up from 250 acres last year, however this is due to improvements in the number of commodities observed and accuracy of reporting rather than any actual increase in our impact. Our greatest single commodity usage was timber, which had the lowest footprint because we purchased mainly certified timber and paper. Our purchase of beef had the greatest forest footprint risk.

Voluntary carbon offset scheme

Almost half a million customers have used the British Airways carbon offset scheme since its introduction in 2008. Take up remained steady in 2010, with 103,816 passengers offsetting 40,398 tonnes of carbon. The Mileage Company and Open Skies schemes increased this by a further 4,175 tonnes (11,092 passengers.)

The scheme uses high quality UN-certified emissions reductions to help finance clean energy projects in developing countries. The project portfolio was reduced from three to two projects in 2010, simplifying the scheme and providing greater certainty around credit delivery. The projects in our portfolio are part of the UN Clean Development Mechanism (CDM).

From 2012, the majority of our flights are expected to be included in the EU Emissions Trading System. This will mean that all the tickets sold for travel into and out of the Euro zone will include an element of carbon pricing within the ticket.

We are now reviewing our offsetting scheme with a view to changing the scheme to reflect these legislative changes.

Bayin'aobao Wind Farm, Outer Mongolia

This project is now delivering carbon credits; all 33 wind turbines have been fully operational since May 2009. Carbon reductions of approximately 120,000 tonnes of CO₂ per year are expected.

Anguoer Run-of-River Hydropower Project, Gansu Province, China

This is a grid-connected hydropower project generating 25.2 MW of clean electricity and is situated on the Taohe River in northern China which began operation in 2007.

It is expected to provide 71,800 tonnes of carbon reductions each year.



direct.gov.uk/offsetting

Responsible Procurement

We continue to make progress with each of the three themes of our Responsible Procurement strategy:

- ✈ Reduce supplier emissions.
- ✈ Source ethical suppliers.
- ✈ Behave responsibly towards our suppliers.

We take a risk-based approach to identify where our key potential Corporate Responsibility risks lie amongst our thousands of suppliers.

We have reviewed suppliers against three criteria:

- ✈ Interface with our customers (through products or services).
- ✈ Impact on the environment.
- ✈ Exposure to potential labour issues.

This showed us which areas represent the potential risks for us. Work is now underway to encourage this identified group of suppliers to complete our Corporate Responsibility questionnaire, allowing us to focus even further on areas of risk.

Supplier activity

We have established a group of category experts to drive our process and culture change forward both internally and externally. Collaboration with colleagues and suppliers continues to deliver progress towards our Corporate Responsibility goals.

For example:

- ✈ We continue to work in a joint effort with the Environment team to develop our London biojet fuel facility proposition with technology partner Solena.
- ✈ Our supplier of lifejackets is having time-expired units converted. We have so far diverted 500 time-expired passenger lifejackets from landfill by having them turned into handbags.
- ✈ Our commitment to ethically sourced coffee was reaffirmed with 100% of our coffee coming from Fairtrade or Rainforest Alliance sources.
- ✈ Our Cargo team adopted energy-efficient working practices on forklift trucks and introduced lightweight cargo-hold strapping.
- ✈ The new working concept was introduced by the forklift truck suppliers. Next we are looking at a lower weight temperature controlled cargo container to further reduce energy usage.

Supplier risk

Our supplier risk-monitoring tool, developed with a third party, is now in place. We currently monitor and score 125 suppliers by assessing financial condition, share price movement and news events. Our buyers have access to a news feed tool that gives them up-to-date intelligence on their suppliers.



Customer experience

Onboard recycling

We have formed a cross departmental working group to establish onboard recycling of catering products including paper, cans and bottles. This poses a significant challenge because of the constraints of space and stringent controls on the management of international food waste. We plan to conduct evaluations on selected routes to European destinations and expect to extend the lessons learned to other routes on our network.

Onboard catering

In line with our corporate target for Heathrow and Gatwick of zero waste to landfill, we are now tackling catering waste disposal.

Due to the strict legislation surrounding the disposal of international catering waste (referred to as CAT1 waste) there are only two options: to incinerate or send to deep landfill. Thus our primary opportunity is to reduce the amount of waste generated and we are working closely with our catering suppliers to achieve this.

Recycling is now taking place at all of our London caterers and we have produced a monthly scorecard to improve our measurement and management of waste, to increase the proportion recycled and decrease the amount sent to landfill. One of our shorthaul caterers is now using food driers which reduce the weight of the food considerably. Our longhaul caterers are looking into the possibility of obtaining an onsite composting facility to process food waste.

We are also reviewing activity at our overseas stations as we aim to extend this to our worldwide caterers.

We are aiming to reduce the amount of over catering on our flights. We have invested in a meal ordering programme, Airvision, which gives our caterers a more accurate loading figure to cater the aircraft. It reviews historical data to predict passenger loads more accurately.

Our attention is not focused only on recycling - sustainable sourcing is becoming more important. We are looking to source ingredients locally, which will reduce our global carbon emissions. Other initiatives include redesigning the food packaging to ensure it can be recycled.



David Weir, paralympic gold medallist

Diversity and Inclusion in the marketplace

We are working to improve the journey process for our disabled customers.

Changes will be implemented prior to the London 2012 games, when we expect to welcome even more disabled customers as well as many paralympic athletes. We carry over 800,000 declared disabled customers every year and this number is steadily increasing as the population ages.

We have designed a new e-learning course called Fly-ability, which is mandatory for all our front line colleagues. This provides practical advice and incorporates feedback from regular customers about key areas for improvement.

We routinely consult with regular customers, particularly where there have been service failures, to understand what we can do better.

In 2010 we held our second disabled customer forum to listen to both customers and paralympic athletes. This concluded the first phase of an end-to-end journey review with key recommendations and clear targets for improvement.

Great Britons

In celebration of our sponsorship of the London 2012 Olympic and Paralympic Games, British Airways launched the Great Britons programme in 2009 as a travel bursary.

The bursary, has since rewarded a number of individuals and groups and continues to support talent with free flights and will continue as a long-term initiative after London 2012.

On May 5th 2011, we launched the Great Britons Hero programme which offers career defining opportunities to three talented Brits in the fields of film, art and food. Richard E. Grant, Heston Blumenthal and Tracey Emin are heading up the three fields and will offer up to five mentoring sessions to their chosen Great Briton. To further our commitment to helping British Talent take off, we have teamed with credible and respected industry partners - the Royal Academy of Art, BAFTA and Taste.

The winning entrant in each category will see their ideas come to life and become part of the games itself, as they develop a unique idea that will be showcased during London 2012.



Tracy Emin, Heston Blumenthal and Richard E. Grant at the programme launch.



What's next

One Destination customers and stakeholder engagement

- We will host further facilitated events and debates in 2011 as well as supporting Corporate Responsibility events hosted by our key stakeholders. We want to continue the dialogue on how the airline industry can further improve its performance.

Forest footprint

- We will continue to participate in the Forest Footprint Disclosure Project and continue to find ways to reduce our impact on deforestation.

Carbon offsetting

- We will review and evolve our offset scheme in the light of our entry into the EU ETS in January 2012.

Responsible procurement

- We will complete the Corporate Responsibility questionnaire for our 300 focus suppliers.

- We aim to achieve commercial sign-off on our London biofuel facility.
- We will conclude our work on improving supplier payment performance in the USA.
- We will select the suppliers for audit during 2012.
- We will finalise our audit approach – based presently on SEDEX guidelines and the Ethical Trade Initiative (ETI) base code.
- We will pursue further opportunities to engage colleagues in Corporate Responsibility issues early on in our sourcing activities.

Customer experience

- We will launch and monitor our onboard recycling programme, improve procedures accordingly and extend the practice to all our operation.
- We will keep working with our caterers to reduce catering waste

and improve recycling in the UK and overseas.

Diversity and Inclusion

- We will hold our third annual disabled customer Forum in 2011 working in partnership with LOCOG (London Organising Committee of the Olympic and Paralympic Games).
- In addition, we will implement recommendations from the review and ensure all colleagues, at all our airports, understand the service we offer and are able to achieve consistently high standards.

Great Britons

- We will deliver high levels of awareness in the run up to and during London 2012 via our "three opportunities" in food, film and arts and maintain a legacy post 2012 via our long-term programme.

We strive for a workplace where people feel comfortable and respect each other – a workplace free of discrimination, where colleagues are motivated and actively involved to contribute to the One Destination programme.



Workplace



I'm constantly amazed and enormously proud of the lengths to which our colleagues go in supporting the communities we fly to. It's just part of the British Airways spirit. Whether through our partnership with Comic Relief or through individual endeavour, on any given day our colleagues will be committing their spare time and energy on a host of different initiatives around the world."

Maria DaCunha, Director People, Legal and GIA

Our targets

Colleague engagement

- ✈ Continue to increase the response rate for our Speak Up! survey, building on last year's 15% improvement and capitalise on our move to a quarterly survey format to improve the responsiveness and timeliness of our actions.

Diversity and Inclusion

- ✈ Monitor diversity of our colleagues at all levels and aim to retain or increase current figures relating to women and ethnic minority colleagues at senior level which would cover Bands 1 and 2.

British Airways Health Service

- ✈ Deliver monthly focused health promotion events across the airline.
- ✈ Ensure that the British Airways Early Active Rehabilitation (EAR) scheme achieves the target of 5:1 return on investment by 2012.
- ✈ Enable 50% of British Airways employees to participate in the Heart Start programme by 2014.

Corporate safety

- ✈ Reduce the number of days lost per Lost Time Injuries (LTI) by 20% and the number of lost time events by 20% by the end of 2011.

Overview

Our programme of workplace activities has engaged our colleagues in a variety of ways. Our Sponsors and Champions have helped us identify fuel saving opportunities, reduce energy consumption and waste, improve recycling and support our community and charity programmes.

We are also making steady progress on the integration of Diversity and Inclusion into our business.

We have seen an increase of women at senior levels (28%) and we have rolled out new practical training to help and support managers to deal with dignity and respect in the workplace.

We have also continued our focus on providing a safe work environment through tailored initiatives to support the needs of each department.

One Destination colleague programmes

Senior Sponsors programme

Senior Sponsors are responsible for delivering their department's contribution to our One Destination strategy. Over the last year they have expanded their programmes, created subgroups to develop departmental programmes and refined the way they report progress in support of our corporate goals.

Champions programme

Since its launch in 2008, the programme has grown and now has about 100 Champions located across the airline. Champions' work includes organising and supporting local roadshows, monitoring and contributing to increasing recycling, cascading communication to their teams and promoting One Destination.

One Destination awards

This year we held our second annual One Destination awards. The event aims to recognise our colleagues' effort and dedication towards the environment by improving recycling, implementing new energy savings and fuel efficiency initiatives in their departments. This year the prizes were presented by David Weir, paralympic gold medallist.

Colleague engagement

Training

A total of 171,000 training days were delivered last year across all departments.

This included 70,000 days of cabin crew training with a particular focus on the introduction of our "mixed fleet" community, together with continued emphasis on premium service training.

A significant amount of training was also devoted to our joint venture with Iberia and American Airlines, with 13,000 staff trained.

In addition, a broad spectrum of learning activity continues across the company including training for professional areas, leadership development and induction at both graduate and apprentice levels, with Engineering expanding their already successful programmes.

Listening to colleagues

We are committed to gathering and acting upon the opinions of all of our colleagues and in 2010 they had their say through our quarterly Speak Up! survey. The results have provided invaluable input to decisions made at every level of the organisation, from local workplace improvements to better leadership engagement.



David Weir presents One Destination awards

“Our future as a business and indeed as a global industry can only be assured if we can demonstrate that we are acting responsibly. Both our customers and colleagues expect us to take care of the environment in which we all live.”

David Clark, Head of Ground Ops, Quality and Training and Senior One Destination Sponsor

“There is a real challenge ahead for British Airways as an airline in terms of carbon emissions and how we portray ourselves in respect of corporate and environmental responsibility. I feel this is something which my colleagues need to appreciate in everything we do at British Airways, including how we dispose of office waste and conserve energy, through to the bigger picture in terms of carbon emissions.”

Rupert Blackley, Commercial Lead and One Destination Champion

Leadership development

We are committed to achieving a High Performance Leadership culture which engages colleagues at all levels and promotes world-class levels of productivity. Our focus has been on strengthening leadership behaviours and developing leaders for the future.

- ✈ Almost 1000 managers having now attended the Behaviours for Success programme. We have now profiled all of our top growth leaders to understand their strengths, development areas and relative performance - which has informed group/individual development and appointments.
- ✈ Programmes are now in place to create a pipeline of talent from within the organisation at all levels.
- ✈ We continue to develop our internal coaching team so that they can develop our leaders.

Employee relations

Our approach is to develop strong relationships with our colleagues and the Trade Unions.

Our Leadership programmes aim to develop professional leaders, able to engage and communicate effectively with our people, so they feel part of, and involved with, the future direction of their business.

Work has started to refocus on open communication with unions to harbour closer working relationships. We will continue to work with our trade unions on modernising and adapting collective bargaining structures to align to British Airways organisation structure. Our aspiration is to provide a reformed policy, and professional support framework that enables and encourages our leaders to take active responsibility for people management.

Employment litigation

Between 1 April 2010 and 31 March 2011, the Group was served with 230 new employment tribunal proceedings. This includes six types of claim where there are multiple claimants. Further information is given on these claims below. One High Court claim was served.

Over half of these proceedings related to the cabin crew dispute and are ongoing.

- ✈ Dispute related claims, where there are multiple claimants, included 129 claims for wages deducted on account of strike action. Many of these also claimed that the deduction amounted to a detriment on account of trade union membership or activities. There were 77 claims of race discrimination regarding the withdrawal of staff travel and 79 claims for failure to award time off for trade union duties or activities.
- ✈ A High Court claim was lodged for the return of staff travel to striking crew or damages, alleging breach of contract and breach of blacklisting legislation.
- ✈ British Airways successfully resisted an appeal concerning the reduction in on-board crew complements.
- ✈ Litigation regarding the holiday pay calculation for some 14,000 pilots and cabin crew is now in the Supreme Court.
- ✈ We lost two tribunal claims and a further appeal concerning a multiple claim regarding the rights of staff employed in Hong Kong to pursue discrimination claims in the UK.
- ✈ Multiple claims aside, there were 56 unfair dismissal and 22 discrimination claims. This is a low figure relative to our size.
- ✈ 54 claims are ongoing, 3 settled and 19 were withdrawn, struck out or won by British Airways.



Diversity and Inclusion

Diversity and Inclusion is integrated into everything we do at British Airways.

Our core strategic priorities are:

- ✈ Discrimination legislation - ensuring that we support our line managers by providing advice and training.
- ✈ Promoting inclusion - ensuring that we widen the talent pool to select the best people and monitor outcomes and trends.
- ✈ Dignity at work - ensuring that our colleagues feel valued and respected and eradicating harassment and bullying by dealing with unacceptable behaviour.

Diversity and Inclusion highlights 2010

We continue to support informal conflict resolution. Our team of 33 harassment advisors dealt with 183 contacts and 31 cases were referred to our team of internal mediators. In addition, to support the work done by the advisors, we held roadshows across all areas of our business to promote both dignity at work and harassment advisors.

In October we held Diversity Week. This provided a focus for collaborative working and celebrated our merger with Iberia.

2010 saw considerable improvement on gender equality. Female students accounted for 10% of the newly launched aircraft mechanic apprenticeship scheme after a focus on attracting women into Engineering, traditionally a male dominated area.

For the first time, 50% of recruits on our Leaders for Business graduate programme were women.

Diversity and Inclusion training

Spot it Stop it, a new skill byte course, has been put in place to help managers resolve conflict. Based on practical examples, the course shows managers how to recognise signs of harassment and bullying and suggests appropriate solutions.

Mandatory training on Diversity and Inclusion principles, and how to avoid discrimination, continues for for all colleagues and managers.



Employee Resource Groups

Our employee resource groups are in place and act as support for diverse groups of colleagues. They offer advice about specific Diversity and Inclusion workplace issues.

In 2010 Bangles (British Airways Gay and Lesbian network group) have worked with the International Gay and Lesbian Tourist Association to market and promote new routes and Eden (Ethnically Diverse Employee Network) has provided role models to inspire school children visiting our Community Learning Centre.

Our Interfaith network group has given advice on faith issues and our gender diversity group, Link, has provided inspirational speakers to engage and help realise the potential of our female workforce.

Much work has been done by the Disabled Employee group which has met with some of our disabled customers, provided advice on new aircraft design and has tried out some new products.

Diversity data

The latest data compares figures between 2010 and 2011 and shows that from last year the number of our colleagues working part time has increased one percentage point from 28% to 29%.

The number of female colleagues in middle management stayed the same at 33% whereas we saw an increase in women at senior management level of one percentage point to reach 28%.

British Airways Health Service (BAHS)

BAHS helps colleagues maximise their health and wellbeing, ensuring that they remain productive and positive at work by delivering a comprehensive occupational health service and a targeted healthy lifestyle programme across the business.

Early Active Rehabilitation scheme (EAR)

The EAR scheme facilitates a quicker return to work for colleagues on long term sickness. The reduced absence period obtained by the EAR scheme achieved return on investment of 4:1 in 2010, which exceeded the target of 3.5:1. Positive feedback was received from both colleagues and managers on the benefit of EAR.

Achievements

We worked with stakeholders to develop and deliver a health surveillance programme across the company. This helps ensure colleague's health is protected and they are safe at work. Through this, there is a closer working relationship between safety, occupational health and managers.

Our programme in 2010 included monthly health promotion events, which followed national campaigns and the government public health agenda as well as working in conjunction with various charities and government bodies. In September we joined the national campaign Walk4Life which aimed at increasing levels of physical activity. This was promoted at the Engineering Family Day. We also joined the Harmondsworth Moor Rangers who organised walks around the moor. These days were well supported and raised money for Flying Start.

In October we worked in partnership with the London Borough of Hounslow to support the Diversity team in raising awareness around health and ethnicity. We also supported Pink Day to promote wider understanding of women's cancers. This was in conjunction with Cancer Research. In November we carried out events across the airline to raise awareness about all types of cancer that was supported by the Beating Bowel Cancer Charity.

In the following months we promoted a number of programmes to areas across the business. These included:

- ➔ Alcohol and drug awareness.
- ➔ The National Change4Life programme Swapathon, which encourages people to make small manageable lifestyle changes rather than large unachievable changes.
- ➔ The British Heart Foundation's Heart Month, with a roll out of the Heartstart programme which covers basic life saving skills.



Corporate safety

Safety and security remains our number one priority. Our safety data confirms a steady reduction in Lost Time Injury (LTI) events and an associated reduction in the average days lost per incident with improvements delivered by all areas of our business.

Although our major injury rates continue to be below the industry average as published by the Health and Safety Executive (HSE), we continue to strive for further reductions with the main cause of major injuries being slips and trips.

A company-wide occupational safety audit programme is being developed to support the Corporate Safety Plan which helps drive continuous improvement targets. We continue to invest in safety training for managers across the business with a large proportion of front line managers in our Engineering team successfully gaining National Examination Board in Occupational Safety and Health (NEBOSH) qualifications.

Safety strategy

Work is underway to further enhance the existing positive safety culture. The introduction of an Airmanship course in the Heathrow Ramp and Baggage team is a further investment to improve workplace safety in our busy and complex operational environment. The course provides information, training and instruction relevant to the common safety issues facing colleagues working on the ramp. Similar initiatives are underway in Engineering, Flight Operations and Cabin Crew.

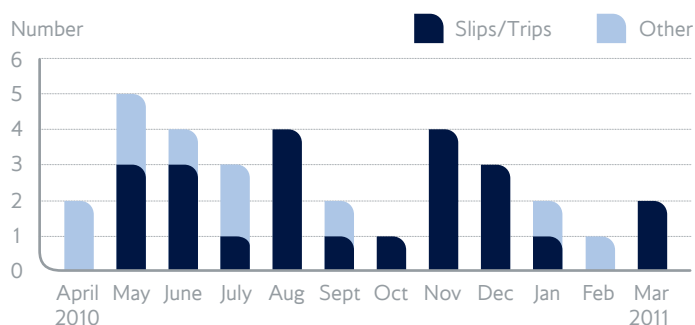
The demographics in certain parts of our business require that we address changes in UK age legislation. To ensure that we protect the safety of our colleagues and customers, we are using a risk-based approach that utilises existing experience, safety data and industry best practice. We believe that this will help secure a safe future for all employees, regardless of age.

Staff safety performance

British Airways was served with two Improvement Notices by the HSE in August 2010 after an Engineering colleague contracted dermatitis. These were the first that the company had received for over 10 years. Having satisfactorily addressed the issues, the company has committed to further improve the health surveillance system.

Airline travel continues to have a very high reputation for safety. Customer injuries, including even the most minor incidents, have continued to reduce, giving an injury rate of 0.00507%. The graph shows the improving trend on days lost due to injuries.

Major injuries by month



What's next

Colleague engagement

- ➔ We will continue to encourage our colleagues to voice their opinions through the Speak Up! survey and other outlets by facilitating local participation and demonstrating our responsiveness through tangible improvements.
- ➔ We will create more opportunities to get involved in decisions through local colleagues' forums.
- ➔ We will restructure our business to enable closer, more direct and effective relationships between managers and their teams.
- ➔ We will equip all of our frontline colleagues through tailored leadership development programmes.

Diversity and Inclusion

- ➔ We will continue to provide ongoing support to our managers on all aspects of Diversity and Inclusion through training and communication.
- ➔ We will continue to review the impact of unconscious bias and the role it has in avoiding discrimination and incorporate our findings into training.
- ➔ We will ensure that we comply with new age regulations and help and support managers to manage older colleagues effectively.
- ➔ We will review our diversity data to help widen the talent pool and ensure that we remove any barriers to selection and promotion.

British Airways Health Service

- ➔ We will continue with the monthly engagement programme.
- ➔ We will continue the work to improve the EAR scheme results.

Corporate safety

- ➔ We will continue to work on reducing risks of incidents and work-related illnesses by improving health surveillance systems.

Awards



British Airways has retained the Carbon Trust Standard during 2010. This scheme acknowledges companies that are committed to managing and reducing emissions from buildings and other ground-based sources of carbon emissions.



British Airways has received the Icarus Sustainability award organised by The Institute of Travel and Meetings (ITM), which represents over 1000 professional buyers and suppliers in the UK and Ireland including over 50% of the FTSE 100.



2010 saw British Airways achieve Sector Leader under the Forest Footprint Disclosure project. This builds on British Airways being the first airline to participate in the programme when it was launched in 2009.



British Airways received the Wildlife Trust's Biodiversity Benchmark award for land management for 2009 and 2010 for its management of Harmondsworth Moor.



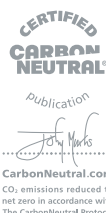
British Airways won the Business Travel Award award for its continued commitment to its extensive Corporate Responsibility programme during one of the toughest periods for the airline industry.



British Airways won the Biofuel Adoption award for best biofuel programme and project.



British Airways was awarded the Airline Business, Airline Strategy Award for Environmental Leadership due to the breadth and depth of its Environmental Programme and its clear integration into the overall company business plan.

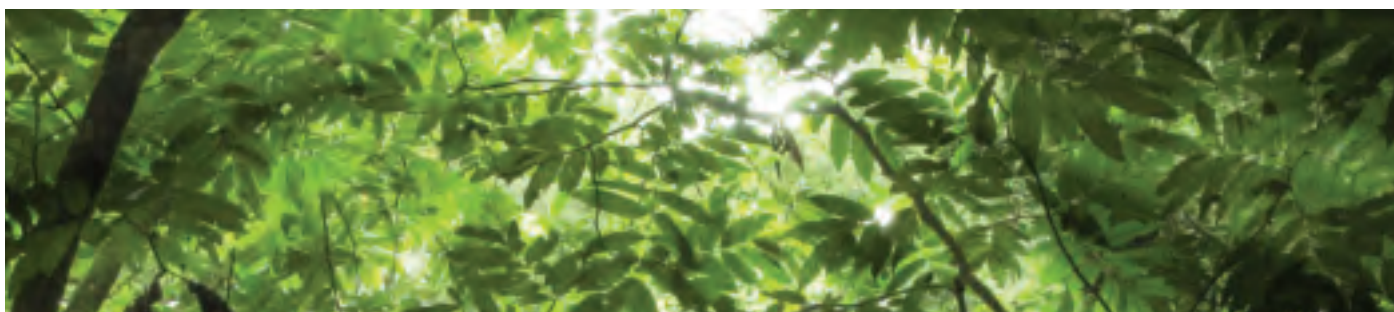


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