

Sustainable Procurement Policy for Heathrow Airport Limited

Date of policy:	May 2017
Author:	Dianne Armstrong / Chris Allen
Approved by:	Exec David Ferroussat – Procurement Director Pete Hughes - Head of Procurement Support Services
Version number:	V4

Purpose

The purpose of this policy is to ensure that Heathrow is committed to Sustainable Procurement and to ensure a number of key guiding principles are understood and adhered to by Heathrow colleagues, suppliers, stakeholders and other interested parties. This policy sets out the framework for how we procure and work with our supply chain at Heathrow.

As a business and key provider of UK transport infrastructure, Heathrow's vision is **to give passengers the best airport service in the world**. We will only be truly successful if we achieve this vision while also improving the world around us: our growth must be sustainable.

Heathrow 2.0 is our sustainability strategy. It represents a step-change for our business and captures the momentum of an industry-wide shift towards a sustainable future for aviation.

It will allow us to meet today's needs while delivering fair, sustainable air travel for future generations to enjoy.

Heathrow 2.0 sets out our plan to meet one of our four business priorities – sustainable growth. The purpose of this policy is to set out the framework for how we procure and work with our supply chain business at Heathrow.



In addition to supporting our strategic objectives, Heathrow recognises that adopting the principles of this policy will help us achieve significant commercial and sustainability benefits including;

- Value for money
- Protection and enhancement of the environment
- More effective use of resources
- Greater social inclusion
- Increased innovation
- Improved risk management
- Lower whole-life costs
- Improved supplier relationships
- A diverse and flexible supply chain

This Policy supersedes the Responsible Procurement Policy published in 2015.

Scope

This policy applies to Heathrow Airport Ltd (Heathrow) and all its subsidiaries and covers all sourcing and contract management activities for Heathrow, related to general goods and services, IT related goods and services and construction related goods, services and works.

This policy outlines Heathrow's approach to working with suppliers, sub-contractors (referred to as suppliers) and business partners to meet Heathrow 2.0, our sustainability strategy.

This policy is mandatory and shall be complied with by all Heathrow colleagues for all third party expenditure.

Heathrow colleagues must ensure that this policy is communicated to any individuals or organisations undertaking procurement activities on Heathrow's behalf, who must themselves also adhere to this policy.

Our 4 Pillars of Sustainability

The business case for a sustainable Heathrow is strong and clear across the four pillars of our sustainability strategy, Heathrow 2.0:

- A Great Place to Work is about helping our people fulfil their potential and work together to lead change with energy and pride.
- A Great Place to Live is about being a good neighbour and a responsible citizen, improving local quality of life.
- A Thriving Sustainable Economy is about delivering opportunities for business that will make the UK stronger and more sustainable.
- A World Worth Travelling is about ensuring that future generations can explore and enjoy our beautiful world. Tackling these challenges is critical to our licence to operate and to grow.

Procurement and its supply chain will support the strategy across all four pillars with specific focus on Objective 9: *Sustainable Supply Chain; A place that drives change throughout our supply chain.*

We recognise that Heathrow's influence stretches far beyond our boundary. We are not only a hub for passengers, we are also a home for hundreds of businesses who either work on site or supply the airport with goods and services. This vast network gives us another great opportunity to lead.

Heathrow 2.0 outlines how we will deliver the most ethical, sustainable and low carbon procurement and sourcing possible across Heathrow, both through our supply chain and via collaboration across Team Heathrow. We will incentivise sustainable strategies among our suppliers, monitor their performance and drive change wherever we can. We will:

- Implement best practice sustainable procurement practices across Heathrow
- Become a London Living Wage employer
- Enhance the ethical and sustainable passenger experience at the airport
- Reduce carbon emissions throughout our supply chain, and support our suppliers to prepare for future changes to climate
- Work without supply chain and Team Heathrow to tackle anti-slavery and human trafficking in all its forms.

Policy

In accordance with *Heathrow Supply Chain Policy*:

- All supply chain activities and interactions with third parties shall be compliant with the *Code of Professional Conduct Policy*.
- Heathrow shall incorporate appropriate sustainable procurement, health & safety and security requirements into all contracts for goods, services and works. Heathrow shall also seek to improve the overall sustainable management of the supply chain on an on-going basis, across social, environmental and economic factors. All those involved in supply chain activities shall continuously improve performance in all of these areas and cascade all these principles throughout the supply chain.

Principles

The following principles have been developed in alignment with Heathrow 2.0, our sustainability strategy, and in accordance with legislation. They should be used by Heathrow Airport Ltd and its supply chain to guide procurement decisions when considering;

- The products and services that Heathrow buys
- The organisations that Heathrow does business with; and
- The contracts that Heathrow manages

The additional principles are:

Managing our Environmental Impacts

- Prevent, limit or reduce adverse impacts to:
 - air quality
 - air and ground noise
 - climate
 - water quality
- Manage landholdings to protect and enhance biodiversity while maintaining aircraft safety
- Manage waste in accordance with the waste hierarchy (prevent, reduce, reuse, recycle and energy recovery) to minimise use of natural resources.

Looking after our People, Passengers and Suppliers

- Safeguard the health and safety of our colleagues, suppliers, contractors, our service partners, passengers and members of the public.
- Support fair employment practices including labour standards & human rights
- Tackle anti-slavery and human trafficking in all its forms
- Promote workforce welfare – wages, benefits and working hours
- Promote diversity and equality
- Promote good governance and anti-corruption
- Promote Fair Trade and pay (protecting workers' pay and rights throughout the supply chain) and Ethical Sourcing (helping disadvantaged producers and workers in the developing world to take more control over their lives)
- Promote on-time payment for all our suppliers

Promoting economic growth

- Support sustainable economic growth and prosperity across the UK and specifically in our local communities through:
 - Connecting local businesses to new growth opportunities through the contracts we offer
 - Incorporating provision in contracts to offer training and employment opportunities for local communities

Accountabilities and Responsibilities

Heathrow colleagues and any individuals or organisations undertaking procurement activities on Heathrow's behalf are required to:

- Comply with this policy
- Include this policy in all tender documentation
- Build the appropriate elements of this policy into the evaluation criteria, with the appropriate weighting(s) based on size, risk and issues material to particular suppliers

- Work with existing suppliers to enable them to meet our sustainability requirements
- Periodically evaluate supplier risk, exposure and management across the sustainability issues identified in this policy
- Audit and monitor supplier performance across the sustainability issues identified in this policy

Heathrow colleagues and any individuals or organisations undertaking procurement activities on Heathrow's behalf also need to ensure that 3rd party suppliers to Heathrow comply with the principles of this policy by complying with the following:

- Read, understand and ensure compliance with the sustainable procurement principles outlined in this policy.
- Flag to Heathrow any negative impact to the sustainable procurement principles outlined in this policy they have identified prior to or during doing business with Heathrow
- Refer to the sustainable procurement principles outlined in this policy and where relevant incorporate them into tender submissions.
- Provide Heathrow with the evidence to support their credentials in this area, including:
 - Positions such as policies
 - Processes such as a management systems
 - Performance such as carbon footprint
- Comply with national laws in the countries in which they operate and ensure activities comply with Environmental Permits held by Heathrow Airport Ltd
- For construction related goods, services and works; comply with the Heathrow Development Employer's Requirements for Environment and Sustainability; Industrial Relations; and Health & Safety.

Accountabilities and Responsibilities

Non-compliance with this policy is likely to result in damage to the reputation of Heathrow Airport.

Compliance with policies, processes and guidelines will be regularly monitored and audited. Any non-compliance by colleagues may lead to disciplinary action. Any non-compliance by individuals or organisations authorised to undertake procurement activities on Heathrow's behalf, could result in termination of contract.

The principles outlined in this policy will be embedded, taken into account and assessed via the tools and templates used as part of the Sourcing Gateway Process and Governance identified in *Heathrow Supply Chain Policy*. They will also be embedded in the processes relating to contract management and supplier performance management.

Responsibility for meeting the policy commitments is devolved to all areas of the business who are involved in undertaking sourcing contract negotiations and contract management activities.

Heathrow will report the outcomes of periodic supplier evaluation to;

- The Procurement Leadership Team (bi-annual)
- The Sustainability Leadership Team (monthly)
- The Procurement Sustainability Leadership Group (monthly)

References

This policy should be read in conjunction with

- Heathrow 2.0 - your.heathrow.com/sustainability
- The Heathrow Supply Chain Policy
- The Heathrow Sustainable Procurement Guidelines
- The Heathrow Employer's Requirements, Sustainability
- The Heathrow Employer's Requirements, Industrial Relations
- The Heathrow Sustainability Policy
- The Heathrow Environment and Energy Policy
- The Heathrow Health and Safety Policy
- The Heathrow Code of Professional Conduct Policy

References

This policy should be communicated to the business via the Heathrow Hub.

Management Review of this Policy

This policy will be reviewed on an annual basis by Procurement in collaboration with Heathrow's Sustainability Team.

Management Sign Off

Executive Director accountable for this policy:

Name: Javier Echave – Chief Financial Officer

14-Jun-2017

Date:

Signature:

DocuSigned by:
Javier Echave
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Policy Owner:

Name: David Ferroussat – Procurement Director

14-Jun-2017

Date:

Signature:

DocuSigned by:
David Ferroussat
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Directorate Policy Lead:

Name: Peter Hughes – Head of Procurement Support Services

16-Jun-2017

Date:

Signature:

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Peter Hughes
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