

Sustainable Procurement Policy for Heathrow

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Executive Director accountable for this Policy:	Helen Elsby, Chief Solution Officer
Function Policy Lead:	Paul Doherty, Procurement Director
Author	Jack Johnson, Contract Manager
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1. Heathrow Terminology

When we refer to “Heathrow” in the context of the Sustainable Procurement Policy we mean Heathrow Airport Holdings Limited and its subsidiary companies (“**Heathrow**” or “**Heathrow Group**”). This includes all those who work for and on behalf of Heathrow (including directors and colleagues on permanent, temporary or fixed-term contracts of employment (“**Colleagues**”)), and also all paid or voluntary agents, contractors, subcontractors or contingent workers where appropriate whilst they are undertaking procurement activities for Heathrow (the “**Third Parties**”).

2. 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, Third Parties (as defined below), 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 two 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
- Nature positive airport
- Zero waste airport
- More socially inclusive employer
- Increased innovation
- Improved risk management
- Decent work and economic growth
- Thriving sustainable supply chain
- Inclusive employer of choice for local diverse talent

3. Scope

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 2 Pillars of Sustainability

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

- **Net Zero Aviation** is about working towards our vision of sustainable aviation at Heathrow and across our industry.
- **A Great Place to Live and Work** is about improving the quality of life of our colleagues and our neighbours and to make a positive impact in our community.

Supported by our responsible business foundations, which show how Heathrow addresses a range of key issues, including safety, security and governance through its strategies and policies. The responsible business foundations are entry level requirements for suppliers to perform works or services at Heathrow.

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 through the balance score card and look for opportunities to drive real change.

Procurement takes into consideration every element of Heathrow 2.0 within our processes, moving forward the data gathered from the balance score card metric will assist with the monitoring, identifying and awarding of future and current contracts at Heathrow, the following are our key priorities:

Academy Engagement	○ Work with our suppliers to engage with the local apprenticeships from the local boroughs
Inclusive Employer of Choice for Local Diverse Talent	○ All contracted suppliers to meet with our Equality, Diversity and Inclusion requirements by 2030 to reflect the diversity of our local community at all levels.
Nature Positive Airport	○ Work with all contracted suppliers to protect the local flora and fauna around Heathrow.
Net Zero in the Air	○ Ensure our directly engaged suppliers are committed to meeting our SAF goals by 2025 and 2030. ○ All engaged suppliers shall support the Company’s goal to reduce carbon in the air by up to 15% by 2030.
Better Quality of Life in Heathrow’s Neighbouring Communities	○ Encourage our suppliers to align with Heathrows positive community impact goals and support charitable organisations within the local boroughs
Supply Chain Sustainability School	○ All contracted suppliers sign up to the Supply Chain Sustainability School and undertake regular self-assessment

	to identify opportunities for continuous improvement in all areas of Sustainability.
Prompt Payment Code	<ul style="list-style-type: none"> ○ Ensure that all contracted suppliers will be signed up to the Prompt Payment Code to drive on time payment up against agreed terms with their supply chain.
London Living Wage / Zero Hour Contracts	<ul style="list-style-type: none"> ○ Maintain our London Living Wage employer status and ensure that those working in our direct supply chain are in scope and are paid the London Living Wage. ○ Ensure our directly engaged suppliers who pay London Living Wage will be contractually obligated not to use zero-hour contracts.
Net Zero on the Ground	<ul style="list-style-type: none"> ○ Work with contracted suppliers to deliver a net zero supply chain in line with Heathrow 2.0 targets. ○ Encourage our suppliers to adopt a zero emissions approach to fleet in line with our 2030 target. ○ Work with our suppliers to ensure the energy that is consumed is from renewable sources in line with our 2030 target.
Zero Waste Airport	<ul style="list-style-type: none"> ○ Ensure that 0% of waste is sent to landfills and that we work with our supply chain to achieve our waste recycle target in Heathrow 2.0. ○ Ensure our suppliers are implementing a circular economy principles to contribute in making Heathrow more energy and water efficient.
Modern Slavery	<ul style="list-style-type: none"> ○ Work with our supply chain to tackle anti-slavery and human trafficking in all its forms. All contracted risk assessed suppliers to be register on the Sedex platform.

4. Policy

In accordance with *Heathrow Procurement Policy*:

- All supply chain activities and interactions with third parties shall be compliant with the *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 ongoing basis, across social, environmental and economic factors. All those involved in supply chain activities shall continuously improve performance in these areas and cascade all these principles throughout the supply chain.

Heathrow colleagues and any Third Parties 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 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 Third Parties 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 system
 - 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 Limited
- For construction related goods, services and works; comply with the Heathrow Development Employer's Requirements for Environment and Sustainability; Industrial Relations; and Health & Safety.

5. Principles

The following principles have been developed in alignment with Heathrow 2.0 and in accordance with legislation. They should be used by Heathrow 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.

6. Accountabilities and Responsibilities

All Heathrow Colleagues or Third Parties have a responsibility to comply with this policy. 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.

7. Consequences of Policy

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 Third Parties 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, considered and assessed via the tools and templates used as part of the Sourcing Gateway Process and Governance identified in *Heathrow Procurement 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 - Sustainability (quarterly)
- The Sustainability Leadership Team (quarterly)

8. References

This policy should be read in conjunction with the following policies available on HUB+:

- Heathrow 2.0 Sustainability Strategy
- The Heathrow Procurement Policy
- The Heathrow Sustainable Procurement Guidelines
- The Heathrow Sustainability Policy
- The Heathrow Health and Safety Policy
- The Heathrow Whistle Blowing Policy
- The Heathrow Charity Policy

In addition, for construction-related contracts, the following Employer's Requirements available on Documentum should be read in conjunction with this policy:

- The Heathrow Employer's Requirements, Sustainability
- The Heathrow Employer's Requirements, Industrial Relations

9. Communication of Policy

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

10. Management Review of this Policy

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