

Our partners

BAA is only one of hundreds of companies operating at our airports. Many of the rules and regulations, services and activities at the airport are the responsibility of these partner organisations and companies.

Working with third parties

The issue

The everyday running of an airport involves hundreds of different companies. These include businesses operating on the airfield, such as airlines, ground operations teams and baggage handlers, and those operating inside terminal buildings, including retailers.

The way these companies operate affects our ability to achieve our corporate responsibility objectives. For example, we rely on the airlines to improve their performance to meet noise and air quality limits and the practices of retailers directly affect our health and safety, energy and waste performance.

Our approach

We work closely with our partners to ensure the smooth running of our airports and to improve our safety and environmental performance. While we often do not have direct control over the practices of companies working at our airports, we use our influence to ensure compliance with BAA policies and regulatory requirements and to encourage effective management of corporate responsibility issues.

Below we outline our approach to engaging with our four main partners.

Airlines

As well as operating aircraft, airlines control ticketing, check-in and baggage handling. We interact with airlines on a number of key corporate responsibility issues:

- Air quality – we encourage airlines to use aircraft which produce fewer emissions. For example, we link landing charges at Heathrow and Gatwick to emissions levels. We also work with airlines and ground handlers to reduce emissions on the ground from APUs. See page 24 and the case study on page 62.
- Noise – we encourage airlines to use quieter aircraft and to adopt quieter operating practices. See page 19.
- Climate change – we influence airlines to operate more fuel-efficient fleets and have worked to encourage them to support the entry of aviation into the EU ETS. See page 13.

- Health and safety – we work closely with airlines to reduce the number and severity of incidents. This includes sharing contingency plans for crisis situations and enforcing driving standards in airside areas. We conduct health and safety audits and our airside safety groups co-ordinate safety improvement programmes. See page 52.
- Passenger experience – we work with airlines to offer the most efficient service for passengers. For instance, we support the introduction of time-saving innovations, such as electronic check-in and e-ticketing. See page 44.

Ground handling companies

Ground handling companies are employed by airlines to support aircraft on the stand. They include ramp teams, baggage handlers and terminal staff.

BAA duty teams are in regular contact with these companies to help them understand and meet regulatory and BAA requirements for airside health and safety. We agree systems for performance measurement in licence agreements and audit ground handling companies to ensure compliance during aircraft turnaround operations. We are empowered to impose penalties on any licence holder if proper standards are not met.

We also engage with ground handling companies on safety, air quality and noise issues, through our Flight Operations Performance Committee.

We are currently working with ground handling companies on a number of local initiatives. These include:

- Consolidating deliveries off-site, to reduce unnecessary transportation
- Improving recycling rates
- Reducing emissions from ground transport vehicles
- Improving service to piers to reduce vehicle movements
- Baggage hall safety improvements.

Retailers

Retailing, including catering and shopping, is an important element of the travel experience for passengers. We have direct control over the corporate responsibility practices of our World Duty Free (WDF) retail business which operates 62 stores. We use our influence to improve the performance of other retailers

operating at our airports and will take the same approach to WDF once the sale of the business is completed.

Rather than leasing property from BAA, retailers in our airports pay BAA a concession fee (a percentage of their sales).

We offer empty units which retailers fit out to their specifications. We make recommendations to help retailers design and operate their units with the environment in mind. We have identified a best-practice approach at Terminal 5 for improving the sustainability performance of our retail partners. This focuses on four key areas:

Energy efficiency

We have set each retailer of Terminal 5 a target to improve energy efficiency by a minimum of 20% compared to our most recent retail development at Terminal 1. Most energy used in retail units is through lighting. In 2007, we held an energy-efficient lighting workshop to help retailers improve in this area. We also ran a workshop for BAA retail development managers to improve their understanding of environmental issues.

Water supply

We have set a target to reduce mains water consumption at Terminal 5 by 70%, compared to a traditional terminal building. A large proportion of this reduction has been achieved by introducing a rainwater harvesting system and using water from two boreholes. We also asked retailers to use water-saving features in their unit design. This has resulted in the introduction of water-saving devices in many restaurant units.

Waste

We encourage retailers to minimise and recycle waste when fitting out units, during use and when stripping out units at the end of their contract. For more information on waste see page 30.

Materials

Our sensitive materials strategy bans certain materials and identifies other that must be minimised in building projects. Restricted materials include PVC, non-Forest Stewardship Council timber, HFCs and HCFCs (potent greenhouse gases), high-volatile organic compound products and formaldehyde. We have been working with retailers at Terminal 5 to minimise the use of these chemicals in their units. For more information see page 36.



Improving ground noise and emissions at Stansted Airport

Meeting our corporate responsibility objectives requires close collaboration with our partners. In 2007, we worked with EasyJet to reduce the use of auxiliary power units (APUs) – small engines used to power air-conditioning and instruments in aircraft on the ground. It takes 2kg of fuel and produces 7kg of CO₂ to run an APU on an EasyJet A319 for just one minute. APUs also contribute to air pollution and noise at our airports.

At Stansted we provide an electricity connection at stands which can be used to power aircraft instead of an APU. These connections were not being widely used, and we conducted a survey to find out why. This highlighted problems with the reliability of the electrical power supply.

In partnership with EasyJet, we tested the reliability of the electrical connections at every aircraft stand at Stansted. A team observed how ramp staff connected the cable to arriving EasyJet aircraft. The EasyJet base captain then boarded the aircraft to check the electrical supply to the aircraft and whether it was being

accepted by on-board systems. BAA staff were also invited by EasyJet to Munich airport where they reported 100% reliability with the system.

The survey identified a number of practices that could affect reliability. These included storing the equipment face up, exposing the pins to rain. We presented the survey findings to pilots and ramp managers in a workshop and issued a training presentation disc to all ramp handling companies. The BAA team has been invited by the plug manufacturer to look at a possible redesign of the plug to improve connection to the aircraft.

We plan to conduct a second survey to assess whether the project has reduced APU use.

Our partners

We plan to implement this approach at our other airports and terminals.

Tenants

We have approximately 900 tenants in BAA-owned buildings across our seven airports. These include airlines, government agencies, ground handling companies and support companies such as cleaners.

We run initiatives at airport level to encourage our tenants to improve their safety and environmental performance. We share information on safety incidents and conduct joint investigations wherever possible. We conduct annual inspections across our portfolio to identify safety issues and operate a reporting system for tenants to inform us of any hazards.

Supply chain

The issue

BAA spends more than £1.5 billion each year with suppliers, approximately 70% of which we spend on construction. The remainder is spent on a diverse range of goods and services including:

- Utilities and fuel
- Consultancy services (training and design services)
- Baggage handling systems
- Facilities support (catering and cleaning)
- Office supplies and services
- IT and telecommunications
- Marketing and communication services
- Travel and transport.

We want to do business with suppliers that are aligned to our values and who demonstrate strong corporate responsibility performance. Good corporate responsibility management practices are often an indicator of quality. Association with poor performing suppliers, or with those whose approach to corporate responsibility is in its early stages, could also damage our reputation.

Building social and environmental considerations into our procurement is key to reducing our direct environmental impacts and achieving our corporate responsibility targets. For example purchasing efficient light fittings for our buildings will help us meet our energy reduction targets, and promoting cleaner vehicle use among our suppliers contributes to our efforts to meet air quality objectives.

Our approach

We follow a rigorous sourcing process, evaluating the corporate responsibility performance of suppliers, including management of their people, resources and processes. We agree performance improvement targets where relevant.

In 2007 we launched a new Responsible Supplier Policy, which sets out our expectations for suppliers. Our procurement teams are responsible for implementing this policy.

As a transport infrastructure company, we are also governed by the Utilities Contracts Regulations 2006, implemented in the UK under the European Procurement Directives. This requires us to apply criteria that are objective and non-discriminatory when selecting suppliers.

Potential new suppliers must complete a pre-qualification questionnaire, which we use to make a general assessment of companies. This normally includes questions relating to corporate responsibility. We use the results of the questionnaire to select which suppliers are invited to tender. During the tender process we assess suppliers on business processes and on management of social and environmental issues. Based on these assessments we may follow up with site visits.

We assess the corporate responsibility performance of all potential new suppliers. We use a risk-based approach to target our resources and to establish the significance of corporate responsibility issues relating to the product or service we are buying. This depends on:

- The type of goods or service that we are buying
- The value of the contract with the supplier
- Importance of the supplier to our business operations
- Relevance to our group corporate responsibility objectives
- Regulatory requirements.

If supplier activities have a material impact on achieving our targets in areas such as noise, energy use and air quality, corporate responsibility will form a significant element of the tender process. We give feedback to all suppliers invited to tender, regardless of whether they are selected to work with BAA. We may agree improvement targets with companies before they begin to supply BAA. Our major supplier relationships are multi-million pound contracts running for a number of years. This gives us the opportunity to work collaboratively with our suppliers to deliver against our corporate responsibility targets.

Construction suppliers

We monitor the sustainability performance of our existing construction suppliers through our Supplier Evaluation Process (SEP). This requires suppliers to implement sustainability management systems and to demonstrate continuous improvements in health and safety, waste, energy use and materials. In early 2008, we will link SEP performance to the awarding of contracts. For more information see the section on sustainable construction on page 35.

Supporting local suppliers

We want our business to benefit the people and economies around our airports. Our Meet the Buyer events provide opportunities for local suppliers around all our airports to meet with BAA's larger suppliers to discuss business opportunities. This is discussed more fully in the economic role section on page 39.

Reducing consumption and promoting equipment reuse

In 2007, we began using a second-hand equipment e-auction service. This allows BAA and other companies working at our airports to sell equipment they no longer require and to buy second-hand goods. This will help reduce the environmental footprint of our procurement activities, including the use of raw materials, energy use from transport and the production of waste.

Our plans

- Relaunch the SEP to emphasise how supplier performance links to the awarding of future capital project work
- Implement our new Responsible Supplier Policy. We will use a staged approach to implementing the policy, prioritising high-risk suppliers and suppliers who have a material impact on achieving our corporate responsibility targets. We will first target construction, energy and fuel suppliers, before targeting clothing, office equipment, IT and telecommunications and catering and suppliers of other services
- Set targets for our new waste contractor for the south-east airports.