

# Managing corporate responsibility

Corporate responsibility is about managing our business in a way that enhances the positive and minimises the negative impacts of our activities. In recent years, stakeholders have increasingly assessed businesses in terms of their approach to and performance on corporate responsibility, in addition to traditional criteria such as financial performance. Below we outline our governance structure for embedding corporate responsibility into our business processes.

## Policies

Our approach is guided by our corporate responsibility policy. In summary this commits us to:

- Operate with integrity and openness
- Comply with the law and seek to implement best practice
- Engage with our stakeholders to understand their priorities
- Provide a safe and healthy work environment that is free from discrimination and harassment
- Support freedom of association and the learning and development of our workforce
- Support the protection of human rights on local communities
- Maximise our positive economic impacts on local communities
- Identify how our community programmes can most benefit those adversely affected by our operations
- Reduce and mitigate our environmental impacts and respect environmental limits
- Report on our corporate responsibility performance.

## Governance

BAA's board determines the company's long-term strategy, monitors the achievement of business objectives and ensures that we meet our responsibilities to key stakeholders.

The executive committee recommends business objectives and strategies to the board and ensures their delivery. Its recommendations are based on a management framework which includes an assessment of social, environmental, economic and ethical risks.



Read our full corporate responsibility policy, as well as other policies covering specific corporate responsibility issues at [www.baa.com](http://www.baa.com).

The board and executive committee sign off key policies and strategies for implementation throughout the business. The managing directors of BAA's businesses are responsible for their delivery. The board and executive committee are supported by several sub-committees, including:

- A corporate responsibility board, which is responsible for driving the corporate responsibility agenda within BAA
- A health, safety, security and environment committee, which is a board sub-committee and provides overall governance and advice
- A health, safety, security and environment performance committee which is an executive sub-committee and reviews and monitors performance and recommends policy and standards to the executive committee and, where necessary, to the board.

Our corporate responsibility and environment strategy team is responsible for overall co-ordination of our programme, including policy and strategy development, performance monitoring and assurance, and reporting. It works closely with teams at local level, as well as with parts of the business specialising in a particular aspect of corporate responsibility.

We have set up management groups at corporate level and within airports to deal with specific issues, such as human resources and environmental management, and to share best practice across the organisation. Each airport has its own senior management governance structure to oversee delivery of corporate responsibility.

## Management systems

We manage health, safety and environment issues at both group and airport level through our Managing Responsibly System (see Figure 29). In 2007 we published a suite of corporate performance standards covering the key elements of the Managing Responsibly System, as well as environment, health and safety issues. These standards set the level of performance expected from the seven UK airports in health, safety and environment. In 2008 the airports will begin implementing these standards and we will be checking their progress through the corporate assurance programme.

Environmental management systems for Stansted Airport, World Duty Free and Heathrow Express are certified to ISO 14001. We completed an ISO 14001 pre-certification audit at Gatwick in 2007 and plan to progress to the first stage of certification at Gatwick in 2008. Organisations certified to the ISO 14001 are audited by external assessors and are required to show performance improvements. We encourage airports to develop their management systems in line with the international standard ISO 14001, but do not require formal certification to the standard.

We collect and store data at group level to ensure accuracy and consistency and to identify opportunities for continual improvement. Key performance measures and performance against our long-term objectives and annual targets are reported to the senior-level committees mentioned above.

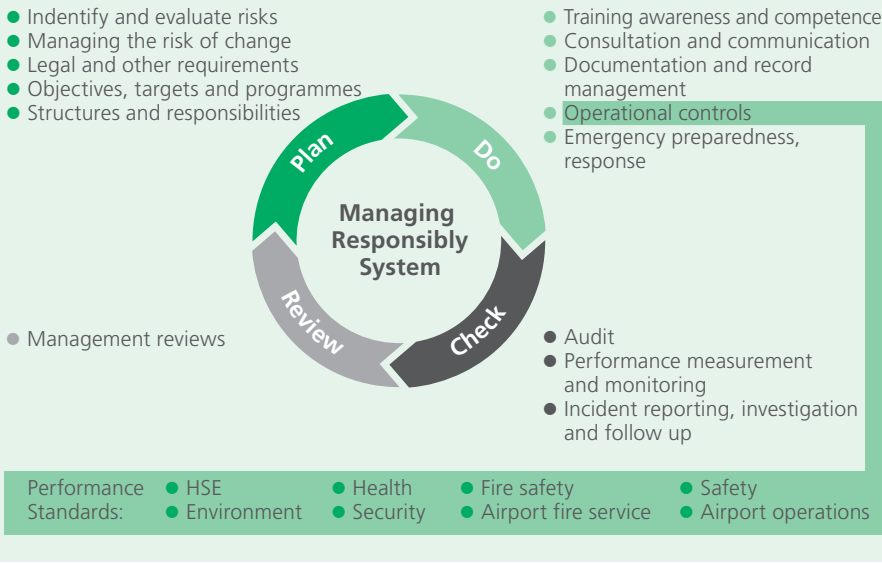
Our airports set annual targets on corporate responsibility and environmental issues to ensure continuous performance improvement in priority areas.

ERM, our external CR report assurance provider, assessed whether we have appropriately reported our progress against selected environmental targets at each of our UK airports and against selected corporate level health and safety targets. We define progress against our targets according to four levels:

- Target bettered – More actions have been completed than planned against the target. Performance is better than the target
- Target achieved – All the actions are completed, and items delivered. Performance has reached the target level
- Some progress made – The target has not been achieved but actions have been carried out towards delivering the target. Performance has not achieved the target but is better than last year
- No progress made – The target actions have not been progressed at all, or performance is lower than last year.

In 2007, ERM concluded that we had appropriately reported our progress against 38 selected airport level environmental targets and against two selected corporate level health and safety targets, within the

**Figure 29: Managing Responsibly System**  
Key stages in the process



scope of their assurance. Of these, 11 targets were 'bettered', 13 targets were 'achieved', 'some progress' was made against 11 targets and 'no progress' was made against 5 targets.

For more information on performance against our targets and to see ERM's full assurance statements for each of the airports, see our individual airport corporate responsibility reports.

For information on how we manage other issues, please see the relevant section of this report.

### Internal audit

In 2007, health, safety, security and environment compliance teams carried out more than 2,360 hours of audits.

Risk-based audits took place across the business, covering each of the seven airports.

Seven internal security audits were carried out at BAA airports plus one security audit of the World Duty Free goods distribution centre. In addition, Heathrow, Gatwick and Stansted airports carried out daily inspections as part of their internal assurance and BAA conducted over 1,300 covert security tests on its security systems.

We also conducted an environment thematic audit of the BAA Capital Projects function.

### Risk management

Our risk management policy covers all aspects of risk to BAA's business, including safety and security, environmental, reputational and industrial relations risks.

For more information on how we identify corporate responsibility risks see 'Our approach to corporate responsibility' on page 8.

### Training and awareness

We conduct awareness and training programmes to help embed corporate responsibility in our business. These include technical and leadership courses on specific issues, such as safety, security, cultural awareness and disability.

Individual training needs are identified between employees and their line managers.

In 2007 we developed a health, safety and environment induction DVD, which we intend to show to all new BAA staff and to employees of other airport-based companies when they start working at our airports. The DVD will be rolled out during 2008.

We also offer external courses for our senior executives, including Forum for the Future's Sustainability Masterclass and the Prince of Wales' Business and Environment Programme.

### Incentive schemes

We use incentives to help embed effective management of corporate responsibility within BAA. Staff with direct functional responsibility for corporate responsibility, as well as senior managers and board members who have an influence on corporate responsibility performance have this reflected in their job descriptions and performance objectives. These objectives are assessed as part of our annual performance development process and linked to our annual bonus scheme.



For more information on performance against our targets see our individual airport corporate responsibility reports.