

→ Sustainable supply chain

Background

Suppliers can play an important role in helping companies meet their corporate responsibility objectives. For example, waste management suppliers can help companies to achieve recycling goals and construction suppliers enable energy efficiency improvements in new facilities.

Good corporate responsibility management practice also indicates quality in supply chains. Association with poor performing suppliers can damage a company's reputation.

Our approach

BAA spends more than £1.5 billion each year with suppliers, approximately 70% with construction suppliers. Our supplier relationships involve multimillion pound

contracts running over several years. This provides an opportunity to work with suppliers to deliver our corporate responsibility objectives.

We recognise the need to promote high sustainability standards to our suppliers and are working to translate our experience in construction to other parts of our supply chain. While we have not yet set sustainability targets for non-construction suppliers, we assess potential new suppliers on their sustainability performance as part of the tender process.

We want our business to benefit the people and economies around our airports. We recognise the benefits of buying from local suppliers where possible and our Meet the Buyer events provide opportunities for local businesses to meet BAA's partner companies

to discuss business opportunities (read more on page 12).

Our performance

BAA 2008 target

Re-launch the Supplier Evaluation Process, linking supplier performance to awarding future capital projects

Performance

We monitor the sustainability performance of our construction suppliers through a Supplier Evaluation Process. This requires suppliers to implement sustainability management systems and demonstrate continual improvements in health and safety, waste, energy use and environmentally sensitive materials. The average sustainability score of the 19 suppliers that were assessed in 2008 was 82.4%.

We conducted a sustainability workshop for 19 senior representatives from our top-tier construction suppliers.

2008 target

Implement our new Responsible Supplier Policy

Performance

We made some progress towards meeting this target through developing an audit procedure to measure and understand supplier activity and by subscribing to a service providing information on whether our suppliers have used child labour or undertaken poor environmental practice. We intend to build on this initial work to fully deploy our new policy in 2009.

Our plans

We plan to refocus our approach to ethical supply chain management. This will involve redesigning our procedures to manage sustainability risks and extend good practices with construction suppliers throughout our supply chain. In 2009, we will link sustainability performance directly to awarding new contracts.

