

# Independent Assurance Report to BAA Limited for Heathrow Airport

BAA Limited (BAA) appointed Environmental Resources Management Limited (ERM) to provide independent assurance on Heathrow Airport's progress against selected airport level environmental targets presented in the Heathrow Airport 2006/07 Corporate Responsibility (CR) Report (the Report).

## Scope of our work

The environmental targets selected for our assurance engagement were:

*Air Quality:* 100% implementation of the air quality strategy action plan

*Biodiversity:* 100% implementation of the Heathrow Biodiversity Strategy action plan for 2006/07

*Energy & climate change:* Reduce site CO<sub>2</sub> emissions by 6% against business-as-usual forecast, through improvements in energy efficiency

*Noise:* Implement new noise and track keeping system

*Surface Access:* Increase the percentage of passengers using public transport from 37% to 38%

*Waste:* Increase the percentage of contract waste recycled from 25% in 2005/06 to 26%

*Water quality:* 100% implementation of the water quality strategy action plan for 2006/07

We did not assess the appropriateness of the selected targets or the airport's wider management and reporting of the selected environmental issues. If the engagement had required us to do so, our conclusions may have been different.

## Reporting Criteria and Assurance Standards

BAA applies its own environmental target assessment criteria, as described in the "Our performance" sections for each of the targets reviewed.

We performed our work in accordance with ERM's assurance methodology which is based on the international assurance standards; ISAE 3000, AA1000 AS and ISO 19011.

## Respective responsibilities and ERM's independence

BAA and Heathrow Airport's management are responsible for preparing the CR report and is responsible for the collection and presentation of information in it. ERM's responsibility is to express our assurance conclusions on the selected scope of work agreed with BAA and Heathrow Airport.

During 2006/7 we have not worked with Heathrow Airport on other consulting engagements but have worked with other BAA companies. However, we operate strict conflict checks to ensure independence of the company and individuals involved in our assurance activities is not compromised.

## Our assurance activities

A multi-disciplinary team of environmental, noise and air quality, corporate responsibility and assurance specialists performed the engagement.

We conducted the following assurance activities:

- Reviewed self-assessment reports of progress against each target provided by each target owner
- Visited the airport to interview the relevant environmental target owners and review documentary evidence to support their self-assessed progress against each target and challenged the self-assessment on the basis of our findings
- Reported our assurance findings to management as they arose to provide them with the opportunity to correct them prior to finalisation of our work
- Reviewed the presentation of information relevant to the scope of our work in the CR Report to ensure consistency with our findings

## Our conclusions

Based on the work undertaken, and in consideration of the limitations of our assurance engagement presented above, we conclude that, in all material respects, progress against the selected 2006/07 environmental targets set out in the section on "The Local Environment" are appropriately reported.

## Our key observations and recommendations

2006/07 has been a significant year for BAA including the change of ownership to the ADI Consortium led by Ferrovial, the introduction of new airport security rules and the Competition Commission inquiry. This context has been a challenging one and has affected progress against some of the targets within the scope of our work, as described in this report. However, we have observed through our assurance work that BAA has remained committed and focused on managing its CR impacts.

Based on our assurance activities set out above, and without affecting our conclusions, we provide the following observations and recommendations for improvements:

### Highlights observed in target achievement:

- *Waste:* A new waste contractor has been appointed, with contractual obligations to improve recycling rates to deliver the overall BAA 2010 target to recycle 40% of waste collected
- *Energy:* New energy efficiency practices have been initiated at T5 and existing terminals leading to the forecast business as usual CO<sub>2</sub> emissions from energy used being exceeded

### Areas for Heathrow Airport to consider for future improvements:

- *Target achievement:* Ensure that management continues to work towards delivering the 2006/07 targets where no or some progress was made
- *Climate change:* Broaden the scope of managing Heathrow's climate change impacts beyond management of energy from fixed sources
- *Target setting:* Ensure future targets are performance rather than process based, and that they reflect Heathrow airport management's objectives and stakeholder concerns for each issue



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*ERM is an independent global provider of environmental, social and corporate responsibility consulting and assurance services. Over the past 4 years we have worked with over half of the world's 500 largest companies, in addition to numerous governments, international organisations and NGOs.*

*Our assurance statement provides no assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular whether any changes may have occurred to the information since first published. These matters are the responsibility of BAA but no control procedures can provide absolute assurance in this area.*