

## Background

Competitive pay and benefits, career development and equal opportunities are fundamental to attracting, retaining and supporting employees.

Encouraging greater diversity helps BAA to benefit from a broader cultural resource and to better serve customers with different needs.

## Our approach

To attract and retain the best people, we:

- Encourage employees to make personal progress through training and career development.
- Encourage diversity by creating an inclusive workplace.
- Help employees to balance work and home commitments by offering flexible work options.

## Our performance

### Internal promotions and turnover rates

#### BAA performance

BAA employs 13,213 people in the UK, compared with 11,729 in 2007. We increased internal promotions in 2008 to 1,726 from 1,383 in 2007 and recruited fewer employees externally, with 2,243 joining BAA compared with 2,653 in 2007.

The employee turnover rate for the year was 9.82% compared with 11.6% in 2007 and 12% in 2006.

#### Heathrow performance

Heathrow accounts for just under half of BAA's workforce, with 5,863 employees. In 2008, external recruits remained constant at around 1,200. Internal promotions increased to 718 compared with 604 in 2007.

The employee turnover rate at Heathrow for the year was 6.89% compared with 10.87% in 2007 and 11.15% in 2006.

#### Trade unions

We negotiate pay and employment policies with three trade unions: Unite, Public and Commercial Services Union (PCS) and Prospect.

#### BAA performance

We consulted with our trade unions on the final salary pension scheme closure, reaching an agreement which guarantees the scheme will be retained for current members for at least six years.

#### Heathrow performance

We agreed new working arrangements with our security employees, developing closer and more direct relationships between managers and their team. We believe this will support employee engagement and increase the quality of service for customers.

#### Pay and benefits

2008 was the final year of a three-year pay deal negotiated with our employees. Our negotiations for the next pay review will begin in 2009.

All staff are eligible for a bonus based on company performance. Managers' bonuses reflect the company's performance and achievement of their personal objectives.

We have long-term incentive plans for all staff including:

- A Bonus Saver Plan for all employees.
- An Executive Share Option Plan for senior management.

#### BAA performance

Our pension scheme has 22,284 members – 7,469 are pensioners, 4,069 are deferred members and the remainder are still employed at BAA. During 2008, we closed our final salary pension fund to new entrants and introduced a defined contribution, money purchase scheme for future recruits.

BAA airports each run schemes to reward employees after ten years and 25 years of service. Approximately 23% of employees have been with the company for ten years, and 4% for 20 years.

#### Heathrow performance

Approximately 21% of Heathrow employees have been with the company for ten years, and 4.5% for 20 years.

#### Diversity

Our diversity policy commits us to treating employees and potential recruits equally. We have a comprehensive bullying and harassment policy.

#### BAA performance

More than 20% of our employees are from a non-white ethnic background. Women account for just over a third of all employees and just under a third of managers at BAA. The percentage of women in senior management fell from 28% in 2007 to 21% in 2008, due to proportionately more female managers opting for voluntary redundancy through our Simplification programme.

#### Heathrow performance

The percentage of non-white employees at Heathrow is nearly 35%, reflecting London's diverse demographic.

The number of female employees at Heathrow is consistent with the overall BAA number.

#### Learning and development

We aim to provide our employees with the knowledge, skills and support required to run our airports effectively.

The BAA virtual university, 'Uni', provides access to learning and information about the courses staff can take.

#### BAA performance

In 2008, 2,644 employees visited 'Uni'. We provided 768 courses to staff, including e-learning, which were attended by 9,686 employees.

#### Heathrow performance

At Heathrow, 4,403 employees took part in courses on offer.

#### Managing change

We completed implementation of the new structure brought in by the Simplification programme in 2007. Other programmes increased the number of security guards at our airports and restructured our organisation; bringing more people into customer-facing roles, and putting decision-making as close as possible to the front line.

For all affected employees, a redeployment process, New Connections, is available. This helps people find alternative roles in BAA where possible, or outside the company otherwise.

#### BAA redundancies

In 2008, we made 441 redundancies, having reduced the number of non-customer-facing staff by 1,100 from 2,860. At the same time, however, we increased operational staff by 1,643.

#### Heathrow redundancies

Our restructuring plans also impacted Heathrow. Of the 441 redundancies, 119 occurred there.

## Employee engagement and communication

We engage with our employees informally through team meetings and formally through surveys. We did not undertake our annual Make Your Mark employee survey in 2008 because we felt that many of the questions in the survey were outdated.

*Airwaves* magazine communicates company issues to employees, helping promote a stronger sense of engagement with BAA values.

Staff can sign up to our SMS updates to be alerted about major issues involving BAA before they are announced in the media, fostering an inclusive culture.

Our *CEO Chatback* programme allows employees to engage on matters discussed by the chief executive. By dialling a freephone number, they can listen to issues and leave a message or ask a question.

## Whistle-blowing

Most employee concerns are dealt with directly by managers. Our Speak Up policy enables employees to report issues without fear of repercussions. We provide a confidential, independently managed phone line through Safecall. Our policy is to thoroughly investigate all issues raised using the phone line.

## BAA performance

In 2008, eight people called the phone line. Six have been successfully closed and the remainder are under investigation.

## Our plans

### BAA

- Launch a new employee survey, which will be delivered two to three times per year as a 'pulse check'.
- Create a results-focused organisation by improving performance-management and achieving commercial and operational excellence through a strong managerial presence.
- Implement a new approach to talent management.
- Improve employee relations with a new national consultative structure.



Read more about our approach to people management in our individual airport corporate responsibility reports available at [www.baa.com](http://www.baa.com)

## → Case study 6 Acting out

**We want passengers' journey through our airports to be smooth and event free. That means equipping our employees with the skills to make snap decisions and respond to issues efficiently and quickly.**

Our Conflict Management training, introduced in September 2008, uses actors to recreate real-life scenarios, helping staff to identify and manage potentially confrontational situations. Our security training team and front-line staff developed scenarios from their experiences in their role.

Three sessions take staff through four learning stages, including spotting potential conflicts, theatre role play, breakout practice, and tactics and strategies for handling conflict.

So far, 1,800 employees have taken part, and the feedback has been positive, with participants commenting on the realism of the scenarios.

We aim to deliver the training to 4,500 employees, including security officers, service team leaders, information desk staff and customer hosts.

