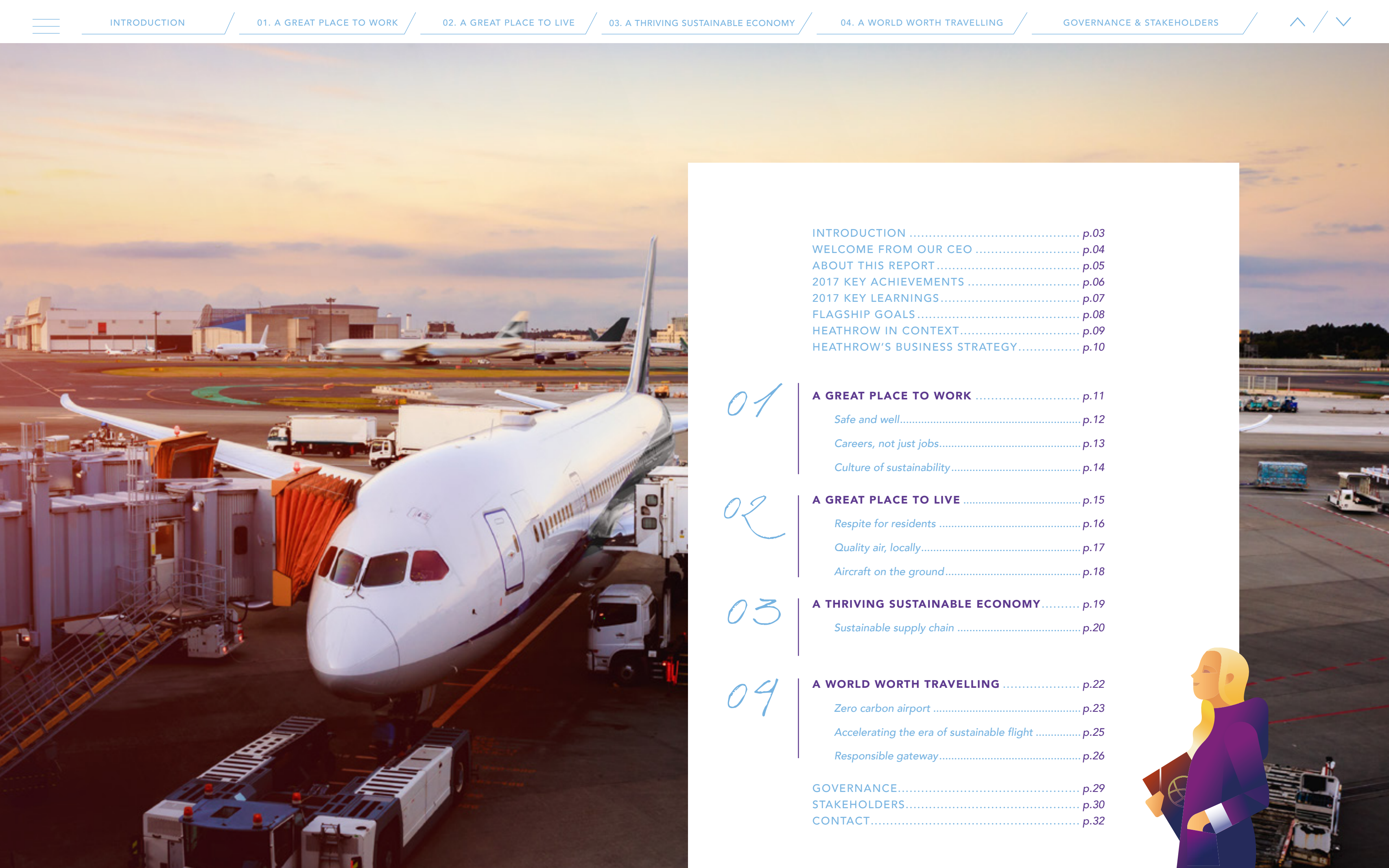




HEATHROW 2.0

2017 SUSTAINABILITY
PROGRESS SUMMARY

Heathrow



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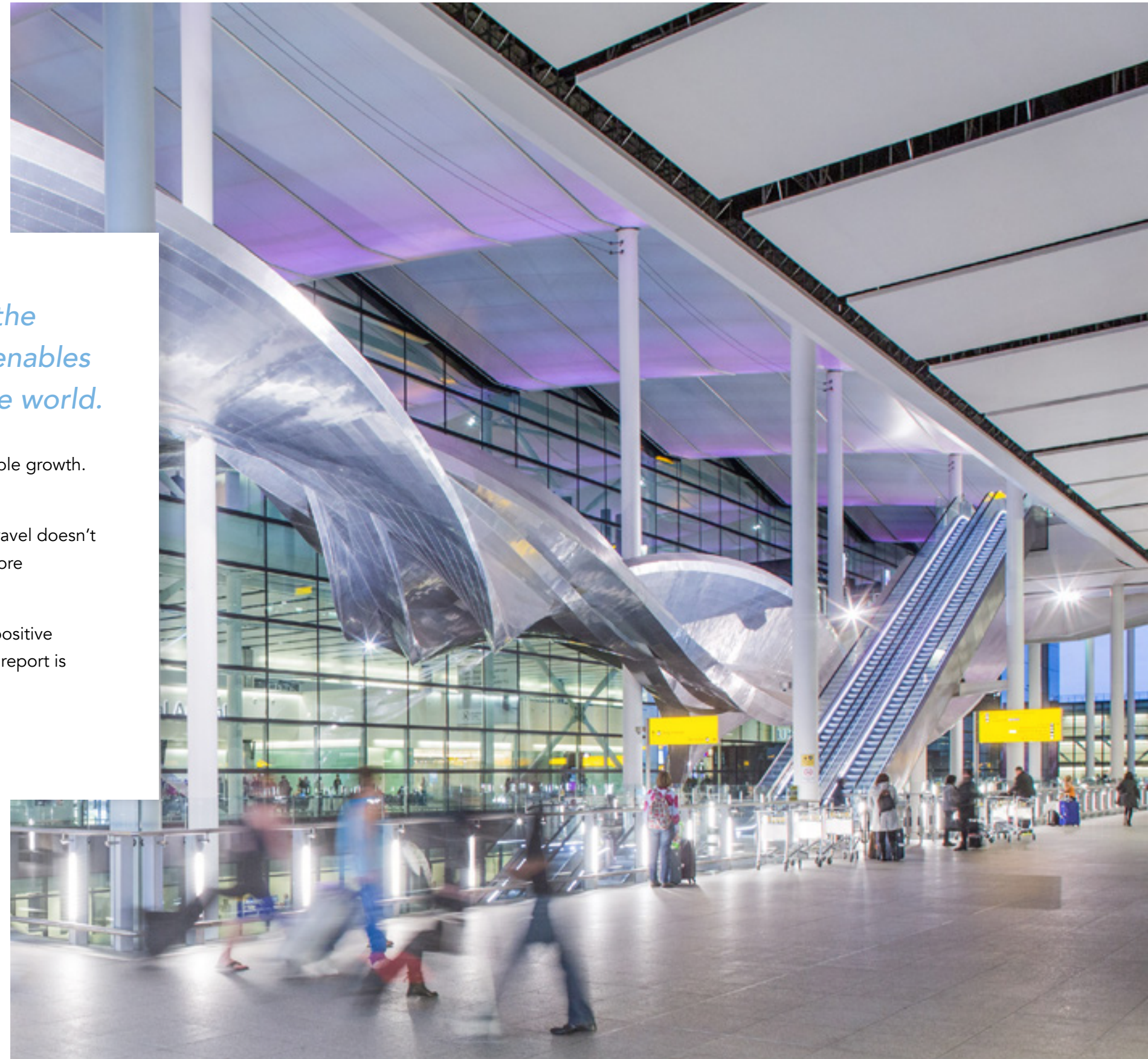
INTRODUCTION

As a global hub and Britain's leading airport, Heathrow brings the world closer. We're a place that helps families come together, enables people to discover new cultures and connects businesses to the world.

We believe in the power of travel as a force for good, and Heathrow 2.0 is our business plan for sustainable growth. For us this means being a place that can inspire and enable a positive future for our industry as a whole.

It is a plan to grow the potential of our colleagues, people and businesses, and help make sure that air travel doesn't come at the cost of the planet, or affect the quality of life of local communities. Our goal is to pioneer more sustainable travel from the beginning to the end of every journey.

Through Heathrow 2.0, we want to lead the way in pioneering exciting new approaches to increase the positive impact we can make, while reducing the negative impacts of aviation. More than a progress update, this report is about sharing our journey in a way that is open, practical and as useful as possible.





Last year we launched Heathrow 2.0, our plan for sustainable growth. It committed us to ensuring that as Heathrow thrives, so too will our people, our communities, our country and our world. This is only possible if we grow and operate our airport sustainably, now and in the future.

A year on and we've already made big strides. I'm particularly proud that in November we became Living Wage-accredited, ensuring that 3,200 airport colleagues will receive the Living Wage by the end of 2020. Heathrow now has the highest density of electric vehicle charging infrastructure in Europe, a key part of our plans to improve air quality. And since last April we've been entirely powered by renewable electricity.

Many of these successes rely on working closely with the 400 other "Team Heathrow" companies that operate at the airport. Deeper collaboration is starting to yield real benefits.

We have worked with our airline customers to cut the number of late flights leaving after 23:30 by nearly 30% compared to 2016, a big improvement for the local communities most impacted by aircraft noise. Our expanded Fly Quiet and Green programme has encouraged friendly competition between airlines to move up the rankings by improving noise and emissions performance.

As a big organisation we can also help shape the agenda and help others to take a lead. Our target to make Heathrow an ultra-low emission zone by 2025 gives other organisations at the airport a clear direction of travel.

We're already seeing promising results, with a rapid rise in low-emission vehicles at Heathrow. British Airways has taken a global lead in investing in innovative new electric push-back tugs. Dnata, a leading ground-handler, and DHL are both investing in development of new electric lorries. If we can influence global companies like these to go electric, we can really take a leadership role.

Some areas have been slower to get going. We have a target of delivering 10,000 apprenticeships across all employers at Heathrow by 2030. We helped nearly 200 people into apprenticeships last year through the Heathrow Employment and Skills Academy, and we're working on collecting data from all 400 businesses in the airport to get a comprehensive analysis. In time, the impact of the new Apprenticeship Levy will significantly help towards this target. However, in the short term, many employers have struggled with the new system and some have even reported a reduction in apprentice numbers. We have been helping them to adapt and to make best use of their funds.

Heathrow 2.0 is an ambitious plan. We expected to stretch ourselves and in some areas to take a leap of faith. We know that some of the solutions that we'll need do not exist yet. That's why we've also launched this year our new Centre of Excellence for Sustainable Airports to support academics and entrepreneurs in finding innovative answers to some of the tough challenges we face.

We'll continue to learn from and listen to our stakeholders so that, together, we can create a sustainable future for aviation. We will report again this time next year and I will look forward to sharing the progress we have made.

WELCOME FROM OUR CEO

JOHN HOLLAND-KAYE
CHIEF EXECUTIVE, HEATHROW





ABOUT THIS REPORT

Launched in February 2017, Heathrow 2.0 is a landmark strategy setting the direction for a future era of sustainable aviation. We've committed to be a good neighbour, while playing a leading role in tackling global aviation challenges.

Our strategy covers the workplace, the community in which we operate, economic and environmental sustainability throughout our own and our partners' operations and across the UK, and a drive to leverage innovation and science to solve collective challenges. Our focus is to go beyond mitigation and deliver positive impacts that enable us and those around us to thrive.

This report is more than a progress update, it's about sharing the approaches we've taken and the things we've learned. Our broader goal is to be a place that helps shape a positive future for sustainable airports, and aviation as a whole. Being as open and practical as possible about the steps along the way will set us apart and make the outputs of our work as useful as possible.

Within this document, you will find an overview of the progress we have made, the things we have learned, the challenges we have faced and the new goals we have set to help ensure air travel doesn't come at the cost of the planet.

6 KEY LEARNINGS FROM 2017

01 SET BOLD GOALS

02 TAKE THE LEAD

03 CREATE A CULTURE SHIFT

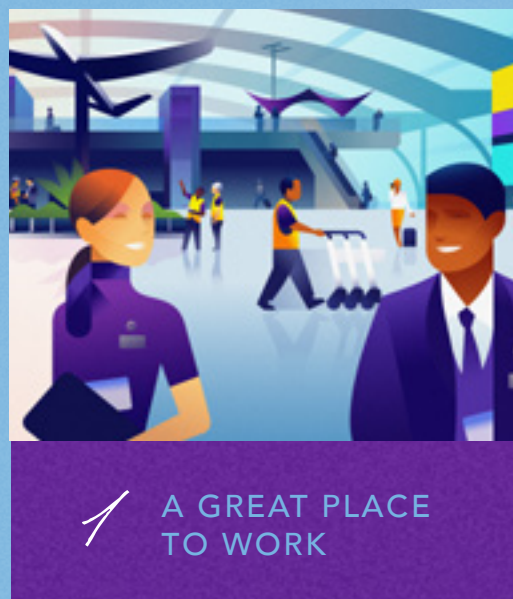
04 SHAPE THE CONTEXT

05 DELIVER ON THE BASICS

06 COLLABORATE TO ACHIEVE MORE

STRATEGY OVERVIEW

There are four pillars in **Heathrow 2.0**: a great place to work; a great place to live; a thriving sustainable economy; and a world worth travelling. They are underpinned by 12 objectives, each with clearly defined goals, strategies and indicators. In this report you will find the highlights of our progress in 2017. For a detailed update against all our goals and targets, please see the appendix to this report.



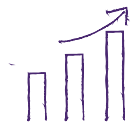
HEATHROW 2.0 2017 ACHIEVEMENTS



1 A GREAT PLACE TO WORK



197 PEOPLE embarked on apprenticeships through the Heathrow Academy



Training over 100 colleagues to **LEAD SUSTAINABLE GROWTH** across the airport

2 A GREAT PLACE TO LIVE



Over **50 VEHICLES** converted to electric or plug-in hybrid



Highest density of **CHARGING** infrastructure in Europe



REDUCED late running flights by nearly 30% compared to 2016

3 A THRIVING SUSTAINABLE ECONOMY

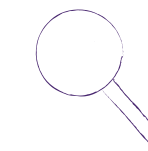


3,200 airport colleagues to receive the London Living Wage **BY 2020**



Awarded **20 GRANTS** of £2,000 to UK SMEs to help them access new markets around the world

4 A WORLD WORTH TRAVELLING



Launched **CENTRE OF EXCELLENCE** for sustainability with an innovation prize of £20,000



On the ground, we're powered by **100% RENEWABLE ENERGY**

KEY LEARNINGS FROM 2017

1) SET BOLD GOALS

Within Heathrow 2.0 we set short-term and long-term goals. The short-term ones have allowed us to demonstrate our commitment to taking bold steps in the first year of our strategy. We have already achieved some significant successes, for example, we've been powered by 100% renewable electricity since April 2017 and we became Living Wage accredited in November. We're continuing to look to the future by setting new goals in key areas such as reducing packaging waste generated at the airport.

2) TAKE THE LEAD

As Britain's leading airport, we can lead the way by demonstrating what can be achieved with enough focus and investment. For example, due to our focus on reducing emissions from vehicles, we've already converted over 50 of our own cars and small vehicles to electric or plug-in hybrid (the second largest corporate fleet in the UK). Heathrow is also the site with the highest density of electric charging infrastructure in Europe, with over 80 charging points available to passengers, colleagues and airside vehicles and there are over 800 electric vehicles operating at the airport. Through our **Clean Vehicles Partnership**, we are sharing our expertise and supporting other organisations based at the airport to convert their fleets to electric or plug-in hybrid.

3) CREATE A CULTURE SHIFT

We want to create a culture of sustainability so that it becomes part of everyone's daily decision making. This isn't easy, but we're working hard to make it happen. For example, in 2017 we launched a new leadership development programme called Leading Sustainable Growth. Over 100 senior leaders have already participated in a Masterclass, with contributions from a range of sustainability experts, followed by a two-day workshop exploring what it means to lead sustainable growth at Heathrow.

4) SHAPE THE CONTEXT

In many areas of Heathrow 2.0, being successful in achieving our goals is beyond our direct control. That means that it's important that we participate in broader conversations regarding the key issues we face. For example, we have worked closely with others in our industry to push for the best standard for CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation). This will be vital if we are to achieve our ambition for growth from our new runway to be carbon neutral. We'll publish more on our plans for this later this year.

5) DELIVER ON THE BASICS

We're pushing the agenda forwards on areas like recycling and water efficiency. It isn't always easy to make progress with these issues but solid achievements are crucial to make the most of new opportunities as they arise. For example, in 2017 recycling rates fell short of our target as we continue to engage airlines on how best to collect cabin waste from aircraft to recycle. We'll continue to focus on this in 2018, whilst also working to reduce waste generated at Heathrow in line with our long-term ambition for zero waste. We have a significant opportunity to improve water efficiency and water quality, both of which we are focusing on in 2018.

6) COLLABORATE TO ACHIEVE MORE

We need to work with partners across Team Heathrow if we want to achieve our Heathrow 2.0 ambitions. This isn't always easy and we have had both successes and set-backs in 2017. It is crucial that we keep collaborating and take a long-term view to achieve sustainable growth. For example, through concerted efforts, we have reduced late running departures (after 23:30) to 235, nearly 30% less than 2016, and exceeding our target of 270.

FLAGSHIP GOALS

In our initial Heathrow 2.0 strategy, we identified 10 flagship goals that illustrate key work we're doing across all 4 pillars. These goals demonstrate the scale of our ambition across a range of sustainability topics and represent areas where we are seeking to have a significant positive impact. Their timescales vary from short, to medium and longer-term.

3 of our original 10 flagship goals were completed in 2017. To continue to challenge ourselves, we have developed new goals that build on our initial achievements.



Finalist for Business in the Community's Responsible Business of the Year award in recognition of Heathrow 2.0 putting sustainability at the heart of decision making.

GOAL

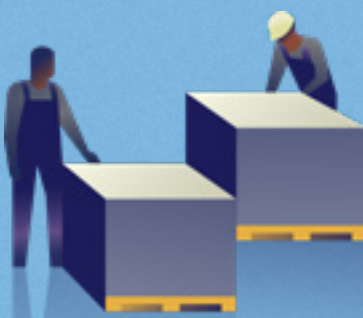
PROGRESS UPDATE

<p>10,000 apprenticeships by 2030 to help people develop skilled and sustainable careers</p>	<p>Reflect local diversity at every level by 2025 so that we can become a truly great place to work whilst helping local people find careers that can fulfil their potential</p>	<p>As part of our voluntary Quiet Night Charter, by 2022 we will seek to at least halve the number of flights on non-disrupted days which operate late after 11.30pm</p>	<p>Airside ultra-low emissions zone by 2025 to improve quality of life through cleaner air</p>	<p>50% airport passenger journeys made by public and sustainable transport by 2030, supporting no more airport-related cars on the road, so local areas can thrive without increased congestion</p>	<p>Largest 100 towns and cities connected to Heathrow by 2030 to create opportunities all over the country and deliver a stronger UK</p> <p>UPDATED GOAL We are changing the date from 2030 to 2033 because this goal is reliant on the opening of High Speed 2 phase 2b which will be in 2033.</p>	<p>We will publish a roadmap in 2017 that sets out how we can help transition our supply chain employees working at Heathrow Airport to be paid the London Living Wage</p> <p>UPDATED GOAL All our direct supply chain colleagues working at Heathrow will be transitioned to be paid the London Living Wage by the end of 2020 and we will encourage commercial partners and our supply chain to work towards the London Living Wage, while continuing to give affordable service to our customers.</p>	<p>An aspiration to make growth from our new runway carbon neutral so that we can protect the planet for future generations to discover and enjoy</p>	<p>Establish a Centre of Excellence for sustainability at airports and in the wider aviation sector</p> <p>UPDATED GOAL As well as establishing the Heathrow Centre of Excellence, we will trial 25 sustainable innovations by 2025. This will be measured by successful pilots completed at Heathrow.</p>	<p>Power Heathrow with 100% renewable electricity from April 2017, as our first step to operate a zero carbon airport</p> <p>UPDATED GOAL We will be a carbon neutral airport by 2020. This will be measured by achieving level 3+ carbon neutrality within the Airports Carbon Accreditation Scheme. This will require us to offset all the residual scope 1 and 2 Heathrow carbon emissions.</p>
<p>Since 2004, Heathrow has contributed over £12.4 million to the Heathrow Academy, bringing together Heathrow, our business partners, local employers and a range of service providers to help individuals to get into work. So far, the Heathrow Academy has helped 4,321 local residents find employment, 7,198 advance into further training and over 1,786 into apprenticeships. In 2017 we facilitated more than 154 apprenticeships.</p>	<p>79% of colleagues feel that people from diverse backgrounds can succeed at Heathrow, an increase from 71% in 2016 measured through our colleague survey. In 2017 we also made progress towards establishing an indicator to measure the diversity profile of Heathrow colleagues, starting with senior leaders and high potential leadership candidates, and invested in our diversity networks.</p>	<p>In October 2018 Heathrow will launch a voluntary Quiet Night Charter, an agreement with airlines to improve the night noise environment. We will consult with airlines and the Heathrow Community Noise Forum as we develop our plans.</p>	<p>In 2017 we consulted with the airside community on the ultra-low emissions zone standards and we are working on improving how vehicle data is captured. More than 50 of our own vehicles have been converted to electric or plug-in hybrid and Heathrow has the highest density of electric charging infrastructure in Europe.</p>	<p>42.3% passengers used public transport in 2017 and we have set targets to achieve 45% by 2019 and 50% by 2030. In September 2017 we also published Bringing Britain Closer – Heathrow's 9-point plan to connect the UK. Improvements to rail services from 2018, with an increased service as a result of Crossrail, will support future growth.</p>	<p>59 towns and cities in the UK are now connected to Heathrow by air (direct), rail (max one change) and bus and coach (direct), an increase from 53 in 2016. This is the result of new coach services, particularly from the North East of England.</p>	<p>In November 2017 Heathrow became a fully accredited Living Wage Employer, recognised by the Living Wage Foundation. This will see 3,200 airport workers receive the living wage by the end of 2020. Heathrow will also exceed the criteria for accreditation by encouraging other businesses based at the airport to take a similar stance.</p>	<p>We are developing a strategy which will include a mix of advocacy and direct action to support our aspiration for our new runway growth to be carbon neutral. We will publish a Carbon Neutral Roadmap in 2018 with details of this strategy.</p>	<p>In January 2018 we launched a sustainability innovation prize as the first initiative through our Centre of Excellence which is seeking radical new ideas and innovation against three themes of circular economy, advanced materials and social wellbeing. We are also participating in a Department for Business, Energy and Industrial Strategy (BEIS) initiative called Science and Innovation Audits. Led by Brunel University London our audit is looking at the topic of 'sustainable airports' in the context of the organisations in the Heathrow area.</p>	<p>Since April 2017 Heathrow has been powered with 100% renewable electricity and we are working towards our revised goal to be a carbon neutral airport by 2020.</p>

HEATHROW IN CONTEXT

in 2017...

OUR **76,500**
PEOPLE, EMPLOYED ACROSS
HEATHROW BY OVER **400**
BUSINESSES DELIVERED
WORLD-CLASS PASSENGER
SERVICE AND MADE ALL OF
THIS POSSIBLE:*



* whilst achieving a record annual average score of 4.16 out of 5.0 and an excellent 4.18 out of 5.0 score in the fourth quarter in the global Airport Service Quality survey.



OUR VISION

TO DELIVER THE BEST AIRPORT SERVICE IN THE WORLD

OUR PURPOSE

MAKING EVERY JOURNEY BETTER

OUR VALUES

- KEEPING EVERYONE SAFE
- TREATING EVERYONE WITH RESPECT
- GIVING EXCELLENT SERVICE
- WORKING TOGETHER
- DOING THE RIGHT THING
- IMPROVING EVERY DAY

WE WELCOMED

78M

PASSENGERS...

WHO TRAVELLED WITH

81 AIRLINES

TO 204 DESTINATIONS...

IN 85 COUNTRIES, ON

474,033

FLIGHTS

WHICH CARRIED

1.70 M

METRIC TONNES OF CARGO

HEATHROW'S BUSINESS STRATEGY

VALUING SUSTAINABILITY INVESTMENT

We are exploring ways to integrate non-financial metrics into our business decision making processes so that we can take account of the sustainability outcomes and, in turn, make more informed decisions. In 2017 we embarked on a project to create a Sustainability Investment Appraisal Tool which will give us a broader view on the returns associated with proposed investments. This will incorporate the costs and benefits of non-financial impacts appropriate to each investment, for example changes in wellbeing experienced by colleagues, customers, the local community and wider society. The measurement and valuation of each impact is underpinned by a robust analysis methodology, based on peer-reviewed research and results are presented in conventional financial terms to aid comparison with conventional investment analysis. We will be launching this tool in 2018 as part of our business planning cycle and we are building capability within our Finance team and all departments to enable them to use it effectively.

OUR PRIORITIES

mojo 

To be a great place to work, we will help our people fulfil their potential and work together to lead change across Heathrow with energy and pride.

transform 
customer service

To deliver the world's best passenger experience, we will work with the Heathrow community to transform the service we give to passengers and airlines, improving punctuality and resilience.

beat the plan 

To secure future investment, we will beat the Q6 business plan and deliver a competitive return to shareholders by growing revenue, reducing costs and delivering investments efficiently.

sustainable growth 

To grow and operate our airport sustainably, now and in the future.



01

A GREAT PLACE TO WORK

We believe the places we work should provide people with opportunities and, at Heathrow, that starts with the work itself. We want everyone who works here to feel they can be happy, motivated and developed in ways which encourage them to flourish. We want every individual to know they have the right to put their own safety, and the safety of all those around them, before anything else.

And we want our people to understand that they can shape our future too. For us to create a true culture of sustainability, we must do it together. Everyone at Heathrow needs to live and breathe Heathrow 2.0.



1.1 SAFE AND WELL

We want every individual to know they have the right to put their own safety, and the safety of all those around them, before anything else. That means working and travelling in an operating environment where risk is appropriately mitigated as well as being empowered to look after the physical and mental wellbeing of every person our business connects with.

OCCUPATIONAL HEALTH

We were thrilled to unveil our newly refurbished Occupational Health Centre in 2017. The revamped facility, coupled with extended opening hours, handled 854 appointments in its first month after opening – an uplift of 200 hundred on the same month the previous year. Our improved environment means that in addition to our current range of services for colleagues, we can also trial a GP-staffed drop-in centre in 2018.

LOOKING AFTER MENTAL WELLBEING AT WORK

According to the Time To Change mental health campaign, 1 in 4 British workers are affected by anxiety, depression and stress every year. As an organisation that really cares about its people, we want to ensure that we have a strategy to support colleague wellbeing.

So in March 2017, we became the first airport to sign the Time To Change Pledge, demonstrating that we're committed to thinking about mental health on a par with physical health.

Signing the Employer Pledge is just one way of showing we're serious about this issue. One of our first steps was to address the perceived stigma around mental health by encouraging colleagues to talk openly and share their experiences. To support this, we launched an internal campaign, 'It's Good to Talk' which featured colleagues from across the business sharing their own personal experiences.

To ensure that colleagues have access to a range of support services, we also launched a new Sustaining Resilience at Work (StRaW) programme (in partnership with the charity March on Stress), providing a confidential peer-to-peer support network for colleagues. We established a group of StRaW Buddies so

that colleagues can have one-to-one conversations about work or personal issues with other colleagues trained to provide structured support and access to care pathways. Although still in relative infancy, we already have some great feedback about the help our StRaW Buddies are providing.

StRaW buddies are not medical professionals and we recognise the need to provide colleagues with access to more formal support. We therefore also extended our Employee Assistance Programme to offer confidential access to support on topics ranging from mental health issues, to legal and financial difficulties and relationship problems. By the end of 2017, more than 1,000 colleagues had accessed help through the service.

Our efforts won't stop there. We believe that our responsibility to colleagues is two-way: not only encouraging them to speak up about personal issues but also proactively identifying when they might need more support. So in 2018, we're creating a training programme for line managers. Your Mind Matters is designed to help our managers spot the early signs of mental ill health within their teams and give them guidance on how to offer support.

1.2 COLLEAGUE AND PASSENGER SAFETY

Rates of colleague and passenger incidents in 2017 were broadly in line with previous performance, although slightly up on 2016. However there have been some tough times over the past year.

In June, a sub-contractor colleague working for Heathrow Express' train maintenance contractor, Siemens, was tragically killed in an industrial accident at Old Oak Common Train Maintenance Depot. Siemens and Heathrow Express are fully cooperating with the authorities to establish what happened. Heathrow Airport has reviewed the management, assurance and governance arrangements for Heathrow Express and reinforced these to ensure the highest level of railway and colleague safety is achieved.

In February 2018, an airfield accident resulted in the death of an airport colleague. This incident is still under investigation and our team is working to determine the cause and understand the plans that need to be in place to prevent reoccurrence. We are deeply saddened by these losses.

Slips, trips and falls accounted for more than half (53%) of passenger incidents so we'll maintain our focus on reducing their occurrence in the year ahead.

Changes to our safety leadership team in 2017 meant that in order to ensure consistency of approach, we delayed launching a planned safety network across Team Heathrow. We'll revisit this intention in 2018. Last year, we instead targeted smaller scale, subject-specific knowledge sharing events with health, safety and fire safety professionals.

1.3 CAREERS, NOT JUST JOBS

We want everyone who works here to feel they can be happy, motivated and developed in ways which encourage them to flourish. We're working hard to attract the very best talent to meaningful roles that offer a sense of purpose and progress. That's why we deal in careers, not jobs.



BETTER NEIGHBOUR

For more detail on how Heathrow is working towards being a better neighbour to our local communities, please see our Better Neighbour Report.



PREPARING FOR EXPANSION: THE HEATHROW SKILLS TASKFORCE

We know that the expansion of Heathrow will require lots of additional skills and expertise. So in 2016, we created the Heathrow Skills Taskforce. Chaired by Lord Blunkett, the Taskforce has set about identifying the skills and training programmes needed so that we can develop a comprehensive employment strategy for the Heathrow neighbourhood.

The Taskforce is centring its discussion around three themes: careers education for young people and adults alike, how to successfully deliver 10,000 apprenticeships and the importance of diversity and inclusion within our strategy.

Between September and December 2017, the Taskforce invited local stakeholders to share their knowledge and expertise via focus groups and an online survey, with the intention that this feedback is used as the basis to shape our future education, employment and skills strategy.

We'll hear the Taskforce's final recommendations in 2018. While we don't yet know their conclusions, we expect their output to include recommendations for local and national government and the education sector, as well as our own leadership team. They will also have relevance for the UK as a whole. Only by taking such a considered, holistic view will we be equipped to tackle the education, skills and employment requirements that will make Heathrow's expansion a success.

APPRENTICESHIPS

The Heathrow **Employment and Skills Academy** brings us together with our business partners, local employers and a range of service providers to help individuals get into work. Since 2004, we've contributed over £12.4 million to the Academy and helped thousands of local residents: 1,786 joined apprenticeship schemes, 7,198 completed employability training and 4,321 have found new employment.

One of our flagship goals, in relation to the proposed expansion of Heathrow, is to facilitate 10,000 apprenticeships by 2030. This reflects our commitment to the broader skills agenda, and to upskilling people through apprenticeships. The introduction of the Apprenticeship Levy in April had significant impacts on apprenticeship starts across the UK. We had anticipated that there would be challenges, and had set our annual target for apprenticeship starts at 150 to reflect this. We're pleased that we exceeded this, with 197 people embarking on apprenticeships through the Heathrow Employment and Skills Academy in 2017.

This was due to our determination to deliver on the skills agenda and to maximise our spend against the Apprenticeship Levy. Over time, we're hopeful the system will adapt so that organisations can fully realise the potential it offers and we're confident that we can work through current challenges towards our long-term goal. Part of how we're approaching this is by working closely with other organisations operating at the airport through the Heathrow Sustainability Partnership Employment and Skills Network. We're collaborating on plans to spend the Apprenticeship Levy effectively, and on delivering high quality apprenticeships that are relevant to careers at the airport. We also participate in a range of external groups looking to steer this agenda, such as the Strategic Taskforce for Apprentices in Transport.

We faced challenges in 2017 in meeting our target for completed apprenticeships through the Heathrow Employment and Skills Academy, with 154 achieved against a target of 200. This was due to a big push on starts in 2016, resulting in nearly 50 individuals signing up to a qualification but not completing their programme. We have learnt lessons from this in terms of how we recruit apprentices to ensure that a qualification is right for an individual, therefore minimising the likelihood that they won't complete it. We're also working with partners across Team Heathrow on how we can capture data on other apprenticeships completed at the airport. This forms part of the development of our Apprenticeship Strategy.

1.4 CULTURE OF SUSTAINABILITY

We want our people to understand that they play a part in shaping our future. For us to create a true culture of sustainability, everyone at Heathrow needs to live and breathe Heathrow 2.0. That philosophy is at the core of a joined-up programme to attract and retain the best talent, develop our leaders and give every colleague the ability to help deliver our sustainability goals.

TRAINING COLLEAGUES TO LEAD SUSTAINABLE GROWTH

MASTERCLASS, 75 OF OUR LEADERS HAVE TAKEN PART IN THE TWO-DAY WORKSHOP THAT FOLLOWS, WITH NEARLY 100 MORE REGISTERED TO DO SO IN THE FIRST THREE MONTHS OF 2018. PARTICIPANTS GET PRACTICAL TRAINING ON HOW TO LEAD SUSTAINABLE GROWTH AT HEATHROW, INCLUDING SESSIONS ON UNCONSCIOUS BIAS AND BUILDING PERSONAL RESILIENCE. IMPORTANTLY, WE ALSO GIVE ATTENDEES THE SPACE TO CONSIDER HOW THEY MIGHT INTEGRATE THEIR OWN SUSTAINABILITY IDEAS INTO THEIR DECISION-MAKING AND LEADERSHIP.

A MASTERCLASS IN LEADING SUSTAINABLE GROWTH

For several years, our respected leadership development programme, Leading with Purpose and Values and Coaching to Lead, has been creating the inspired and inspirational leaders we need to grow our culture. Last year, by adding Leading Sustainable Growth as a third module, we set the tone for the sustainability culture at the core of Heathrow 2.0.

Leading Sustainable Growth launched with a half-day masterclass designed to stimulate thought about sustainability at Heathrow. In 2017, we invited speakers from environmental activism, the local community, academia and business to launch our first masterclass to over 100 of our own leadership.

Sparking discussion alongside our CEO, John Holland-Kaye, were pupils from Hounslow Heath Infant and Nursery School, who told us about their pros and cons of living near Heathrow. Later, there

was a warm reception for a local West Thames College student who gave a speech about his priorities for Heathrow, including cutting pollution, improving the environment and offering more employment opportunities to people in our community.

John Stewart, Chair of the Heathrow Association for the Control of Aircraft Noise (HACAN), made clear that he felt our performance is improving, but that local people still believe we have more to do. Leading environmentalist, Tony Juniper, explained the bigger environmental picture, leaving delegates with the message that, "Leadership, innovation and partnerships will make the difference for climate change."

Former Marks & Spencer Executive Chairman, Stuart Rose, and Tim Haywood, ex-Interserve CFO and now a spokesperson for responsible business, made the case for how businesses can

be both sustainable and profitable, while writer, broadcaster and academic, Vicky Beeching, shared her own story in a presentation that highlighted the importance of personal authenticity in encouraging greater sustainability.

With such a wide-ranging debate, there was a lot to take in – and act on – but as we move on to rolling out the subsequent workshops, there's no doubting the galvanising effect our first Leading Sustainable Growth masterclass had on the delegates. "The best training I've ever had," reported one attendee. The journey to Heathrow 2.0 is well underway.



02

A GREAT PLACE TO LIVE

Being a responsible neighbour means making sure that we are taking steps to improve quality of life for those living near Heathrow. We want to benefit our local community, not detract from it, and that can only happen if we take the time to listen to the people around us. We know noise impacts lives in many ways, so we're collaborating with airlines and researchers to reduce its negative effects. We know the main cause of local air pollution is road vehicles, so we're cutting our road emissions in and around the airport. Above all, we're building stronger relationships with our communities. Because only by better understanding their needs can we help them to thrive.

Above all, we're building stronger relationships with our communities. Because only by better understanding their needs can we help them to thrive.



2.1 RESPITE FOR RESIDENTS

We understand that noise can impact lives in many ways. As one of the world's leading airports in noise management, we're constantly working to reduce any negative effects caused by our operations. We're collaborating with airlines to encourage quieter aircraft and we're researching ways to minimise aviation noise by adapting what we do. According to independent analysis, we're making good progress. But we haven't finished yet.

TOWARDS A QUIETER HEATHROW

There's no escaping the fact that aircraft create noise. But here at Heathrow, we've been doing our best to keep that noise to a minimum. While passenger numbers have more than doubled over the last 30 years, the Civil Aviation Authority reports that our noise footprint has decreased, with 15% fewer affected households than in 2017 compared to 2006.

By setting stiff targets and incentivising the quietest aircraft, we've had a steady fall in the noise levels around the airport over many years. Last year, 59.9% of flights to and from Heathrow were made by aircraft that comply with the most stringent noise standard of the International Civil Aviation Organization (ICAO). Perhaps even more significantly, August 2017 was the first month with no flights at Heathrow by aircraft in the noisiest permitted ICAO category. We're well on our way to achieving our targets of 60% of flights operated by the quietest planes and 0% by the noisiest by 2020.

This positive progress is being achieved thanks, in part, to the tough levies we introduced in 2017, which doubled the tariffs for nitrogen oxide emissions and trebled the landing charges for the loudest planes.

We can decrease our noise impact in other ways too, notably through the reduction of late night flights. Although some airport activity after

11:30pm is unavoidable, we've more than halved the quantity of these departures during the last five years – from over 500 in 2012 to 235 in 2017. That was well below our target of 270.

We also think there are ways we can work smarter to reduce the effects of noise on our community. In 2017, our Respite Working Group published two reports considering how local residents perceive and value respite from aviation noise. This year, the Group is investigating the extent to which people value our runway alternation strategy as part of our respite plan. These are transparent, public reports, made available to assist people and airports in similar communities elsewhere.

Careful noise management is an ongoing process for us and 2018 will see some significant activity in this area. In October, we'll launch a voluntary Quiet Night Charter in co-operation with operating airlines, intended to further reduce night-time noise. We'll also work with the Heathrow Community Noise Forum to formulate a new Noise Action Plan that will govern our operations until the end of 2023. Decreasing noise disturbances so that Heathrow continues to become a quieter neighbour is an ongoing process to which we remain committed.

FLY QUIET AND GREEN

It used to be our Fly Quiet programme, now it's grown to **Fly Quiet and Green**. Since 2017, we've ranked airlines according to their performance on both noise and emissions. Every quarter, our newly published league table ranks the largest 50 airlines across seven noise and emissions factors. The results encourage friendly competition, with airlines doing an improved job of following Government-set noise preferential routes and bringing their greenest fleets to Heathrow.

Being quieter and cleaner than the planes they replace, Boeing 787 Dreamliners are a great example of progress. They emit at least 20% less carbon dioxide and, with 700 more flights in June 2017 than the year before, they're the fastest growing aircraft type at Heathrow.



2.2 QUALITY AIR, LOCALLY

Improving local air quality is just as important a focus for us at Heathrow as it is for the rest of the UK. We know that road traffic is the main cause of air pollution nearby and we're determined to play our part in tackling it. We're addressing emissions from all our activity, both on and off the airport and helping others reduce their impact too so that we can all benefit from breathing in better air.



CLEANING THE AIR THAT WE BREATHE

A particular concern is nitrogen dioxide pollution, with adverse health effects from short-term exposure and impacts to lung and respiratory function from long-term exposure. London has the highest levels of NO₂ in the UK. Although levels immediately around Heathrow are lower than in central London, we can play a role in reducing emissions from all vehicle sources, especially road transport.

As electric charging infrastructure increases, cars, buses, lorries and other road vehicles are on the cusp of significant changes that have the power to make an enormous difference to our environment.

We're proud that Heathrow has the highest density of charging infrastructure in Europe, with over 80 charging spaces available to passengers, colleagues and airside vehicles by the end of 2017. These include seven rapid chargers for black cabs installed, in collaboration with Transport for London, at our Taxi Feeder Park.

Last year, we beat our own target and converted more than 50 of our own vehicles to electric or plug-in hybrid. By the end of 2018, that number will have grown to 75 and we'll have invested more than £5 million in electric vehicle charging infrastructure. We're aiming for all of our cars and small vans to make use of this technology by 2020.

The airport's larger vehicles aren't exempt from this progress either. In 2017, we became one of the first members of EV100, a global group committed to accelerating the transition to electric vehicles. As a result, we've also pledged to switch all large vans and 50% of HGVs to electric or plug-in hybrid by 2030.

Our colleagues are also playing their part. We launched a salary sacrifice scheme for our 6,000 direct employees last year that enables them to pay for discounted low emission cars straight out of their monthly salary while also benefitting from tax and National Insurance savings.

By offering free guidance and resources through our Heathrow **Clean Vehicles Partnership (CVP)**, we're encouraging businesses based at Heathrow to reduce emissions from their fleet operations. British Airways, for example, now uses zero emission, remote controlled Mototok tugs to carry out short-haul aircraft pushback at Terminal 5A. This first for any major international airport is supported by 25 additional charging points. We were delighted to award BA with the CVP Innovator Award in recognition of this industry-leading step and will continue to run seminars and workshops and offer online resources so that every business at Heathrow understands the benefit of cleaner air for our local environment.

CLEAN AIR DAY

June 15th, 2017 saw the UK's first National Clean Air Day. Colleagues at Heathrow led a No Idling campaign at Terminal 5, handing out information about clean air and encouraging drivers to switch off their engines while waiting. Their efforts resulted in 25% more drivers switching off their engines after speaking to our volunteers. Well done and thank you to everyone involved!

2.2

AIRCRAFT ON THE GROUND

Through Heathrow 2.0 our ambition is to deliver the cleanest aircraft and operations possible. In some cases the action we need to take is within our own direct control. In some cases we rely on influencing others, including our airline customers. We now have only 0.1% of movements by aircraft in the highest international category for noise and 40% in the quietest. But we've faced some challenges in relation to emissions. While only 5.24% of flights are by aircraft in the highest emissions category, known as the pre-CAEP (Committee on Aviation Environmental Protection) standard, that's still above the target that we set for this year of 3.7%. The composition of some airline fleets means not all these aircraft are due to be retired until after 2020. We're working with senior airline colleagues to confirm exact phase-out dates.

We actively encourage airlines to turn off one or more engines when taxiing (referred to as reduced engine taxiing or RET) which helps reduce emissions and fuel use and we currently track this behaviour for departing flights. We've been closely collaborating with our airline and air traffic control partners to see how we could improve the percentage of RET on departures and start tracking on arrivals as well. While we know that RET is commonly performed by aircraft on arrivals, no data systems exist that allow us to easily track this and we're working with our partners on how to overcome this challenge.

We fell short of our ambitious target to increase consumption of pre-conditioned air (PCA) by 20% in 2017 compared to the previous year. In the future, we expect the arrival of new equipment, which will improve airflow performance from PCA by up to 30%, to enable it to perform at levels which will begin to be a viable alternative to an aircraft's auxiliary power unit (APU). In the meantime we have engaged with airlines to identify and implement measures that will optimise performance from existing PCA, including undertaking live trials on aircraft. We are also focusing on creating the right financial incentives for the use of PCA.

AWARDS

We're proud to have won some prestigious awards for our work to improve air quality, including:

- / The Ultra-Low Emission Infrastructure award at the Energy Saving Trust's 2017 Fleet Hero Awards for achievements in growing charging infrastructure and runner up for Fleet Hero of the Year for Darren Smith, Fleet Manager.
- / The Environment and Low Carbon award at the Commercial Fleet Awards for our work to improve air quality through the use of electric and plug-in hybrid vehicles.



03

A THRIVING SUSTAINABLE ECONOMY

More than 400 businesses operate from or supply goods and services to Heathrow, but our influence stretches far beyond our boundary. As the UK's hub airport, we have a critical role to play in the national economy – both today and in the future. To us, that means enabling UK businesses big and small to take advantage of an ever-growing range of global opportunities; especially innovative, forward-looking businesses that provide sustainability benefits for all. And it means rewarding our colleagues fairly for all the work they do to help us achieve our shared objectives.

We want to use our influence to drive change that is ethical, low carbon and sustainable. Change that creates a prosperous future for this and every generation.



3.1 SUSTAINABLE SUPPLY CHAIN

With more than 400 businesses operating from or supplying goods and services to Heathrow, our influence stretches far beyond our boundary. We want to use that influence to drive every link in our supply chain towards strategies that deliver ethical, low carbon and sustainable outcomes.

WORKING WITH SEDEX

As part of our efforts to combat modern slavery and human trafficking, 2017 saw us introduce important new supply chain due diligence processes. Working with the Supplier Ethical Data Exchange (Sedex), we carried out a supply chain risk assessment and now require all medium and high risk strategic suppliers to register on the Sedex database. This involves suppliers completing a self-assessment questionnaire that evaluates the residual risk of modern slavery. Sedex also provided training and information to suppliers at several events last year and will continue this activity in 2018.

SUSTAINABLE PROCUREMENT

We've started by working with our 17 biggest suppliers by volume and spend. Through a range of initiatives with those strategic suppliers, we're incentivising more sustainable practices, monitoring performance more closely and looking for ways to improve collaboration.

As a signatory to the Prompt Payment Code, for example, we paid 96.4% of our supplier invoices on time last year, which puts us well on track to achieve our 97% target in 2018. By advocating others to follow our lead, seven strategic suppliers are now also signatories to the Code and we're aiming for all 17 of them to have signed by the end of 2018.

In 2016 we became a partner of the Supply Chain Sustainability School (SCSS), enhancing our commitment to positively influencing every business we work with by providing practical advice, guidance

and tailored training. 7 of our strategic suppliers have joined so far, as well as 22 other suppliers, representing around 40% of our expenditure.

Our efforts at embedding sustainability within procurement have been rewarded with the Best Contribution to Corporate Responsibility prize at the CIPS Supply Management Awards. We're now aiming to broaden our impact from 2018, as we expand SCSS and our other supply chain sustainability initiatives to include more of our existing and new suppliers.

CARBON TRUST STANDARD FOR SUPPLY CHAIN

We're aiming to achieve Level 3 of the Carbon Trust Standard for Supply Chain by 2020. Last year, we worked with 11 of our strategic suppliers to identify carbon reduction projects and have now submitted evidence to the Carbon Trust that we hope will lead to Level 2 certification in 2018.



3.1

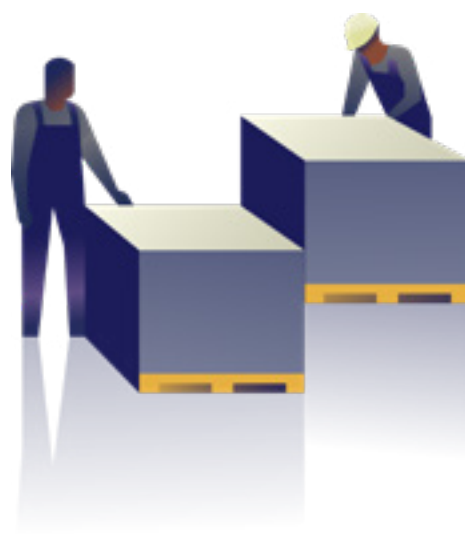
LONDON LIVING WAGE

Becoming a fully accredited Living Wage employer in November 2017 was big news for us here at Heathrow.

Our commitment, recognised by the Living Wage Foundation, means that 3,200 airport workers over the age of 18 will be paid the Living Wage by the end of 2020. This includes all contracted and sub-contracted staff.

As the first UK airport to be accredited, we spent three years working closely with the Living Wage Foundation to overcome significant challenges and achieve this success. In 2018, we'll publish further details of how we'll continue our relationship as we fulfil our promise and then go beyond it by encouraging other Heathrow-based businesses to follow our lead. As part of that approach, we'll also be asking our suppliers to move away from zero hours contracts and will assess companies bidding for retail space at Heathrow against their adherence to the Living Wage accreditation. In 2018, we'll award our first supply chain contract that includes a commitment to pay the Living Wage.

Our vision is that every individual delivering a service for Heathrow should be paid the Living Wage. We'll encourage commercial partners and our supply chain to work towards the Living Wage too, whilst continuing to provide great value to all our customers.



SME GRANTS

Through Heathrow 2.0 we want to support small and medium enterprises (SMEs) across the UK to take better advantage of all that Heathrow can offer.

In June 2017, in partnership with the Department for International Trade's Exporting is GREAT campaign and Plaza Premium Lounges, we launched our World of Opportunity SME Grants Programme. This offered SMEs the chance to win one of 20 £2,000 grants to fund trade missions and access new markets around the world.

In 2017 we also extended our successful series of business summits, with events taking place in six regions across the UK, an increase from four in 2016. These events give SMEs the opportunity to engage directly with members of Heathrow's supply chain. By the end of 2017 an estimated £93.4million in new deals had been achieved as a result of partnerships formed through the events. In 2018 we will further extend the programme to 10 UK regions.

LOGISTICS HUBS

To support delivery of Heathrow expansion, we will establish four logistics hubs in the UK. These hubs will pre-assemble components required to expand the airport, before transporting them to Heathrow in consolidated loads. This will help to create new jobs and link businesses across the UK with Heathrow's supply chain. In 2015, 65 potential sites were identified from 121 applications. We will visit these sites in 2018 in order to select the final locations.



04

A WORLD WORTH TRAVELLING

Travelling through our amazing world is one of life's great joys. But if we want subsequent generations to share in the fullness of that joy, we must do more to protect our unique planet.

Whether it's through developing zero carbon infrastructure, taking the best possible care of everyone and everything that passes through our gates or uncovering innovative new ideas, as a major international airport, we at Heathrow have an extraordinary opportunity to lead a more sustainable future for air travel.



4.1 ZERO CARBON AIRPORT

We take a long-term view when planning our fixed assets. How and what we construct or renovate, the way we power and heat our buildings and operations and our impact on local waterways are all key considerations. We're exploring innovative ways to achieve our zero impact targets for waste and energy by 2050.

ENERGY

Our short-term goal to power Heathrow using 100% renewable electricity, achieved by April 2017, was the first step towards our ultimate ambition of operating zero carbon airport infrastructure. In tandem with that goal, we also signed up to RE100; a collaborative initiative, run by The Climate Group in partnership with CDP, of over 100 businesses committed to 100% renewable electricity. Heathrow's energy management saw our demand drop by 3.8% versus 2016.



STARTING THE JOURNEY TO ZERO WASTE

Achieving our challenging ambition starts with understanding and addressing current practices right across the airport.

That includes working with airlines to increase the amount of waste recycled from aircraft cabins, which is approximately 1/3 of the airport total waste. In 2017, we implemented new waste screening facilities that led to a 4% increase in cabin waste recycling. The improvement was based on existing aircraft cleaning practices, but now we're working with the airline community to encourage new operating procedures to divert a much greater quantity of waste for recycling.

Overall, our recycling performance last year was 39.7%, down on 2016 and short of our target. In part, this was due to the stiffer standards for recyclable waste demanded by our waste contractor and more robust measurement of our green waste. There's also a growing trend for some companies at Heathrow to remove and recycle their own materials where they can, while continuing to use on-site facilities for their residual waste. We'll keep working with our partners to improve recycling rates in 2018 and beyond.

Encouragingly, despite increased passenger numbers last year, the volume of waste dealt with by our operational contractor reduced – 26,233 tonnes in 2017 versus 27,291 tonnes in 2016. Currently, we're collaborating with significant waste generators at Heathrow, including airlines, retail concessionaires and property tenants, to segregate food waste. This generates higher quality recyclable material and sets us on our journey towards our 2050 goal.



4.1

MANAGING OUR WATER IMPACT

We completed the first phase and began the second phase of a major new infrastructure project in 2017 to improve the quality of airport surface water runoff at one of several water treatment runoff sites.

Phase one at the Eastern Balancing Reservoir was the construction of a new relief channel to the River Crane and refurbishment of the existing outfall. The practical benefits of this work, already being realised throughout winter 2017/18, includes allowing us to more effectively water runoff after de-icing operations.

Thanks to feedback from the Environment Agency and local river users, the new relief channel incorporates a fish refuge area which provides a protective area of clean water in the event of a pollution incident upstream. Areas of land by the works were re-populated with plants grown by Green Corridor; a local charity that offers young people work experience in horticulture and conservation.

Phase two, the construction of a new treatment plant capable of removing de-icing agent from storm water, began in December 2017 and is scheduled for completion exactly a year later.

We're excited that, during summer 2018, we'll be engaging with the Environment Agency to see how we can use our new infrastructure to 'top up' the River Crane during periods of low flow and consequently improve the river's health.



PRODUCTS AND PACKAGING

We want not only to recycle more but to generate less waste from the outset. So, in 2017, we commissioned Good Business to survey our retail and lounge business partners and find out more about the material and volume of their products and packaging.

The report covered all packaging that becomes waste at the airport and identified key types to focus on. Our first target is coffee cups, with 13.5 million used at Heathrow every year. We've joined the Paper Cup Recovery and Recycling Group and also established an Ethical Retail Steering Group to tackle other, single-use plastics. We have started a waste stream analysis so that we can pinpoint other key packaging types to work on in future years.

4.2

ACCELERATING THE ERA OF SUSTAINABLE FLIGHT

If we want future generations to experience the joy of travelling through our world, we must do more to protect our planet. Tackling our impact on global climate change is one of the biggest challenges we face: we'll need to uncover radical, innovative solutions to create a sustainable future for aviation. But we believe our rich heritage of innovation puts us in a great position to facilitate the research and development required.



CENTRE OF EXCELLENCE FOR SUSTAINABILITY

Heathrow 2.0 will only be successful if it inspires others to follow our lead. In the years ahead, we need brave ideas, innovative partnerships and a clear shared vision of what we can achieve. We established the Heathrow Centre of Excellence for Sustainability to create a forum for collaboration, because we can't do this alone.

Initially focussing on three core themes of circular economy, advanced materials and social wellbeing, the Centre began a programme of applied research, pilots and engagement in February 2018. One of its first initiatives was to launch a sustainable innovation prize.

Through the Centre of Excellence, we're also participating in the Department for Business, Energy and Industrial Strategy's Science and Innovation Audits. These audits involve consortia of organisations from different sectors across the UK collaborating to build an evidence base to support enhanced links between research and innovation efforts. Led by Brunel University London, we're using the context of organisations in the Heathrow area to investigate sustainable airports.

Additionally, we're exploring ways to incorporate low, zero and negative emissions infrastructure at Heathrow and supporting several partnership proposals. These proposals feature topics such as attitudes to noise, understanding quality of life indicators relevant to busy transport hubs and using immersive technology to engage with passengers on sustainability issues.

CARBON NEUTRAL EXPANSION

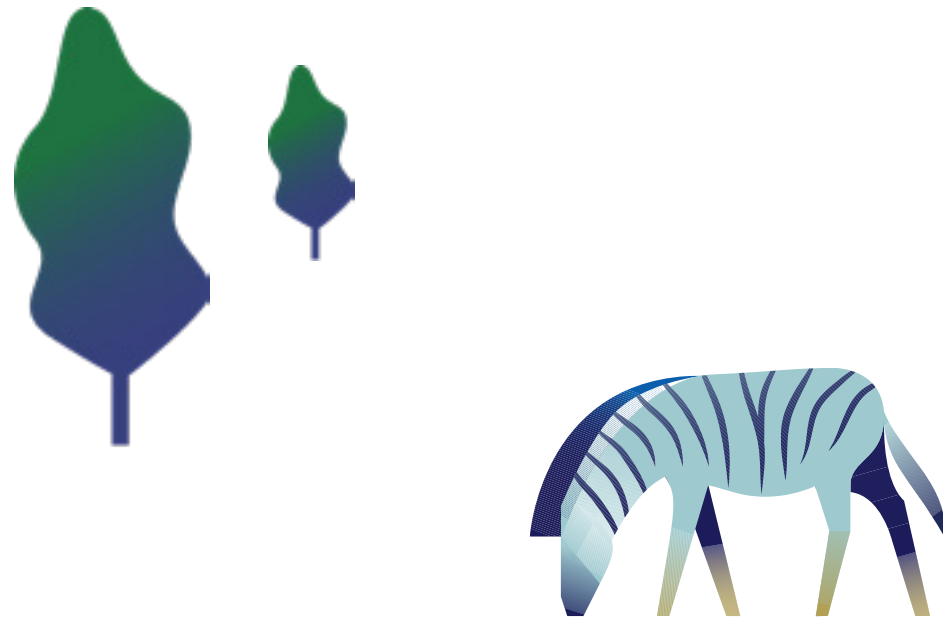
October 2016 saw members of the International Civil Aviation Organization sign a ground-breaking global, market-based agreement to tackle carbon emissions from international aviation. CORSIA, the Carbon Offsetting and Reduction Scheme for International Aviation, will complement the use of sustainable fuels alongside technical and operational improvements that reduce aircraft emissions by enabling the aviation industry to offset growth above 2020 levels through investment in renewable energy and other carbon-reducing activities.

At Heathrow, we're preparing for CORSIA, as well as our own aspiration for carbon neutral expansion, by developing a partnership to restore the UK's natural carbon sinks (peatlands). This is just one of the potential partnerships we began exploring in 2017 as an airport to contribute to the aviation industry's offsetting requirements for CORSIA. Based on our findings, we'll publish our plans in 2018. We'll also be working to finalise the details of our Carbon Neutral Roadmap, setting out the action required to ensure our runway expansion meets our carbon neutral aspiration.



4.3 RESPONSIBLE GATEWAY

As an international travel hub, we have a responsibility to take the best possible care of everyone and everything that passes through our gates. We're working with our business partners and members of Team Heathrow to tackle pressing issues such as slavery, human trafficking and poaching of endangered species, to improve the world we live in.



WILDLIFE

We're the only airport signatory of the Buckingham Palace Declaration, which aims to shut down global, illegal trafficking routes. We're encouraging others to sign up while raising awareness among passengers, colleagues, cargo companies and wider society about the impact of trade in endangered wildlife. That effort included working with UK Border Force and IAG Cargo last year to support and promote United for Wildlife's 'United for Elephants' campaign.



PEOPLE

There should be no place for modern slavery in our world. We work in collaboration with UK Border Force, the Met Police and other agencies operating at Heathrow to assist in detecting and disrupting potential human trafficking.

Our Responsible Gateway Forum, attended by organisations from across the airport community and chaired by independent charity Heathrow Travel Care, meets regularly to enable all of us to help prevent human exploitation and protect vulnerable people travelling through the airport.

In 2017, we focused on modern slavery awareness-raising initiatives for colleagues working at Heathrow. Since September, our security officers have been receiving additional training on modern slavery, in a programme

that will complete by July 2018. In May, we ran a seminar on the subject for more than 60 Team Heathrow colleagues and in July we held a Modern Slavery Awareness Event at our head office. Run in conjunction with UK Border Force and Heathrow Travel Care, colleagues learned both how we're tackling the problem and how to spot the signs of modern slavery.

October's World Anti-Slavery Day saw us take those messages to airport passengers. Working with charity A21 in support of their 'Can You See Me?' campaign, we displayed thought-provoking materials in the baggage reclaim areas in all four terminals from October through to January 2018.



GOVERNANCE & STAKEHOLDERS



GOVERNANCE

We are focusing on integrating sustainability into every part of the business and we are establishing strong governance processes to support the delivery of Heathrow 2.0. Sustainable Growth is one of our four business priorities and sustainability is also an integral part of the other three.

Our Board receives monthly written updates on sustainability performance, progress and risks and we regularly discuss key issues with them through the dedicated quarterly Sustainability and Operational Risk Committee.

Our Chief Executive and his leadership team are responsible for providing strategic direction and enabling delivery of Heathrow 2.0 through their departments. The Executive team reviews progress against targets monthly.

Our Sustainability Leadership team provides leadership and direction to ensure that Heathrow 2.0 is embedded and implemented across the business. Its members are senior leaders from our departments and it meets monthly to monitor progress against targets and review risks and opportunities. There are also other cross-functional groups which focus on specific topics (see below).

Our central Sustainability and Environment team develops our sustainability strategy and engages with our stakeholders.



It provides oversight of governance across all areas of sustainability and is a source of expertise for the business. Specific members of the team act as sustainability business partners for each department. They are the first point of contact for the department into the central team and provide technical support as required. There are additional dedicated sustainability and environment roles in key areas of the business.

Each department has a senior sustainability lead. They are members of the departmental leadership team and are accountable for sustainability activity and for ensuring delivery of the department's sustainability improvement plan. They work to embed sustainability by following Heathrow's ten step model.

They are supported by sustainability ambassadors who are senior managers responsible for co-ordinating sustainability activity in their department, updating the sustainability lead on progress and escalating any concerns.

Sustainability champions in each department are responsible for delivering the sustainability improvement plan.

HEATHROW'S 10 STEPS TO EMBEDDING SUSTAINABILITY

- 01 **LEADERSHIP**
Member of senior leadership team is nominated lead for sustainability
- 02 **PEOPLE**
Sustainability ambassador(s) are appointed and leading a group of sustainability champions
- 03 **PLANNING**
Clear plan of activity and sustainability is included in business planning process
- 04 **EMBEDDING**
Sustainability is embedded in key policies and processes
- 05 **PERFORMANCE MANAGEMENT**
Colleagues are encouraged to reflect sustainability within performance objectives
- 06 **PARTNERS**
Sustainability is a fundamental part of relationships with suppliers, contractors and business partners
- 07 **EMPOWERMENT**
Projects / initiatives occur organically
- 08 **TRACKING / MEASUREMENT**
Performance indicators and progress with the plan are tracked and reviewed
- 09 **CULTURE**
Colleague engagement surveys shows improvement over time
- 10 **TELLING THE STORY**
Regular communications and awareness raising within the team and stakeholders

STAKEHOLDERS

We engage with a wide range of stakeholders to understand their views, learn from their expertise and share our approach and performance.

In turn they help us to evolve our sustainability strategy as we gain more input and better insight into solving our challenges. Our stakeholders include our passengers and the wider public, investors, colleagues and organisations operating across Heathrow, our local community, suppliers and regulators as well as NGOs, the media, MPs and elected officials and other organisations working on sustainability and business issues. We consulted many of these groups in the development of Heathrow 2.0 to understand their needs and expectations for sustainability, and the potential for Heathrow to deliver on them. We continue to invite comment and challenge on our plans as we evolve our strategy.

HEATHROW EXPANSION PUBLIC CONSULTATION

From January 18th to March 28th 2018, we consulted on the physical changes on the ground needed to build a new North-West runway at Heathrow, on operating an expanded airport and on the potential principles we could apply when designing the new airspace required for an expanded airport. In 2017 we worked with local stakeholders and airline partners to evolve the plans submitted to the Airports Commission. These consultations were designed to enable additional stakeholders to help shape expansion plans for Heathrow and the way we manage airspace at an early stage, and to tell us what they think we should be prioritising going forward. Stakeholders shared their views at 40 consultation events held in communities surrounding the airport, as well as online and via email or post. For more information, including technical background papers on key sustainability impacts, please see the [consultation website](#). For more information on how sustainability is at the heart of our plans for Heathrow expansion, please see the [expansion website](#).



Examples

HEATHROW SUSTAINABILITY PARTNERSHIP (HSP)

The HSP brings together a selection of businesses operating at the airport (collectively representing around 80% of airport colleagues) to address shared sustainability challenges and commit to making shared progress. It is overseen by a Leadership Board chaired by our Chief Executive and attended by senior representatives from member companies. Following the launch of Heathrow 2.0 we reviewed the structure of the HSP and established three networks to address specific issues. The members of these networks are experts representing a range of companies and are therefore able to develop strategy, share best practice and track performance.

- / Ultra-Low Heathrow – focuses on clean vehicles, sustainable commuting and sustainable freight
- / Employment and Skills – focuses on apprenticeships, diversity and inclusion, local employment and training
- / Resources – focuses on energy and water efficiency, and reducing waste

DEVELOPMENT SUSTAINABILITY DAY

On World Environment Day, in June 2017, we held an event to engage our Development team and Development suppliers. Attendees heard presentations from expert speakers on topics including modern slavery, emissions reduction and renewable fuels. There were also interactive stands to help bring key issues to life.

SCHOOLS CHALLENGES

As part of our Community Investment Programme, which aims to support the economic prosperity of local people living near the airport, each year we run challenges in primary and secondary schools in the five boroughs surrounding Heathrow: Ealing, Hounslow, Hillingdon, Slough and Spelthorne. In 2017 over 3,000 primary school students learnt about how, as the UK's biggest port by value, Heathrow helps to export cargo all over the world. They also used the computer programme Scratch to code their own cargo journey, strengthening their science, technology, engineering and maths (STEM) skills. Over 2,800 secondary school students worked in teams to build their own Lego Pod, which they then coded to travel a specific route. Based on the automated transit system that provides transport between business parking and Terminal 5, the challenge helps students learn about how this technology reduces air quality impacts and inspires them to find out more about careers at Heathrow and in STEM subjects. Volunteers from Heathrow help to run the sessions in schools, giving them a direct link to local communities and enabling participants to ask them questions about what it's like to work at Heathrow.

PASSENGER COMMUNICATIONS

In October 2017 we communicated directly to passengers on sustainability for the first time through a series of installations in all four terminals. The theme of the campaign was "A journey to the future" and it featured Heathrow colleagues contributing to a sustainable future for aviation through their day-to-day roles. To support the terminal activity, we published a blog post on Heathrow Traveller and created a video to share via [social media channels](#)




INTERNAL CROSS-FUNCTIONAL GOVERNANCE GROUPS

- / Airspace Governance Group
- / APU-PCA Working Group
- / Carbon Policy Steering Group
- / Charity Committee
- / London Living Wage Steering Group
- / Noise & Emissions Working Group
- / Noise Insulation Steering Group
- / Resources Steering Group
- / Surface Access Leadership Group
- / Vehicles Leadership Group & Working Group

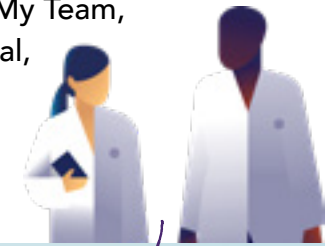


DIVERSITY NETWORKS

- / Women's, Generations, Culture and Ethnicity, Disability, Proud

MOJO WORKSTREAMS

- / My Company, My Manager, Personal Growth, My Team, Wellbeing, Fair Deal, Giving Something Back, Leadership



MEMBERSHIPS

- / Accounting for Sustainability
- / Airport Carbon Accreditation
- / Airports Council International
- / Business in the Community
- / Corporate Leaders Group
- / EV100
- / Hydrogen London
- / RE100
- / Sustainable Aviation



TEAM HEATHROW GROUPS

- / Clean Vehicles Partnership
- / Delivery Integrator Sustainability Forum
- / Heathrow Sustainability Partnership
- / Responsible Gateway Forum



LOCAL COMMUNITY FORUMS

- / Heathrow Air Quality Working Group
- / Heathrow Airport Consultative Committee
- / Heathrow Community Noise Forum
- / Heathrow Economic Development Forum
- / Heathrow Strategic Noise Advisory Group
- / Local Focus Forum



GOVERNANCE AND STAKEHOLDER GROUPS



CONTACT

We hope you have found this report interesting. For further detail on progress made against all activity planned for 2017, please see our detailed **review of sustainability progress**. You can also find more detailed reports on specific subjects on our website:

<https://www.heathrow.com/company>

We welcome feedback on our plans and performance.
Contact us here: sustainability@heathrow.com

