

Working Together A Joint Settlement

Between

British Airways
and
Unite the Union

11 May 2011

Working Together

The content of this settlement document has been developed jointly by British Airways and Unite. As a result there is common interest and a joint commitment to ensure the best for our customers, our business and our people.

A new refreshing way of working has been adopted to help both parties reach this settlement.

It is recognised that we are operating in an increasingly competitive market and that in order to maintain a strong business which is mutually beneficial for both parties, managing through change together is essential. What will set us apart from the competition is how we work together to deliver for our customers, our business and our people.

Going forward, the principles established jointly when designing our future IR framework that are set out in this document will be our reference point/guidance for dealing with future challenges.

Pay & Productivity

Increments

Incremental pay rises will be unaffected.

Basic Pay

British Airways has offered a two year pay deal, effective from 1/2/2011 as follows:

- Year one 2011/12 the company will increase base pay based on December 2010 RPI and capped at 2.9%
- Year two 2012/13 the company will increase base pay based on December 2011 RPI and capped at 3%

The next pay review will be effective from February 2013

In addition a further 1.1% base pay increase in Year 1 and 0.5% in Year 2 is available to be paid subject to equivalent additional productivity savings being agreed with the company.

It is the intention to hold discussions with a view to achieving this additional payment by the 1st July 2011.

Mixed fleet

The mixed flying fleet for new crew was introduced with separate terms and conditions and bargaining rights from the 1 November 2010. There will be a separate negotiating body for the new fleet (“Mixed Fleet”), which will not discuss the terms and conditions of Eurofleet (“EF”), Worldwide (“WW”) or LGW crew.

To continue to demonstrate our commitment to EF, WW and LGW crew and to address any concerns about the growth of Mixed Fleet, we are happy to commit to the following assurances.

Assurances for crew

- **Collectively agreed arrangements for EF, WW & LGW crew** – A fundamental principle of this offer is that EF, WW & LGW crew will have a firm commitment from British Airways in respect of their collectively agreed arrangements. EF, WW & LGW crew are assured that their existing collectively agreed arrangements will be maintained for the future, unless changed through the agreed processes.
- **Part-time** – Existing part time lists will be completed in seniority order by grade. Once existing lists are completed a new process will be put in place. New part time lists will be opened every three months across all contract types (75%, 50% & 33%) and in seniority order within grade. The intention is to action each part time list during the following three months. All offers will be on existing fleet terms and conditions. Once a contract type has been allocated to a crew member it is not envisaged that there will be the opportunity to increase hours. However, where permanent promotional opportunities exist in a grade, there will also be an opportunity for existing crew already at that grade to increase their hours. This arrangement replaces the current arrangements for part-time in Opps & Choice.
- **Access to route network** –The distribution of routes between fleets at Heathrow will continue to be based on commercial need. It is British Airways’ intention to ensure a fair and transparent distribution of routes to all fleets. At the beginning of each IATA season, the planned schedule for all fleets will be shared with Unite. At the same time a review will take place of the previous season’s flying, chaired by an independent third party agreed by British Airways and Unite. During this review British Airways will detail the actual routes moved to Mixed Fleet. To demonstrate that a fair approach has been achieved the review will consider whether the cumulative impact of all routes moved based on Carmen trip banding is proportionate as between Mixed Fleet and each of EF and WW fleets. It is British Airways’ intention (subject to commercial need) to rebalance any disproportionate impact on EF and WW fleets during the following 6 months.

- **Access to aircraft type** – It is British Airways’ intention to deploy new aircraft based on commercial need across all fleets on a transparent basis. Existing crew terms, conditions and flying agreements will apply when new aircraft are operated on EF, WW & LGW fleets. As new aircraft are introduced across all of British Airways fleets, crew will be trained in order to receive the necessary licenses as required by regulation. On EF & WW fleets, allocation of licences will be determined using collectively agreed arrangements as appropriate.
- **Structure and opportunities for current crew** – The CSD, Purser and Main Crew structure for current crew within EF and WW fleets will continue on the basis of existing practice, unless amended through negotiation. British Airways confirms that EF and WW crew will be promoted on existing terms and conditions on EF and WW fleets, although future opportunities will be limited.
- **Honouring current and future agreements** – Both parties acknowledge the importance of honouring agreements and are committed to working together to collectively agreed arrangements.
- **Ability to transfer fleet/base on current terms and conditions** – As under the current process, there is no guarantee of achieving a transfer. However, British Airways commits to continue permanent transfers at Heathrow between EF and WW on a one for one basis.
- **Current Variable Payments** - All existing variable pay will continue to be paid as now e.g. all box payments, all back to backs, destination payments, excess time premiums, short turnaround payments etc.
- **Permanent variable earnings guarantee**- It is acknowledged that the introduction of a new Mixed Fleet is a cause of concern for existing crew on both EF and WW.
It is British Airways’ intention to allay any concerns surrounding this and to ensure reassurance continues into the future as routes move to Mixed Fleet over time. Therefore cabin crew employed by British Airways at Heathrow on either EF or WW fleets will be permanently covered by a new permanent variable earnings guarantee (“PVEG”).

This ongoing arrangement will be both permanent and contractual. Future variable earnings will be covered by PVEG and it will be introduced on the basis outlined below.

The amount to be paid will be the difference between the actual variable earnings achieved by the crew member over the year and the baseline amount for the relevant grade and fleet set out in Appendix 1, if there is a shortfall.

The baseline amounts set out in Appendix 1 will increase by the same percentage as any basic pay increase.

It is British Airways' intention that this guarantee will cover every eligible individual for the remaining duration of his/her employment as a BA EF or WW Heathrow- based cabin crew.

This does not preclude negotiated changes, which may occur from time to time.

The baseline amounts by grade and fleet will include the variable pay elements listed in Appendix 1. Adjustments will be made for non-flying time, including unpaid leave, sickness, line trainer duties, TU duties and activities and industrial action.

The payment will be pro-rated for part-time crew.

The PVEG year runs from 1st November to 31st October.

- Other allowances, including meal allowances will continue to be paid where applicable as now.

Opportunities for Gatwick crew

Following British Airways' recent reorganisation, Gatwick has been established as a separate business unit with its own dedicated management team. This approach has been taken to give Gatwick the necessary autonomy to set its own future direction.

To support this approach, and after listening to feedback from crew colleagues, both parties have agreed to establish a separate National Sectional Panel (NSP) for Gatwick.

On this basis one of the initial issues for the new NSP to consider is the future flying opportunities for Gatwick crew. British Airways would like to hold early discussions with the Unite local representatives to establish the future agenda including the best opportunities for growth in long haul flying at Gatwick for the benefit of both the business and our people.

Disruption Agreement

In order to minimise the impact of disruption to our customers and our crew, the following points will remain, or be incorporated into, the Disruption Agreement

- The definition of disruption and its scope remains unchanged, except as identified below.
- The double night will be removed for Worldwide diverted inbound services to anywhere in the UK and Europe, and a minimum of 15 hours off-duty will be achieved if the aircraft is unable to continue to its original destination. Days off in the published roster associated with the disrupted trip will remain in place.
- When disruption takes place the IFCE management team will immediately advise duty representatives and crew colleagues when and how the Disruption Agreement has been applied. A review will take place of any disruption at the next joint meeting.
- Crew from the Customer Support Programme can be deployed as part of main crew complement. To ensure senior crew positions are covered, established crew may be required to work up a grade during disruption.

Exceptional Operational Circumstances

British Airways and Unite are jointly committed to honouring our collective agreements and that this is an essential part of ensuring positive on going industrial relations.

It is also accepted that due to the nature of the airline industry, on rare occasions, it may be necessary to take decisions to directly protect the British Airways operation whilst also considering the needs of our customers and crew.

If this is necessary the decision to do so will be taken by the IFCE Operations Manager or deputy, who will discuss with either the Convenor or Deputy, for the relevant fleet, the best way to achieve this and will include any applicable arrangements.

This process for exceptional operational circumstances is linked to the direct well being of customers and crew and will only be applicable to a specific duty. This arrangement is only for situations that would impact on an entire crew.

If Unite or British Airways believe that collective agreements have not been honoured and the decisions taken are outside the spirit of this arrangement, then this will be addressed through the relationship structure.

Sickness related pay claims

British Airways is committed to paying all crew who were genuinely sick during industrial action. To ensure this takes place, any individual who believes they have not been appropriately paid will be invited to ask for a further final review

conducted by a member of the IFCE management team, with input from a member of the People Team, BAHS and a representative of Unite.

The IFCE management team, taking into account the individual circumstances and the appropriate input, will take the final decision. If it is accepted that the sickness is genuine then the relevant pay will be restored.

Dispute Related Disciplinaries

The parties are committed to beginning the process of restoring and improving relationships at all levels. With this in mind, it is important that there is no victimisation arising from the dispute and both parties will work to ensure that any issues are settled in a mature and professional way. Where there are disciplinary or grievance cases, the intention is that these will be resolved quickly. Where behaviour is found to be serious, any resulting action will be measured and proportionate.

Unite and British Airways agree that if any employee who has been dismissed by British Airways and whose name appears in the confidential annex to this agreement (a 'Relevant Employee') decides to bring a claim for unfair dismissal, then as an alternative to Employment Tribunal litigation, and subject to certain agreed conditions, that employee will have the option of having their claim dealt with under the ACAS arbitration scheme for the resolution of unfair dismissal disputes.

The purpose of the ACAS arbitration scheme is to resolve unfair dismissal claims using general principles of fairness and good employment practice rather than strict law and legal precedent. The process is less adversarial, with each party bearing their own costs and the outcome is confidential to both parties

British Airways and Unite agree that the Arbitrator's decision will be binding and before entering the ACAS arbitration scheme they will enter into an agreement to this effect, to which the 'Relevant Employee' will also be a party.

Any arbitration hearing will take place only after British Airways' internal appeals procedure has been exhausted. In any such case both parties will have the right to approve or reject the arbitrator proposed as agreed with ACAS.

An ACAS review of all dispute related disciplinary cases that have been dealt with under British Airways' disciplinary procedures will also be conducted. British Airways is committed to giving full and fair consideration to any ACAS recommendation arising from that review. Nothing in this section will be taken or cited as a precedent for any past or future cases.

Litigation

This settlement reflects an agreement between both British Airways and Unite that we will put the dispute behind us and move forward to build a positive and lasting relationship. Both sides agree that further litigation relating to the dispute would not be conducive to this aim.

The parties have agreed that the various pieces of litigation relating to the dispute will be dealt with in accordance with the Litigation Agreement at Appendix II.

New - Customer Support Programme.

British Airways wants to continue to create a more positive and inclusive working environment for all colleagues.

A fundamental principle of this is to create an understanding, not only of the experience our customers have when they travel with us, but of the part each of us play in making that journey a successful one.

It is British Airways' intention to set up a new company wide programme within all customer contact and customer support areas to enable this to happen.

British Airways has worked with Unite to set up this scheme for cabin crew using the principles set out below. Unite recognises the benefits that this might bring and is committed to helping introduce these principles. British Airways recognises that an essential part of making this programme work will be in allaying peoples' understandable concerns regarding people from different areas joining them.

Moving forward, the new programme will replace the current arrangements for voluntary cabin crew.

The new corporate scheme will incorporate selection criteria to ensure both customer service and safety standards are maintained and enhanced.

Colleagues working along side current cabin crew will only operate as supernumery main crew. During periods when the disruption agreement is in place, to assist in maintaining the operation for our customers, this may be used as part of the main crew complement.

The intention is that the new programme will also allow cabin crew of all grades to experience working in other areas across the business on a voluntary basis.

These core principles will be incorporated into the new scheme and used throughout the period of transition. Once developed, this will be a positive opportunity for colleagues to learn from, and experience the working lives of different areas

helping remove barriers and build one stronger more inclusive British Airways “team”.

Trade Union Facilities

New facilities arrangements are set out in Appendix III.

Review

Having worked jointly and positively to reach a settlement, it would not be in anyone’s interests for it not to be successful. To ensure its application is effective and supports the joint objective of a successful business, both Keith Williams and Len McCluskey will meet initially on a quarterly basis. This will be to discuss any matters of concern raised by their respective teams or to recommend any necessary reviews as may be appropriate. The spirit of the settlement needs to be maintained to support and deliver change for the business.

Appendix I – Permanent Variable Earnings Guarantee

The objective of the Permanent Variable Earnings Guarantee (PVEG) scheme is to provide greater security of variable earnings for current crew in Heathrow Worldwide and Heathrow Eurofleet. It is designed to mitigate the concerns over the pace and mix of work transfer to the new ‘Mixed Fleet’.

All existing variable pay will continue to be paid as now e.g. all box payments, all back to backs, destination payments, excess time premiums, short turnaround payments etc.

The PVEG scheme means that everyone at Heathrow will be paid at least the baseline amount of variable pay shown below, regardless of their roster. If crew were to earn less than this, the difference will be topped up to the amounts shown below on an annual basis.

The minimum amount of variable pay shown below would be increased in line with any base pay uplift that is applied in the future.

The minimum variable pay full time crew would receive per annum (effective from 1st November 2010)

FLEET	GRADE	ANNUAL EQUIVALENT (£)
Worldwide	CSD	7,917
Worldwide	Purser	7,575
Worldwide	Main crew	6,616
Eurofleet	CSD	1,894
Eurofleet	Purser	1,894
Eurofleet	Main crew	1,737

Part time crew will receive a pro-rata amount of the above sums.

Allowances included within the minimum variable pay

Worldwide	Eurofleet
Long Range Premium (LRP) /Box Payment Back to Back (B2B) Destination Payment (DES) Excess Time Premium (ETP) Long Range Diversion Payment (DIV)	Long Day Payments (LDP) Excess Time Premium (ETP) Base Early Report Payment (BER) Block Payment (BLK) Short Turnaround Payment (CAT)

The following categories of allowance will also continue to be paid in the same way as they are today but do not form part of the PVEG scheme

Meal Allowances Nightly Incidental Allowance (NIA) Line Trainer Payments Rest Day Working WW Disruption Agreement One Down Payment	Daily Overseas Allowance (DOA) Time Away Allowance (TAA) Willing to Work Telephone Allowance Language Allowance
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Deductions from the minimum variable pay

As now variable pay flying allowances will not be paid when you carry out non flying duties. A daily amount (1/365 of the full time amount shown) will be deducted from the annual minimum variable pay for each non flying day from the following list.

Sickness Trade Union Activities and duties Line Trainer Duties (*)	Unpaid Leave Grounded Maternity (**) Industrial Action
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(*) Current Line Trainer payments will continue to apply

(**) Current Grounded maternity Allowance payments will continue to be made

Appendix II

Collective Agreement over Litigation between BA and Unite

(i) Subject to paragraph (iv) below Unite will not directly or indirectly commence, continue to pursue, fund or otherwise support or assist any litigation and will instruct its trade union and legal representatives not to support any litigation on behalf of its members (whether in the Employment Tribunal, High Court, County Court or otherwise) against the company, its officers and employees arising directly or indirectly in relation to its calls for strike action and/or the strike action which its members took in March, May and June 2010 ('Relevant Industrial Action'). This agreement includes without limitation the following claims in relation to the Relevant Industrial Action:

- a. claims in respect of the withdrawal of staff travel, pay and/or any other benefit (including litigation complaining about breaches of the Employment Relations Act 1999 (Blacklists) Regulations 2010 and/or breaches of sections 8-12 of the Employment Rights Act 1996 regarding itemised pay statements);
- b. claims from cabin crew who assert that they were absent on strike days for sickness or other non-strike related reasons;
- c. claims from cabin crew who claim that they have suffered a detriment for trade union membership, duties and/or activities or claims in relation to time off for trade union duties and/or activities;
- d. claims in respect of a breach of an express or implied contractual term; and
- e. the claims of Roffey and others v BA Plc (3301036/2010); Lanigan & others v BA Plc (3301747/2010); Beatty & others v BA Plc (3301561/2010) which for the purposes of this Agreement are deemed to be in relation to the Relevant Industrial Action.
- f. The case of McCallum and others v BA Plc (HQ 10X03603)

It is, however, understood that Unite does not have the power to prevent individual members who are so minded from commencing or pursuing litigation or from supporting other members in litigation.

(ii) Subject to the specific exceptions in this Agreement Unite will instruct its legal representatives to immediately withdraw representation from all of the claims referred to in (i), such withdrawal to take place no later than 5 working days from the date of the formal notification of acceptance of the offer, save that its legal representatives may continue to act after this date on behalf of those of Unite's members who, within 5 working days of the date of the formal notification of acceptance of the offer, agree to withdraw their claims, solely in order that the legal representatives may assist them in so doing.

(iii) Save for the claimants with the claims listed in paragraph (i)(e) above, to whom Unite will send a letter in the terms set out in schedule 3 to this agreement, Unite will write to each of its individual members for whom it is providing support who are pursuing any of the claims listed at (i) above in the terms set out in the Schedule 1 to this agreement.

(iv) Each of the Relevant Employees listed in schedule 2 attached will have the option of entering into ACAS arbitration as an alternative to an unfair dismissal claim in the Employment Tribunal, if they have submitted a claim for unfair dismissal, which has yet to be heard at the date of this agreement. The purpose of the ACAS scheme is to resolve unfair dismissal claims using general principles of fairness and good employment practice rather than strict law and legal precedent. The process is less adversarial, with each party bearing their own costs and the outcome is confidential to both parties.

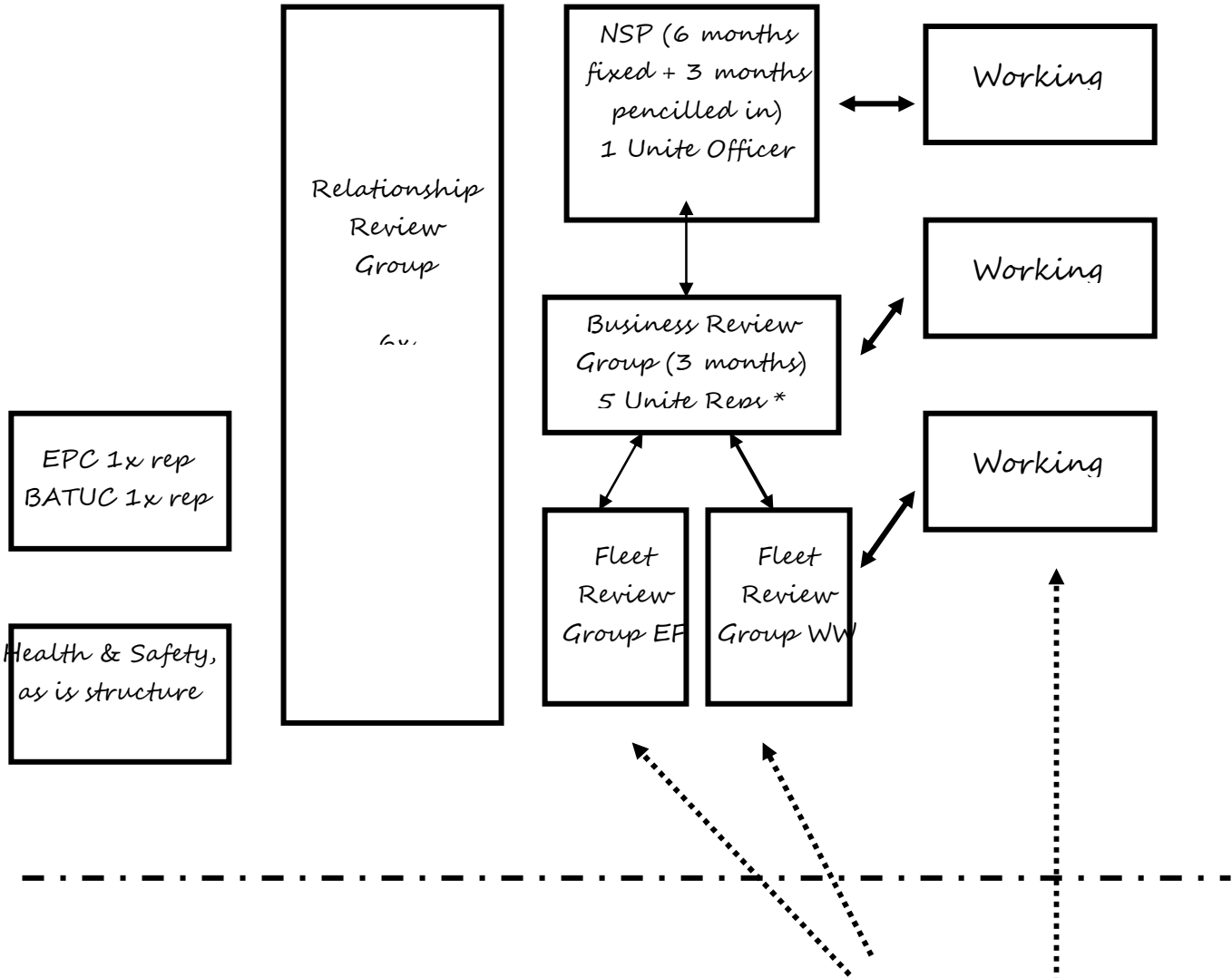
In respect of those Relevant Employees who opt for binding arbitration , BA, Unite and the Relevant Employee agree that the decision of ACAS in such arbitration will be binding. If ACAS decides that the Relevant Employee should be reinstated or reengaged, BA will comply with that decision. Unite reserves its right to provide assistance and support to these Relevant Employees only for the purposes of the arbitration process and/or deciding whether to make use of it and/or in relation to the compromising of any claims and/or in relation to any claims that the individual needs to pursue to enforce the arbitrator's decision.

Appendix III – Trade Union Facilities

Agreed principles

- We will share a common purpose/vision
- Both the Company and Unite will provide valuable input driving a business and customer focus. It is recognised that this can only be achieved by Unite being able to effectively represent its members.
- There will be straightforward, honest communication.
- There will be simultaneous relationships between BA and its cabin crew, Unite and its members and BA and Unite.
- The role of BA management is to manage the airline. The role of Unite is to represent the interests of its members. There will be two-way respect for the validity of the others role.
- Company will facilitate the union in representing its members.
- The management and Unite will meet and review appropriate decisions on a regular basis.
- The right people will participate in the right meetings. Duplication will be avoided.
- Decisions will be made and solutions found at the right level within both BA and Unite
- Better informed people make better decisions. The Company and Unite will demonstrate trust by sharing information and respecting confidentiality.
- Meeting structure and facilities will be credible to all stakeholders
- The relationship and meeting structure needs to stay fresh and agile and be reviewed regularly to meet changing business needs (initially after 6 months).

Heathrow meeting structure



Duty Representatives (2xEF* / 2xWW per day)

Daily problem solving

ARI rep 1x per week day to cover WW & EF

* EF reduce to 1x Duty Rep on Saturday/Sunday

* Plus specialist rep if

NSP

Senior level meeting for cabin crew colleagues within IFCE, with authority to ratify and agree collective agreements. Will also act as forum to update and discuss matters affecting the business and industry.

Business Review Group (BRG)

Will review business information (fleet and commercial updates, operational performance and decisions). It will have standard agenda items where the company will update and consult on a range of issues including business updates, Customer, Product, Operational Review and forecasting (e.g. Schedules, hotels etc). It may also operate as a negotiating forum where appropriate, and when it operates as such the results will be sent to NSP for ratification.

Fleet Review Group (FRG)

The purpose of the FRG will be to discuss local matters that involve the day to day business of IFCE and if appropriate resolution of working problems

Working Group

Ad-hoc groups set up to discuss and seek resolution to specifically identified issues. Group will consist of both company and unite representatives and may be requested by either party.

Duty Representative Role

First point of contact for all Unite Cabin Crew members and the Duty Operations team. Raised issues will be categorised; resolution will be sought for green and amber issues. Red issues to be raised to appropriate forum (e.g. working group or FRG)

TU Reps pay, leave, standby and de-rostering position

It is agreed that principles of the de-rostering request process [as detailed in 2007] are still applicable. All requests for de-rostering will be directed to a single point of contact within IFCE who will be accountable for processing all offline requests.

Trade Union Representatives Pay

Meetings with BA, including staff representation eg. NSP, BRG, FRG, EG901 etc. Basic pay will be paid BA.

Trade union business related to that of BA, including some training courses eg Branch, Committee etc. Basic pay will be paid by BA.

Trade Union business unrelated to BA eg. Unrelated conferences, policy making meetings with bodies of the union. Basic pay will not be paid by BA.

Office coverage agreed by BA. Basic pay will paid by BA.

Owed MBT

All MBTR days should be discharged within 90 days as per the process required of cabin crew.

Part time working

Cabin crew representatives will not plan to undertake Trade Union duties, including office cover, on their part time days off. Should the company request a representative attends a duty on a part time day they will be recompensed by a day in lieu. The representative may request the company pay the standard daily rate instead.

Leave

All cabin crew representatives will bid for leave as per the process followed by cabin crew.

Up to a maximum of 16 identified representatives will be granted leave outside of this process.

Standby

All cabin crew representatives will be allocated standby consistent with their role as cabin crew.

Up to a maximum of 16 identified representatives will be excluded from this.

The representatives identified for the exclusions of leave and standby will be advised prior to implementation of the new facilities arrangements.

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The trade union facilities agreement will be subject to review at the six monthly meeting.

Signatories to the Settlement

Date: