

Environmental Sustainability Survey Strategy

International Aerospace Environmental Group

Purpose:

This White Paper is being prepared by the International Aerospace Environmental Group (IAEG)'s Working Group (WG) 6 as a summary of current and future WG activities, a review of the major issues facing the WG and IAEG, and the proposed path forward. WG 6 intends to create a harmonized supply chain questionnaire suitable for all member companies, with a goal of "one and done." Each surveyed supplier will complete a survey once and the responses will be available to all member companies, which will reduce time and create efficiencies in time spent issuing and completing surveys.

Overview

IAEG is chartered to assist its members in improving the industry's environmental performance. There is increasing pressure on industry from stakeholders and from new and evolving regulations to better understand the company's supply chain and provide more transparency into it.

This trend toward increasing stakeholder pressure for transparency on environmental sustainability also affects aerospace companies. As a result, aerospace companies, which have been managing their own environmental sustainability issues, are now being asked to ensure that environmental sustainability issues are managed by their entire supply chain.

Aerospace companies are starting to use questionnaires to gather and record environmental sustainability information from their suppliers. IAEG WG 6 will help the industry reduce the administrative burden of the evolving reporting process and provide support for member transparency and risk mitigation.

Our Path

WG 6 believes that a harmonized supply chain questionnaire can be developed by mid-2016, but a longer journey will be phased over the next several years to include more value to the industry as our understanding of supplier

environmental management priorities evolve. Our guide will be member input, sector drivers, stakeholder input and policy maker trajectory in these areas.

Our path will comply with the structure of IAEG's compliance requirements. WG 6 wants to provide utmost value to IAEG members, so in addition to our first phase deliverable of a harmonized supply chain questionnaire, we also believe there is a need to incorporate a 3rd party administrator who will be assigned to help with survey mechanics, such as collecting supplier contact information anonymously from member companies, issuing the surveys, collecting the data, and issuing industry reports and guidance on progress.

Other IAEG Working Groups are pursuing efforts that will contribute to WG 6 activities. Notably, WG 1 (Chemical Reporting) and WG 3 (Greenhouse Gas Reporting) are creating work products that will affect the way member companies and their suppliers respond to questions developed under the opus of IAEG. Every effort will be made to incorporate all IAEG-developed approaches into the final supply chain questionnaire produced by WG 6.

Phase One

WG 6 is developing a list of environmental sustainability questions to ask suppliers that would be valuable to all members. The team is reviewing existing member supplier surveys that have been made available and surveying the entire IAEG membership for its priorities in the area of environmental sustainability and their timeframe for desiring support in surveying suppliers.

The team is also benchmarking other industry associations that have already addressed the issue of supplier survey, such as Electronics, Pharmaceuticals, Chemicals, Airlines, Oil & Gas, Apparel, Toys, and Automotive.

WG 6 will then draft the questions it intends to propose for the final, harmonized IAEG Supply Chain questionnaire.

Once the survey questions have been drafted, they will be piloted with member company suppliers via a supplier pilot. While the pilot process is being conducted, the team will need to choose a 3rd party to manage and execute the surveys. We anticipate that annual surveys will be required, but also believe that some questions only need to be asked of suppliers every three years.

WG 6 also needs to determine the funding model for the 3rd party administration and IT tool that will maintain the process.

The phase one Concept of Operation (CONOPS) has been developed and is represented in the following figure. We believe Phase 1 will be complete in 2nd Quarter 2016.



Our Future Direction

The future roadmap for WG 6 includes adding various types of inquiries to our supply questionnaire as our engagements mature in the areas of environmental sustainability and as we address additional stakeholder priorities.

With the results of the supplier questionnaires, we plan to begin working on deficient areas seen through the responses, and conduct items such as industry webinars and the issuance of guidance documents to ensure suppliers are enabled to positively improve their environmental performance.

Further IAEG Considerations

The engagement and benchmarking with other industry groups was invaluable and the topics under consideration in other industries were generally broader in scope than the current WG 6 charter. Some industries have already taken on many of the issues that our IAEG organization is currently discussing as well as topics not considered by WG 6 due to scope limits in our charter. As a result, the scope of the WG 6 questionnaire may need to be broadened in order to remain relevant with other supply chain surveys. We plan to reconsider adding social, ethical and governance questions to the questionnaire in the future. Phase 1 of our process will only deal with environmental components; however, a full-up Sustainability questionnaire may be preferable and embraced by our industry in the future.

It is clear that although the methods may be different, these industries have developed robust supplier engagement models while meeting the challenge of market compliance regulations. We believe this engagement model should be incorporated into our IAEG strategy to support current and future workgroups that require supplier engagement.