

# Our 2021 gender and ethnicity pay gap report

As of 5 April 2021



Heathrow

# Increasing representation at senior levels will support us in closing the gap.

Our colleagues are at the heart of our business, helping us deliver our vision of giving passengers the best airport service in the world. Our diversity is a major part of who we are – we all have different skills, insights, experiences and expertise.

**Equality, Diversity and Inclusion is important to us, our diversity makes us stronger and provides us with opportunities to respond to the requirements of our colleagues and passengers.**

Our objective is to create a 'great place to work' by being an inclusive employer that represents the diversity of the local community at every level.

In 2020, we faced a number of challenges presented to us by The Covid-19 Pandemic. During this time we were required to make some difficult decisions impacting our workforce. As we navigated our way through to 2021 we continued to feel the impact of the Pandemic. We took the decision to furlough over 2,000 of our colleagues to support our recovery.

We used this opportunity to reflect on the previous year, learn lessons and use this opportunity to identify and implement areas of improvements making the greatest impact to our colleagues and passengers.

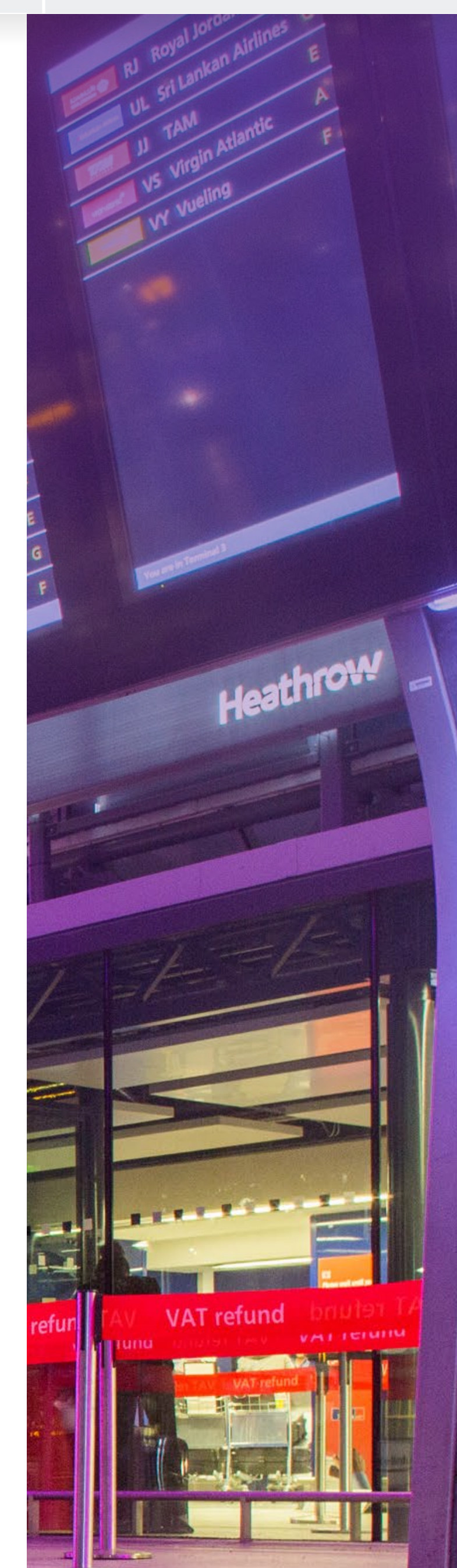
That's why this year as we report on our Gender Pay Gap we have also committed to reporting on and publishing our first ever Ethnicity Pay Gap.

Whilst we have calculated our Gender and Ethnicity Pay Gap the Covid-19 Pandemic has impacted our reporting. Over 2,000 colleagues were on furlough on 5 April 2021 (the snapshot date for this report) and as they were not on full pay, government guidance has meant they have been excluded from the calculations which mean the pay gaps are not representative. We have however, also included the calculations with the 2,000 furloughed colleagues to provide a more comprehensive of our reporting.

As of the 5 April 2021 the median pay gap for gender was 5.3% which is lower than the UK national median gender pay gap of 15.5% (2020). Our mean gender pay gap has decreased to 7.9%. Our median ethnicity pay gap was 16.3% and our mean ethnicity pay gap was 24.5%. We are unable to make comparisons for ethnicity as this is our first year of reporting.

Whilst this is a positive step in the right direction, we recognise there is still a lot more we need to do and we are committed to continuing to focus our efforts to further reduce the gender and ethnicity pay gaps.

The report presents our data and provides insight to what we have been focussing on since our last report.



# What is a pay gap?

## What is a pay gap?

A pay gap is not the same as equal pay where everyone who does a job of equal value must earn the same pay.

Pay gap reporting looks at all jobs and all rates of pay, and makes comparisons between the average pay for different groups of colleagues. It tells you whether some groups of colleagues typically earn more or less than other groups.

A pay gap report makes the differences clear. The pay gap report shows us how much more we need to do in order to create a Heathrow that really does give everyone an equal chance of success.

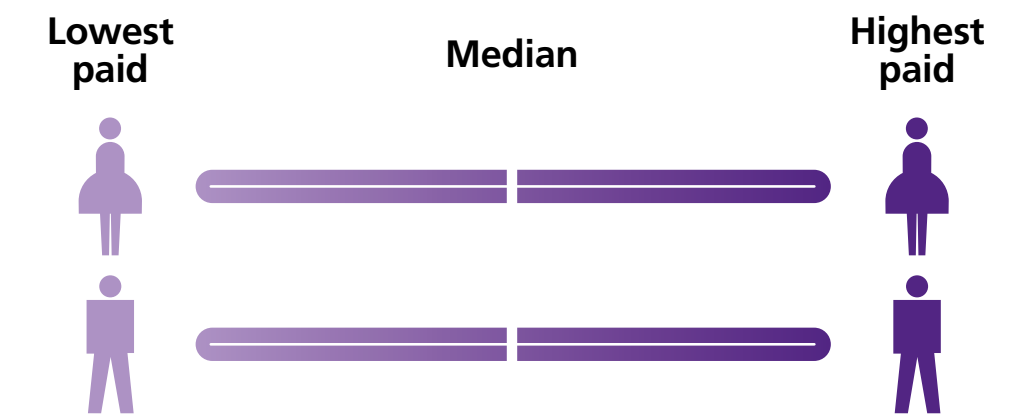
## How do we calculate the gap?

We have used the same methodology to calculate our ethnicity pay gap as our gender pay gap reporting.

### Median pay gap

Imagine lining up all our colleagues in a row in order of their hourly pay rate – lowest at one end, highest at the other. The median hourly pay is what the colleague in the middle of the row earns.

We can do the same imaginary line-up to give us the median hourly pay for smaller groups of colleagues e.g. Male, Female, White and Black, Asian and Minority Ethnic. If we find a difference between two groups, that's the median pay gap.



### Mean pay gap

'Mean' is another word for 'average'. The mean hourly pay of a group of colleagues is their average hourly pay. To find it, we add up all their hourly rates and divide the total by the number of colleagues in that group. Once again, if we find a difference between two groups, that's their mean pay gap.



### Putting colleagues into quartiles

Let's go back to that long line of Heathrow colleagues arranged in order of their hourly pay rates. If we start counting them from the lowest-paid end and we break the line into four equal-sized groups, we'd get what's known as four pay quartiles – the four equal-sized sections of a line arranged in order of their rates of pay.



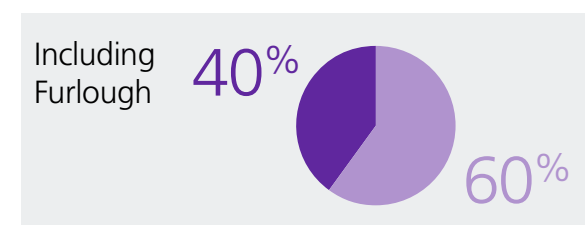
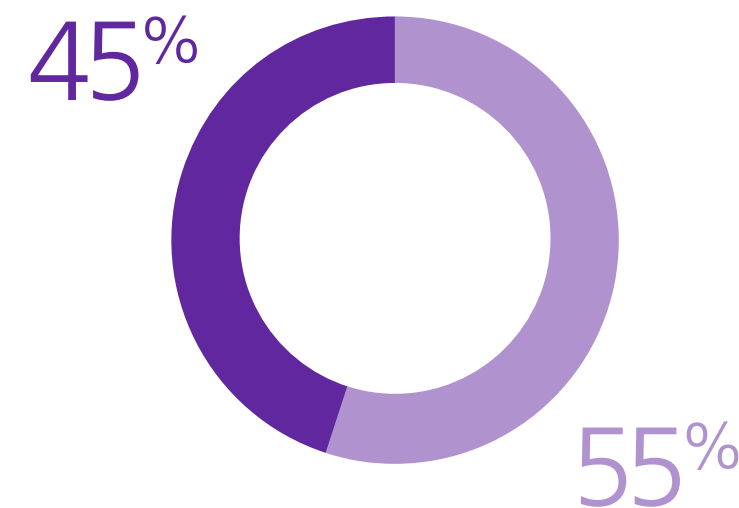
We can then look at the make-up of each quartile to tell us whether we have more male, female, White or Black, Asian and Minority Ethnic colleagues in higher or lower-paid quartiles.

# Our 2021 gender pay gap.



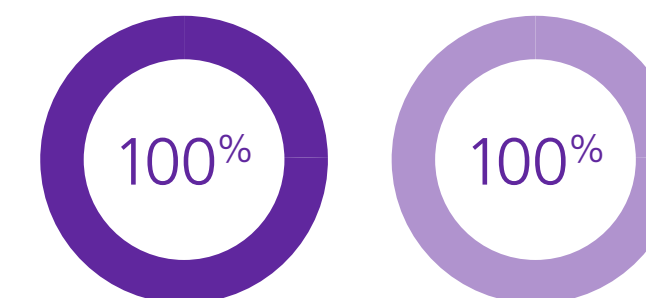
## Gender split

Proportion of women and men (excluding furlough) working for Heathrow.



## Bonus payments

Percentages of women and men who received a bonus.



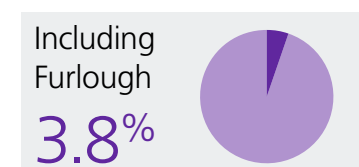
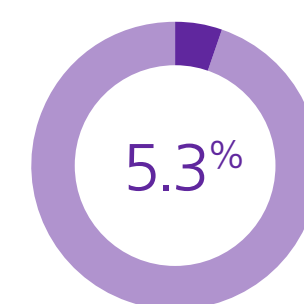
All colleagues that were employed (even those on furlough) in December, received a £25 voucher resulting in the median bonus gap being 0%. The bonus gap is therefore not representative of a normal year and the results this year are a one off.

## Gender pay gap

The percentage by which women's pay varies against men's pay (excluding furlough).

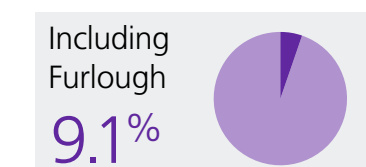
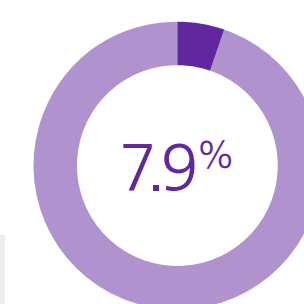
### Median pay gap

(percentage difference between women's and men's median hourly pay).



### Mean pay gap

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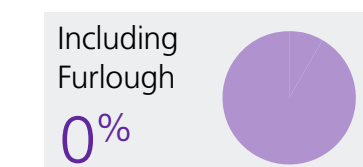
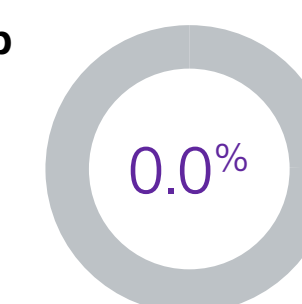


## Gender bonus gap

The percentage by which women's bonuses vary against men's bonuses (excluding furlough).

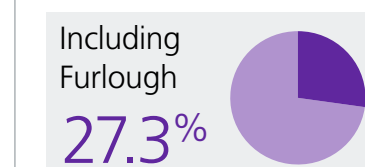
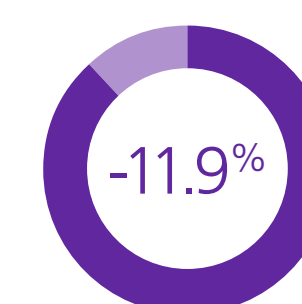
### Median bonus gap

(percentage difference between women's and men's median bonus pay).



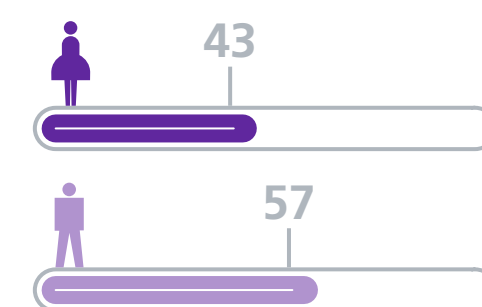
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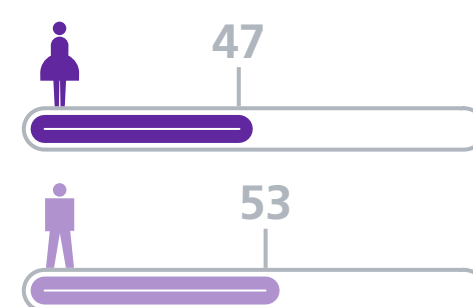
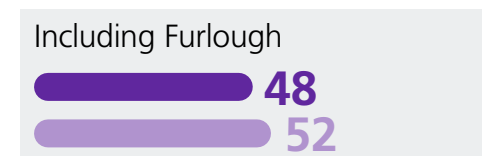


## Our pay quarterlies

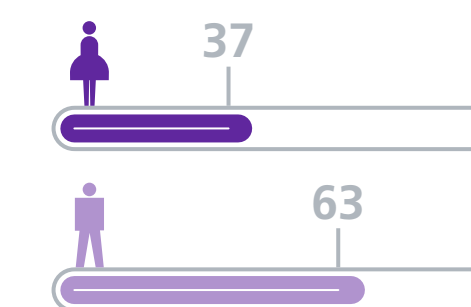
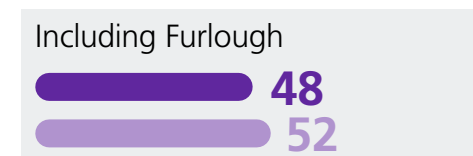
Proportion of women and men in each quartile (excluding furlough).



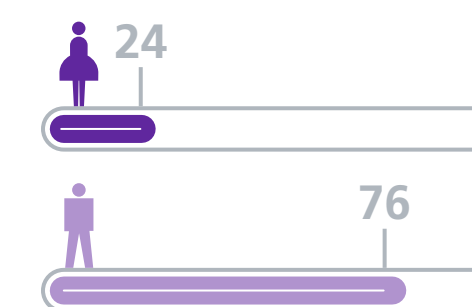
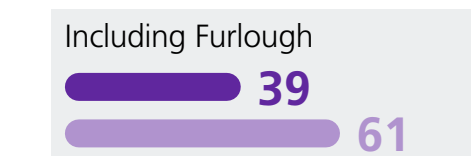
Quartile 1 (lowest pay)



Quartile 2 (lower middle pay)



Quartile 3 (upper middle pay)



Quartile 4 (highest pay)



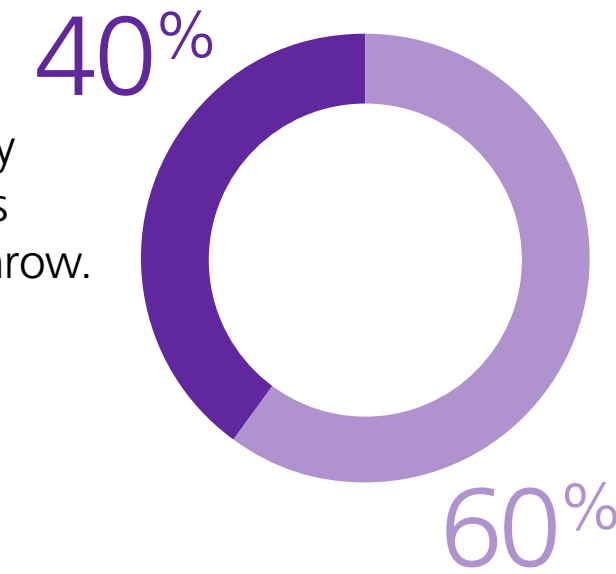
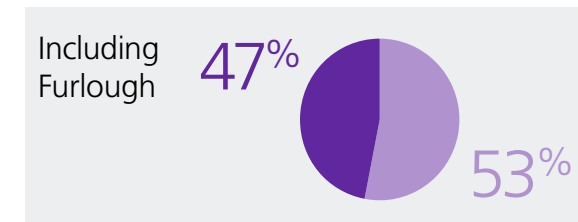
# Our 2021 ethnicity pay gap.

BLACK, ASIAN AND MINORITY ETHNIC COLLEAGUES

WHITE COLLEAGUES

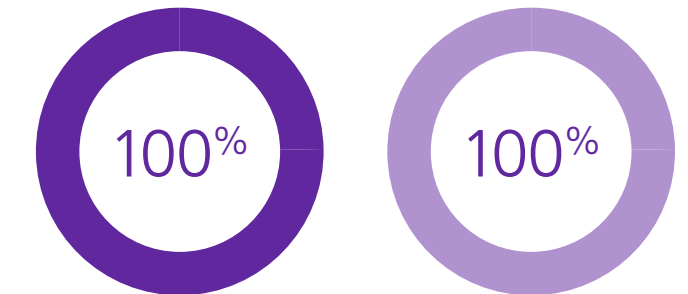
## Ethnicity split

Proportion of Black, Asian and Minority Ethnic colleagues and White colleagues (excluding furlough) working for Heathrow.



## Bonus payments

Percentages of Black, Asian and Minority Ethnic, and White colleagues who received a bonus.

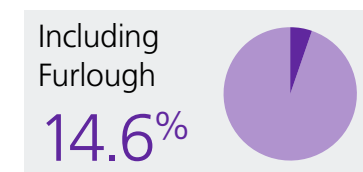
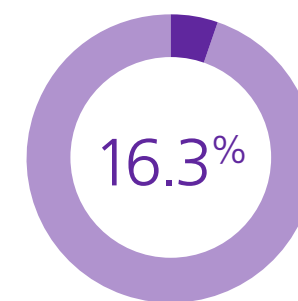


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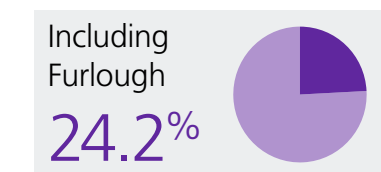
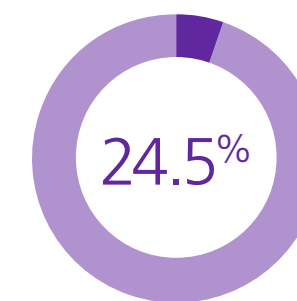
## Ethnicity pay gap

The percentage by which Black, Asian and Minority Ethnic pay varies against White pay (excluding furlough).

**Median pay gap**  
(percentage difference between White and Black, Asian and Minority Ethnic colleagues' median hourly pay).



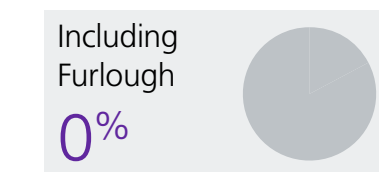
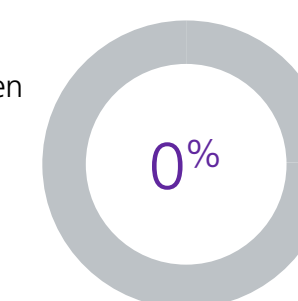
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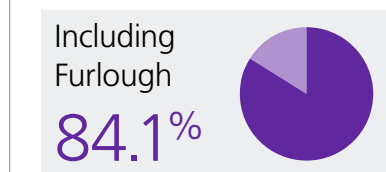
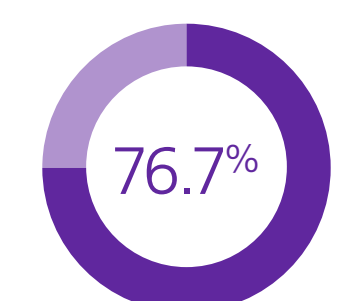
## Ethnicity bonus gap

The percentage by which Black, Asian and Minority Ethnic colleagues' bonuses vary compared to White colleagues' bonuses (excluding furlough).

**Median bonus gap**  
(percentage difference between White and Black, Asian and Minority Ethnic colleagues' median bonus pay).

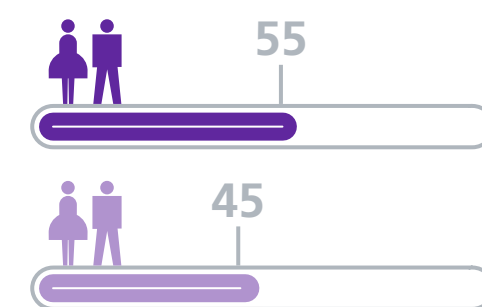


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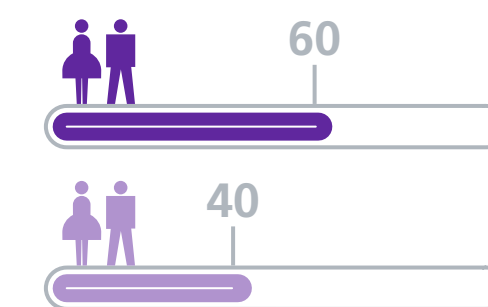
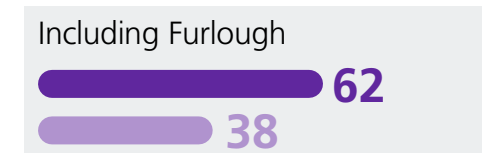


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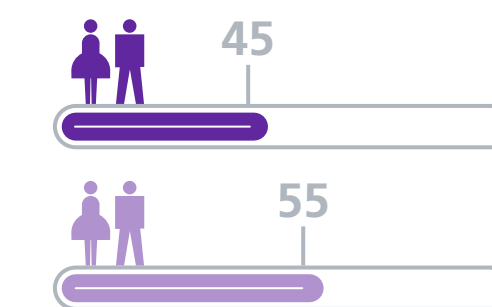
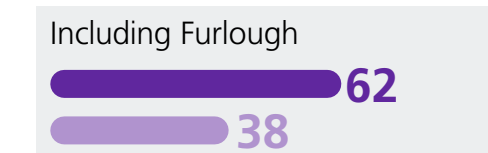
Proportion of Black, Asian and Minority Ethnic, and White colleagues in each quartile (excluding furlough).



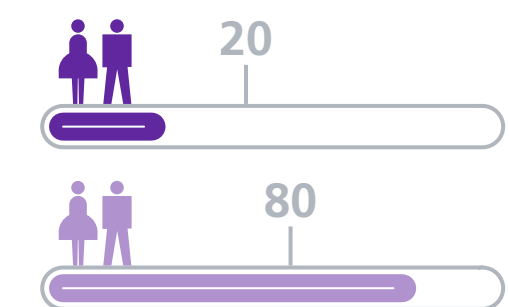
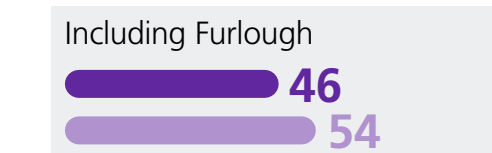
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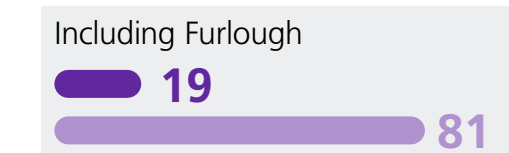
Quartile 2 (lower middle pay)



Quartile 3 (upper middle pay)



Quartile 4 (highest pay)



# How our gender pay gap changed in 2020.

This was not a typical year due to the impact of COVID.

## How our gender pay gap changed in 2020

Over 2,000 colleagues were on furlough in April 2021 and as they were not on full pay, have been excluded from the calculation, which means the pay gaps are not representative. Our median gender pay gap widened to 5.3% (4.5% in 2020). At the same time the mean gender pay gap narrowed to 7.9% (8.8% in 2020).

2020 was not a typical year. We had to make some difficult business decisions which saw a reduction of our workforce. The changes affected some roles more than others; as a result of this we saw an increase of females from 42.0% to 45.0%, but the proportion of women in the highest pay quartile decrease. Despite this, the average pay of women in the highest quartile increased, driving the mean gender pay gap to improve.

The results for our bonus gap are a one-off and not representative of a normal year. Our median bonus gap was 0% because all colleagues who were with us in December received a £25 voucher. The mean bonus gap is due to a small proportion of senior leaders being paid a long term incentive payment which, was earned before the start of Covid.

## Our ethnicity pay gap published for the first time

Reporting our Ethnicity Pay Gap for the first time gives the business a valuable baseline to build our Equality, Diversity and Inclusion commitments. Our aim is to ensure that our airport represents the diversity of the local community at every level and that Heathrow is a place where all colleagues fulfil their potential through development and internal promotion.



# Our action plan to develop an inclusive organisation.

## Developing an inclusive organisation

Our data shows a step in the right direction however, we are not complacent in our actions and are committed to continuing our efforts to further reduce the pay gaps, by focusing on programmes that can really make a difference.

Our efforts over the past twelve months have centred around our objective, to be an inclusive employer that represents the diversity of our local community at every level.

With this in mind we have developed our Equality, Diversity and Inclusion strategy which forms our long-term commitment focussed on improving representation at every level and fostering a truly inclusive culture.

Our strategy focuses on four areas and within this report we have set out our key actions for 2022. They are as follows:

### 1. Driving Sustainable Growth

**Strategic Focus:** Establishing clear policies and robust frameworks to deliver our commitment.

**Our actions for 2021-2022 include:**

- Revision and development of key ED&I policies; Dignity at Work, Maternity, Paternity & Adoption, Reasonable Adjustments.
- The introduction of representation goals for disability and sexual orientation.

### 2. Creating Career Fulfilment

**Strategic Focus:** Delivering an inclusive and representative workforce offering clear opportunities to develop and progress.

**Our actions for 2021-2022 include:**

- Launch career progression and a talent framework for entry level colleagues.
- Release updated personal and professional development programmes for all colleagues.

### 3. Developing an Inclusive Organisation

**Strategic Focus:** Strengthening our capability of ED&I, promoting inclusive decision making everyday.

**Our actions for 2021-2022 include:**

- Launch and promote Heathrow's ED&I campaign across the business.
- Introduce new Conscious Inclusion and ED&I Cultural Intelligence content for line managers and passenger facing operational colleagues.

### 4. Amplifying the Voice of the Colleague

**Strategic focus:** Building trusting relationships with our colleagues to define the future and amplify their voice.

**Our actions for 2021-2022 include:**

- Introduction of an ED&I themed question on Heathrow's quarterly Engagement Survey.
- Increase business awareness and participation of ED&I Networks and membership of operational colleagues.

# Chief People Officer's statement.

## Chief People Officer's statement

During the most difficult period we've ever had, we held to our values and to the goals we set ourselves for ED&I. These were tough times, but we continued to do what's right. For my part, we are determined to make Heathrow a better place to work in line with the route we've set out in our sustainability programme.

The more diverse and inclusive we are, the better we perform on every front. We tap into the full potential within us to become more creative and innovative, to boost wellbeing and to work as a single extraordinary team. This pay gap report is a vital tool. By providing gender and ethnicity pay gap reporting for almost 3,000 colleagues who work directly for Heathrow at all levels of the organisation\*, we hold ourselves to account. The numbers tell the world whether we are doing what we say we'll do.

**As Chief People Officer, I confirm that the information contained in this report is accurate.**



\* This report covers all employees of LHR Airports Limited who were not on furlough and received full pay during the qualifying month. It does not cover employees of LHR Business Support Centre Limited or Heathrow Express Operating Company Limited, neither of which has published its own pay gap report because they each have fewer than 250 employees.

