



SUSTAINABILITY

2016 PERFORMANCE REPORT





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WELCOME FROM OUR CEO

At the end of our 70th anniversary year I'm so proud of the work we've done to continue to push our performance across such a wide range of key sustainability issues. At Heathrow our vision is to give passengers the best airport service in the world, and we believe that this is only possible if we grow and operate our airport sustainably, now and in the future.

For decades, we've been continuously improving our performance. Our achievements in 2016 were no exception. I'm particularly pleased that we're emitting 37% less carbon from energy used in our buildings than in 1990, an improvement on last year and ahead of our target of 34% less by 2020. This is a fantastic outcome from all the hard work undertaken, year after year, by so many colleagues.

I'm also really proud of the continued work of the Heathrow Academy to help people develop skilled and sustainable careers through apprenticeships. In 2016, 116 apprentices graduated in courses ranging from business administration to retail, and companies from across the airport came together to pledge 455 new apprenticeships. All of this puts us firmly on track towards achieving our goal of 10,000 apprenticeships by 2030.

Now we want to stretch our level of ambition. In 2016 we spent time consulting with our stakeholders to understand their needs and expectations regarding sustainability, and the potential for Heathrow to deliver on them. Their feedback helped us to create Heathrow 2.0, our new sustainability plan. Heathrow 2.0 represents a step-change in our approach and gives us a strategy fit for the future.

Our plan demonstrates leadership, both within our sector and beyond, and takes us further than merely reducing negative impacts to delivering real, positive change. It sets stretching, long-term goals that will guide the future of our business, and I'm really excited about the opportunities it presents.

The Government decision in 2016 to approve Heathrow expansion tasks us with delivering the hub airport the country needs to compete in the world. Our plan is to expand in a way that creates a positive impact on our community, environment and economy. In recognition of how critical sustainability is to our licence to operate and grow, 'Sustainable Growth' is now one of my four priorities for the business.

For me, the business case for a sustainable Heathrow is strong. It's about helping our people fulfil their potential and being a good neighbour and citizen. It's about delivering opportunities for business that make the UK stronger and more sustainable. And it's about ensuring that future generations can explore and enjoy our beautiful world. We need to make sure that expansion is seen as the model for sustainable growth in aviation, and that where we lead, other airports around the world choose to follow.

This report summarises the progress we made in 2016 against our Responsible Heathrow 2020 ambitions. It also introduces our new plan and gives a flavour of some of the work we're already doing to deliver on our long-term objectives. Next year we will publish a full report on progress against Heathrow 2.0 and I'm looking forward to updating you on the many exciting things that are coming in 2017 and beyond.



John Holland-Kaye
Chief Executive Officer

OUR BUSINESS 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

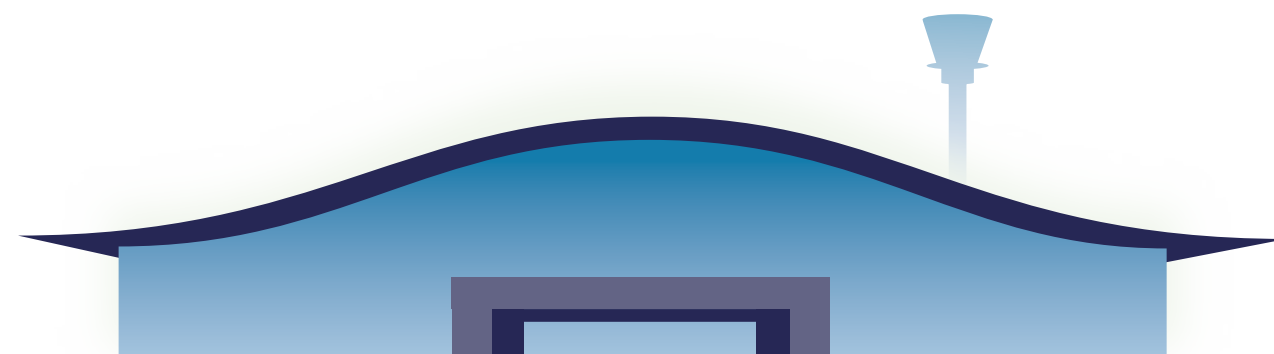
To deliver the world's best passenger experience, we will work with the Heathrow community to transform the service we give to passengers and airlines improving punctuality and resilience.

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.





INTRODUCTION

- > About our Reporting
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ABOUT OUR REPORTING

This report is an overview of the progress we made in 2016 against our Responsible Heathrow 2020 commitments. Launched four years ago, Responsible Heathrow 2020 gave us a framework to refocus our commitment to delivering more of the benefits of aviation to our local communities and the wider UK population. It enabled us to align sustainable practices with our core business strategy and push for performance improvements.

Now we want to stretch our level of ambition. We launched our new sustainability plan – Heathrow 2.0 – in February 2017. Our Responsible Heathrow 2020 commitments have been built into Heathrow 2.0 and we've also strengthened our level of ambition to set stretching, long-term goals.

We've reported on our progress under the pillars and objectives of Heathrow 2.0. You'll find a mixture of data and examples of progress made in 2016, as well as an account of work done to date to lay the foundation for new areas of focus from 2017. You'll also find links throughout the report to more information.

You can find details of progress against our Responsible Heathrow 2020 goals and 2016 targets [here](#).

For more detail on specific areas, please visit our [website](#).

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

HEATHROW IN CONTEXT

2,807

REVENUE (£ MILLION)

1,013

OPERATING PROFIT (£ MILLION)

81

AIRLINES

194

DESTINATIONS SERVED

4.26 / 5

OVERALL SATISFACTION – DEPARTURES

4.19 / 5

OVERALL SATISFACTION – ARRIVALS

6,103¹

HEATHROW EMPLOYEES

75.7

PASSENGERS (MILLION)

473,231

FLIGHTS

1,540

CARGO (1,000 TONNES)

82%

PASSENGERS RATING THEIR
OVERALL DEPARTURE AS GOOD
OR EXCELLENT

78.7%

PUNCTUALITY

¹ Figure for Heathrow payroll as at 31 December 2016 and does not include Heathrow Express (482)



HEATHROW 2.0 – OUR PLAN FOR SUSTAINABLE GROWTH

Heathrow 2.0 is our new sustainability plan, which we launched in February 2017. Heathrow 2.0 represents a step-change for our business. It captures the momentum of an industry-wide shift towards a sustainable future for aviation. Heathrow 2.0 is a strategy for sustainability leadership that takes us beyond merely reducing negative impacts to delivering positive impact in a way that enables others to thrive as we grow. It sets out a series of goals that will guide the future of our business as an expanded Heathrow, and will also guide us in the eight years before we plan to open a new northwest runway.

We've structured Heathrow 2.0 around four key outcomes:

- **A GREAT PLACE TO WORK** is about helping our people fulfil their potential
- **A GREAT PLACE TO LIVE** is about working better with our neighbours to improve their quality of life
- **A THRIVING SUSTAINABLE ECONOMY** focuses on creating opportunities for business (including SMEs and sustainable business) to deliver a stronger future for the UK
- **A WORLD WORTH TRAVELLING** is about working with our industry and regulator to deliver fair and sustainable air travel for future generations to enjoy.

Heathrow 2.0 sets out how we will take a lead on climate change, with an aspiration to make growth from our new runway carbon neutral. We will work with airlines to reduce noise and we'll work to tackle air pollution, in part by working to increase the number of people travelling by public and sustainable transport. We'll partner with the other businesses that operate here to deliver a best-in-class, sustainable and low-carbon supply chain. We'll help thousands of people begin and advance their careers – near Heathrow and across the country. And we'll ensure that as we grow, we create opportunities for sustainable businesses to deliver a stronger future for the UK.





STRATEGY OVERVIEW

A GREAT PLACE TO WORK

As we grow and are able to provide thousands of new opportunities, we will focus on helping people find the right work at Heathrow and nurturing them to fulfil their potential. We believe Heathrow is already a rewarding place to work, but we want to make it an employer of choice with a strong culture of sustainability.



1 Safe and Well

A place where everyone can get to their destination and return home, safe and well

2 Careers, Not Just Jobs

A place where anyone can reach their potential

3 Culture of Sustainability

A place that lives and breathes sustainability

A GREAT PLACE TO LIVE

We want the area around Heathrow to be a great place to live. By building relationships with local people and groups, we will better understand and meet their needs – particularly when it comes to noise and air quality. We are committed to helping local communities thrive and improving quality of life for all.



4 Respite for Residents

A place that's getting quieter

5 Quality Air, Locally

A place where local air improves

6 Sustainable Communities

A place where local people shape their future

A THRIVING SUSTAINABLE ECONOMY

As the UK's hub airport, Heathrow has an important role to play in helping the country's economy to thrive. As we expand, we will enable UK businesses of all sizes to take advantage of improved connections and the opportunities these create. In particular, we will focus on businesses that connect with the 'next economy' and businesses that help more people experience the benefits of sustainability in their lives and work.



7 Connecting the UK

A place that provides a gateway for the UK to the world and the world to the UK

8 The Next Economy

A place that nurtures small and medium sized businesses and social enterprises

9 Sustainable Supply Chain

A place that drives change throughout our supply chain

A WORLD WORTH TRAVELLING

As we grow and are able to provide thousands of new opportunities, we will focus on helping people find the right work at Heathrow and nurturing them to fulfil their potential. We believe Heathrow is already a rewarding place to work, but we want to make it an employer of choice with a strong culture of sustainability.



10 Zero Carbon Airport

A place that is run on renewable energy and that delivers zero waste

11 Accelerating the Era of Sustainable Flight

A place where innovators work together to deliver carbon neutral growth

12 A Responsible Gateway

A place that strives to end trafficking of people and wildlife



2016 HIGHLIGHTS

A GREAT PLACE TO WORK

500

colleagues attended the Business Partner Health and Safety Awards

5,000

visitors to the Jobs and Careers Fair

455

new apprenticeships pledged through the Heathrow Academy

Heathrow Skills Taskforce launched to help identify the skills and training needed to deliver Heathrow expansion

68%

of colleagues responded positively to "Heathrow takes its responsibilities on environmental issues seriously" through our annual survey

A GREAT PLACE TO LIVE

First airport in the world to differentiate charges for the quietest category of aircraft

94.5%

of flights made by newer, cleaner aircraft

Most flights and most operators of next-generation aircraft (A350, A380 and 787) of any airport in Europe

Over 900

electric vehicles operating airside

Over 55%

of flights operated by the latest international standard for the quietest category of aircraft

A THRIVING SUSTAINABLE ECONOMY

Charges for airlines flying domestic routes reduced from 1 January 2017

Partner of the Supply Chain Sustainability School

Four Business Summits held in London, Glasgow, Leeds and Manchester

Approved signatory to the Prompt Payment Code

Published second report on Climate Change Adaptation to Government

A WORLD WORTH TRAVELLING

First airport to sign the Buckingham Palace Declaration, a landmark agreement to shut down illegal wildlife trafficking routes

First airport in the world to simultaneously hold four certifications to the Carbon Trust Standard

Launched the Responsible Gateway Forum, chaired by Heathrow Travel Care

Reduced CO₂ emissions from buildings by 37% since 1990, exceeding our target of 34% by 2020

Winner of the Onsite Energy Efficiency category at the Edie Environment and Energy Awards



HEATHROW EXPANSION

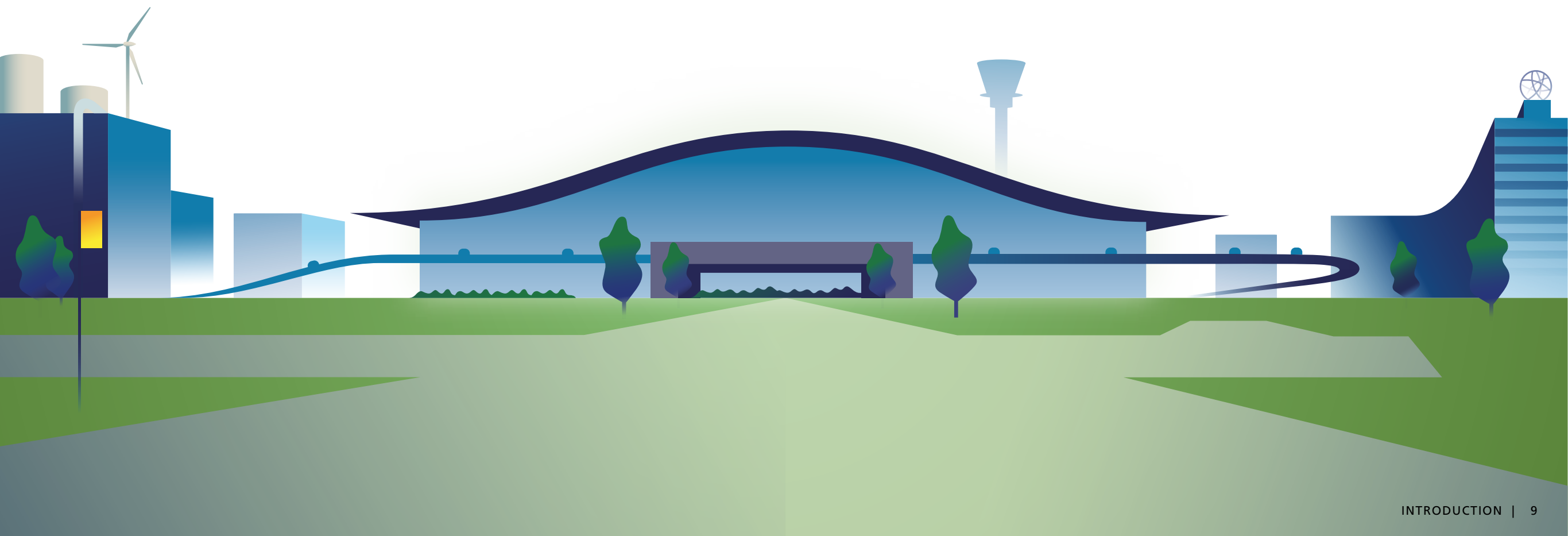
The Government decision in 2016 to support Heathrow expansion tasks us with delivering the hub airport the country needs to compete in the world. Our plan is to expand in a way that creates a positive impact on our community, environment and economy.

In June 2016, Heathrow's CEO, John Holland-Kaye, announced five new pledges to the airport's local residents. The pledges highlight work already underway and also point to our ambitions for the future.

1. **HELP OUR COMMUNITIES** by generating up to 40,000 jobs, training opportunities and careers to benefit local families with expansion.
2. **BE A GOOD NEIGHBOUR** meeting tough environmental and noise limits and air quality rules, and supporting enforcement by new independent regulators.
3. **TACKLE LOCAL TRAFFIC CONGESTION** by investing in local transport projects that put Heathrow at the centre of a new integrated bus and rail transport system.
4. **WORK TOGETHER WITH LOCAL BUSINESSES**, helping them make best use of the national asset on their doorstep and investing in the local economy.
5. **BUILD A LASTING LEGACY** for future generations in partnership with local schools, colleges and universities.

In October 2016 the Government confirmed that Heathrow expansion was its preferred option for increasing airport capacity in the south-east, providing that it is undertaken within strict environmental limits. In order to manage the sustainability and environmental elements of the third runway project, we have created a dedicated team to ensure that the aspirations outlined within Heathrow 2.0 will be supported by the expansion project. This team is also responsible for understanding the sustainability impacts of the project and implementing suitable mitigation solutions.

Guided by Heathrow 2.0 we will create a Sustainability Framework to identify, refine and agree initial sustainability objectives, outcomes and requirements for the expansion project. This will be used in the design development process to ensure that sustainability elements are designed-in from the outset.



OUR APPROACH TO ADDRESSING CARBON

As Heathrow grows to meet demand, we will provide more flights to more people. However, our aspiration is to make growth from our new runway carbon neutral and attempt to decouple aviation growth from climate change. Our achievements to date in reducing our carbon impact from energy are a strong foundation for increasing our level of ambition. Through Heathrow 2.0 we will continue to work to reduce carbon across our operations. We will also seek to work with others to take advantage of the opportunity for a future of sustainable air travel.

OUR PLAN FOR CARBON REDUCTION

TACKLING CARBON FROM AVIATION – we will incentivise lower carbon flights and advocate for policies that price carbon effectively. For more detail, see objective 11.

OPERATING A ZERO CARBON AIRPORT – we are thinking long-term about how to reduce our carbon impact, and have set ourselves a series of zero-impact targets relating to water, waste and energy. We want to make Heathrow’s buildings and infrastructure an inspiring example of zero carbon performance. Since 1 April 2017 Heathrow is powered with 100% renewable electricity. For more detail, see objective 10.

INCREASING UK ACCESS TO HEATHROW VIA SUSTAINABLE MEANS – our goal is to increase our connectivity with the rest of the UK through sustainable and reliable routes, connecting the 100 largest towns and cities to Heathrow by 2030. For more detail, see objective 7.

ADDRESSING THE CHALLENGES OF PASSENGER TRANSPORTATION AND VEHICLES – we will reduce the impact of airport-related traffic on the roads around Heathrow and work with our partners to reduce emissions from airside vehicles. Our goal is that by 2030, 50% of airport passenger journeys will be made via public and sustainable transport. For more detail, see objective 5.

EMPOWERING OUR COLLEAGUES TO DELIVER CHANGE – by investing in tools, training and management systems, and through rewarding innovative thinking around sustainability, we will support our colleagues to make sustainable choices that align with our strategy. For more detail, see objective 3.

OUR PERFORMANCE

In 2016 we saw a year-on-year reduction in total CO₂ emissions. This was driven partly by a 37% reduction (compared to 1990) in emissions from energy used in our buildings – a reduction that puts us ahead of our target of 34% less by 2020. We also saw a year-on-year decrease in emissions from colleague travel.

Other areas were more challenging. Emissions from vehicles owned or contracted by Heathrow increased slightly. This was caused by changes to flight schedules and terminal assignments that increased our use of transfer buses.

We also saw an increase in emissions from aircraft on the ground, caused by an increase in wide-bodied aircraft movements to accommodate passenger growth as well as the use of auxiliary power units (APU). We’re already taking steps to improve the way we track APU activity to drive improvement. We currently measure APU use through manual surveys that only cover a percentage of Heathrow flights. In 2016 we piloted a system that automatically detects and records APU use. We want to know how the system could help us monitor use of APUs and intervene when we see opportunities for improving performance.

RESPONSIBLE HEATHROW COMMITMENT	PERFORMANCE MEASURE	2014	2015	2016
Reduce total carbon dioxide (CO ₂) emissions	Total emissions (tonnes, million)	2,257,780	2,269,533	2,245,697
34% reduction in CO ₂ emissions from energy used in buildings (1990) by 2020	Total CO ₂ emissions from energy used in our buildings (tonnes)	291,552	263,010	225,762
	% reduction in total CO ₂ emissions from energy used in our buildings (1990: 360,437 tonnes)	19%	27%	37%
Reduce CO ₂ emissions from colleague travel	CO ₂ emissions from colleague travel (tonnes)	151,590	148,860	146,977
Reduce CO ₂ from Heathrow Airport Limited's vehicles	CO ₂ emissions from HAL (owned/controlled) vehicles (tonnes)	9,804	9,050	9,298
Work with partners to reduce CO ₂ from aircraft on the ground, during take-off and landing (to 3,000 ft)	CO ₂ emissions from aircraft on the ground and to 3,000 ft (tonnes)	1,242,471	1,251,180	1,290,339



A GREAT PLACE TO WORK



- > Safe and Well
- > Careers, Not Just Jobs
- > Culture of Sustainability

1. SAFE AND WELL

A place where everyone can get to their destination and return home, safe and well.

Health and safety is fundamental to the success of every modern business. ‘Keeping everyone safe’ is one of our values because we know that we are responsible for the health and safety of everyone who visits or works at Heathrow. We are working to create an environment in which people will be proactive about their safety and the safety of others.

CASE STUDY

HEALTH AND WELLBEING WINNERS

Our annual Business Partner Health and Safety Awards celebrate success. The event attracted over 500 colleagues from across the airport. Award winners showed how, by working together, we can all improve the health, safety and wellbeing of those around us. The award for Health and Wellbeing Initiative of the Year recognises initiatives that raise standards of health and wellbeing.

In 2016 there were two joint winners: the Heathrow IT team for their ‘Around the work in 84 days’ Fitbit challenge and Balfour Beatty for changing team behaviours and implementing practical measures to help colleagues and those around them lead longer, healthier lives.

To become leaders in health and safety, we will go beyond physical health to support the wellbeing of everyone working at Heathrow. In 2016 we ran our biggest ever Wellbeing Roadshow offering colleagues on-the-spot health checks and relaxation therapies.

We also launched a Safe Beat app to give our colleagues up-to-date accident information. The app has a simple dashboard showing incidents that have been logged. Colleagues can find out more about an incident and share it with their teams. They can learn from what’s happened and understand how risks lead to accidents.

We’re also working to improve our reporting of colleague and passenger accidents. Better reporting helps us identify the issues and drive improvement. A knock-on effect of capturing more accurate data has been an increase in the number of reported accidents as our passenger-facing colleagues become more aware of the issues (see table).

Among passenger accidents, we have noted that escalators pose a particular challenge. To better understand the problem and potential solutions, we have funded a five-year national research programme through the Health and Safety Laboratory (HSL).

We’ve also experienced an increase in colleague lost-time injuries, caused partly by bringing our colleagues who manage the baggage trolleys in-house. Our challenge is to improve safety for manual handling roles, so we’ve introduced targeted training to better understand the issues and help drive improvement.

TO BE LEADERS IN HEALTH AND SAFETY, WE WILL GO BEYOND PHYSICAL HEALTH TO SUPPORT THE WELLBEING OF EVERYONE WORKING AT HEATHROW

500

COLLEAGUES FROM ACROSS HEATHROW ATTENDED OUR ANNUAL BUSINESS PARTNER HEALTH AND SAFETY AWARDS

RESPONSIBLE HEATHROW COMMITMENT	PERFORMANCE MEASURE	2014	2015	2016
Create a safety footprint for all companies at the airport by 2015	Create a safety footprint for all companies at the airport	New measure	In development	N/A – a safety network will be launched in 2017 and a safety footprint will be one output from that group
At least 10% annual reduction in employee and passenger accidents	Passenger accidents within Heathrow’s control per 1,000,000 passengers	0.59	0.51	0.62
	Colleague lost-time injuries per 100,000 hours worked	0.27	0.34 ²	0.48
Reduce colleague accidents through engaging them in Heathrow Safe – It Starts With Me	Colleague reportable accidents per 100,000 hours worked	0.07	0.08	0.18
Continue to support the health and wellbeing of our colleagues	Absence rate (average days/annum per FTE)	9.55	9.02	8.45

²Figures for 2015 have been updated as a result of late reporting



2. CAREERS, NOT JUST JOBS

A place where anyone
can reach their potential.

Heathrow already employs thousands of people; an expanding Heathrow will provide opportunities for thousands more. In Heathrow 2.0 we set out how we will help our colleagues fulfil their potential by providing rewarding employment that offers them purpose and progress. Our focus is on careers, not just jobs.

More than 75,000 people are employed in thousands of different roles across the airport within the 400 organisations keeping our hub airport thriving. Heathrow also supports around 114,000 jobs in its neighbouring communities – roughly one in five jobs in the local area. Through the Heathrow Academy we work with our business partners and a range of training and employment service providers – including apprenticeship and training specialists – to help Heathrow's employers attract and retain local talent.

In March 2016 we celebrated National Apprenticeship Week by bringing together employers from across Heathrow to pledge 455 new apprenticeships, of which 216 have already begun. The pledges came from some of the 400 businesses that work in and around the airport, including members of the Heathrow Sustainability Partnership. Pledge-makers included Heathrow, World Duty Free, Balfour Beatty and Ferrovial Agroman.

In November 116 apprentices graduated from the Heathrow Academy in courses ranging from business administration to retail. Over 5,800 people have undertaken employability training at the Heathrow Employment & Skills Academy since it opened in 2004, and 1,632 Academy candidates have completed apprenticeships at the airport. Heathrow's Engineering Apprenticeship Scheme has trained over 470 apprentices since the 1980s, 97% of whom have found permanent work at the airport.

In 2016 our annual Jobs and Careers Fair – one of our flagship economic development programmes – welcomed over 5,000 visitors. This event helps young people learn about careers at the airport, the qualifications they'll need and the training opportunities that lead to these qualifications. Events like this help to raise academic aspirations and create career opportunities, all of which contribute to the economic prosperity of our local communities. Among the 66 exhibitors at the 2016 event were 52 employers and 12 partners, including the National Careers Service, Job Centre Plus, the National Apprenticeship Service and local colleges and universities. Young people who visited also had a chance to meet local voluntary organisations and sign up as volunteers, giving them a chance to add some core skills to their CVs.

Our vision is to give passengers the best airport service in the world. We will only do that if all levels of our own organisation reflect the diversity of our passengers and our local community. We want Heathrow to be a great place to work – an environment in which we embrace our differences and where people can come to work as themselves and be at their best. In 2016, we developed a new diversity and inclusion strategy to help us achieve this aspiration. We did it by encouraging colleagues from across the business to help shape the agenda and drive action.

To identify the skills and training programmes needed for Heathrow expansion, we launched the Heathrow Skills Taskforce in June 2016. Chaired by Lord Blunkett and attended by experts from across the skills sector, this independent Taskforce will provide strategic advice and guidance. It will help us develop a comprehensive employment and skills strategy for the Heathrow area that gives the business and its supply chain the skills needed to build and operate an expanded airport. The Taskforce will also explore infrastructure sector issues such as industry collaboration on apprenticeship schemes, skills mapping and engagement with schools.





RESPONSIBLE HEATHROW COMMITMENT	PERFORMANCE MEASURE	2014	2015	2016
Support people into training and jobs through delivery of the Heathrow Academy	Academy job outcomes (5 local boroughs)	450	516	628
	Academy job outcomes (total)	n/a	567	751
	Academy training outcomes (pre-employment and IAG training) (5 local boroughs)	1,007	995	964
	Academy training outcomes (pre-employment and IAG training) (total)	n/a	1,050	1,174
	Academy training outcomes (apprenticeships, NVQs) (5 local boroughs)	67	51	81
	Academy training outcomes (apprenticeships, NVQs) (total)	n/a	63	98
Facilitate local people into training and jobs through delivery of the Heathrow Jobs and Careers Fair	Employer exhibitors attending Heathrow Careers Fair	48	38	64
	Attendees (schools and colleges) attending Heathrow Careers Fair	5,810	4,922	5,289
Respect and value equality, diversity and inclusion	Ratio of male: female employees	61:39	58:42	60:40
	Ratio of male: female employees in senior positions	72:28	70:30	69:31
	Employees from non-white ethnic backgrounds (%)	36.5	37	36
Enhance Heathrow's position as an employer of choice	% new recruits from the local community	51	52	53
50% of colleagues at Heathrow are from the local area by 2020	Heathrow employees living in 5 local boroughs ²	35,297	No data ³	No data ³
	Heathrow employees living in 5 local boroughs (%) ²	54	No data ³	No data ³
75% of our colleagues say Heathrow is a great place to work by 2020	% positive Pulse response "I would recommend Heathrow to a friend looking for a job"	65	63	67

³ The most recent Heathrow Employment Survey was carried out between 5 August 2013 and 28 February 2014 by Ipsos MORI on behalf of Heathrow Airport Limited

HEATHROW'S 2016 JOBS AND CAREERS FAIR WELCOMED OVER

5,000 VISITORS

HEATHROW'S ENGINEERING APPRENTICESHIP SCHEME HAS TRAINED OVER

470 APPRENTICES
SINCE THE 1980S – 97% OF THEM FOUND PERMANENT AIRPORT WORK

CASE STUDY

LIFE-CHANGING – EVEN FOR A MAN IN HIS FIFTIES

Fifty-one-year-old Felix from Hillingdon was struggling to find work. He was convinced that his age was a barrier to employment. Since he'd never worked in the UK before (Felix's work experience was in admin in Goa, India) he enrolled on the Heathrow Academy's pre-employment course. Despite being the oldest learner, Felix thoroughly enjoyed it and found the content very helpful. The next stage was to prepare Felix for a forthcoming Travelex assessment day. Felix took everything on board – so much so that he really impressed the Travelex team and they immediately offered him a job. Since then he's returned to the Academy to share his experience with other learners.



3. CULTURE OF SUSTAINABILITY

A place that lives and breathes sustainability.

Although we have made steady progress on sustainability for many years, we need to do more to achieve our goals: we must make our strategy a part of everyone's daily decision making. Our business priority – sustainable growth – is delivered by Heathrow 2.0, which puts sustainability at the heart of our business.

COLLEAGUE ENGAGEMENT

Making Heathrow a great place to work is one of our business priorities. We've called it Mojo. In 2016 we achieved our best-ever colleague engagement score through Pulse, our annual employment survey. Engagement has risen year-on-year since 2012, and the results show that colleagues who feel empowered are the most motivated and engaged. In response to the statement "Heathrow takes its responsibilities on environmental issues seriously", 68% responded positively in 2016 – a seven-point increase on 2015.

Our recognition scheme, known as Heathrow Star, invites colleagues to nominate individuals or teams for awards. Heathrow Stars are colleagues who deliver great service for our passengers, our airlines, for each other or for the airport or their local community. In 2017 we're introducing a new Community award to recognise colleagues who contribute time, effort or energy to activities that provide a community benefit.

TRAINING

We encourage colleagues to make sustainability improvements in their jobs. To give them the skills, tools and knowledge they need to make those changes, we provide a range of training and development opportunities. Our induction programme, which applies to all new starters, includes a session on sustainability. We also run targeted training interventions such as toolbox talks and Lunch & Learn sessions. In 2017 we will comprehensively map our learning and development needs.

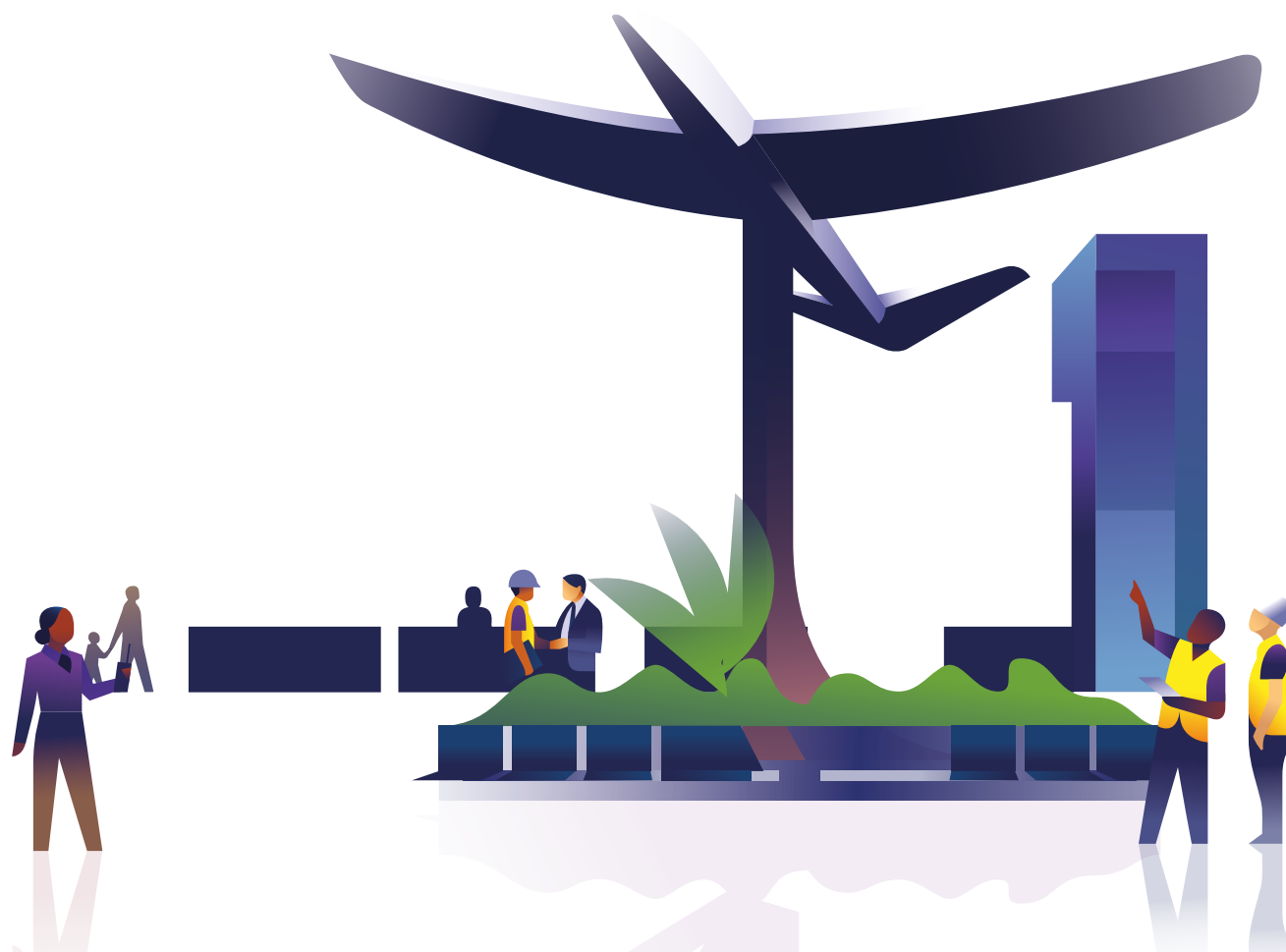
A few senior leaders will also complete the Prince of Wales's Business & Sustainability Programme. Run by the Cambridge Institute for Sustainability Leadership, this course gives senior executives the knowledge and techniques to make practical responses to sustainability challenges. We are also developing a Leading Sustainable Growth internal training programme which will be rolled out in 2017.

COMMUNITY ENGAGEMENT

Through Heathrow's performance management process, we require colleagues to set objectives that support on- and off-airport communities. Examples include: participation in our schools' volunteering programmes, becoming a school governor and giving time to local charities and community groups.

We saw many great examples of these activities during 2016, especially those that came through Heathrow's partnership with the Duke of Edinburgh's (DofE) Award. Colleagues who signed up to the DofE Diamond Challenge experienced the life-changing benefits of the Duke of Edinburgh's Award while generating funds for the charity. Of the numerous challenges they undertook, two stand out: 100 colleagues abseiling down the inside of Terminal 5 and 150 colleagues taking on the FITBIT challenge – pledging to walk, run, cycle or row a distance equivalent to that from Heathrow to one of its 180 destinations.

We also believe in engaging with young people. So, for the seventh consecutive year, we ran the Heathrow Secondary School challenge. The challenge, which encourages year-8 pupils to learn new skills, shows how STEM subjects (science, technology, engineering, maths) are relevant to their future careers. Over 2,600 pupils from 14 schools took part in 2016. They focused on coding within the context of the driverless pods that transport passengers from business car parks to Terminal 5. They were supported by 141 Heathrow colleagues who were able to share their knowledge and experience.





RESPONSIBLE HEATHROW COMMITMENT	PERFORMANCE MEASURE	2014	2015	2016
Continuously improve colleague engagement	% colleagues completed employee engagement index (Pulse Survey)	85%	87%	85%
	Heathrow Star Awards Scheme delivered (annual employee recognition awards)	Yes	Yes	Yes
Build organisational capability through the continuous development of our people	% colleagues receiving performance reviews (senior managerial and managerial grades only)	100%	100%	100%
	Investment in training and coaching (£million)	4.5	6.32	7.08
Develop and implement a new colleague volunteering programme	Heathrow colleagues volunteering in community projects at Heathrow (volunteer hours)	394	287.5	376
	Number of community activities recorded through Heathrow's performance scorecard (bands A-D)	No data – new measure from 2015 onwards	4,887	5,006
Maintain the number of local children receiving Heathrow education programmes at 5,000 a year	Number of children receiving primary and secondary challenges	4,941	5,320	5,714

OUR BUSINESS PRIORITY – SUSTAINABLE GROWTH – IS DELIVERED BY HEATHROW 2.0, WHICH PUTS SUSTAINABILITY AT THE HEART OF OUR BUSINESS

68% OF COLLEAGUES

RESPONDED POSITIVELY TO THE STATEMENT "HEATHROW TAKES ITS RESPONSIBILITIES ON ENVIRONMENTAL ISSUES SERIOUSLY" – A SEVEN-POINT INCREASE ON 2015

CASE STUDY

HEATHROW COLLEAGUE BECOMES CHAIR OF GOVERNORS AT LOCAL SCHOOL

One way for Heathrow colleagues to support local communities is by becoming a school governor. Becky Ivers, who is People Director in Heathrow's expansion team, has been a governor of Colnbrook CofE Primary School since September 2014. She's particularly focused on Maths and attainment, and takes a keen interest in the school, regularly visiting to hear pupils read. In 2016 Becky became Vice Chair of Governors and has since become Chair.

“

Being a school governor has significant benefits,” says Becky. “It's a way of connecting with education and the community, both of which are critical to our future, and a valuable way for colleagues to contribute their business and life experience to a governing body. It's great to see the positive impact you can have on a school, while also learning yourself.

”





A GREAT PLACE TO LIVE

- > Respite for Residents
- > Quality Air, Locally
- > Sustainable Communities



4. RESPITE FOR RESIDENTS

A place that's
getting quieter.

We want the area around Heathrow to be a great place to live. Because we operate in the midst of our neighbouring homes and communities, we also understand that the local effects of our activities are significant, especially aircraft noise. For many years we've been working to reduce those negative impacts, so much so that Heathrow is now one of the world leaders on airport noise-management. We continue to explore ways to further reduce our noise footprint.

Our [Noise Action Plan 2013–18](#) sets out how we will manage and mitigate the impacts of aircraft noise. European Law requires us to publish a plan every five years that takes into account aircraft noise during take-off, landing and ground roll (noise issues within the 55dB Lden and 50dB Lnight noise countours). However, we go beyond legislative requirements to also consider actions to address the impacts of aircraft noise in areas beyond the specified contours, as well as noise created by taxiing aircraft and engine testing carried out within the airport perimeter. So, in August 2016, we also launched our second [Blueprint for Noise Reduction](#). Developed in response to feedback from local communities, the Blueprint summarises ten practical steps we're taking to reduce noise in 2016 and 2017.

NOISE AT SOURCE

In 2016, over 55% of flights utilised the quietest category of aircraft as defined by the International Civil Aviation Organization's (ICAO) new Chapter 14 standard which comes into effect in 2017. Only 0.55% of flights involved Chapter 3 aircraft – the noisiest category. We are on track to become the first large European airport to be free of this category of aircraft and to achieve our 2020 goal of all flights using Chapter 4, or better, aircraft.

We already impose higher charges on airlines for landing older, noisier aircraft. In January 2017 we went further: we introduced a new landing charge structure that offered lower charges for the quietest types of aircraft (Chapter 14), such as the A350. We were the first airport in the world to offer lower rates for these aircraft.

Our focus on encouraging airlines to fit their A320 fleets with low-noise technology has resulted in over 50% of aircraft having been retrofitted. The changes could reduce noise from each aircraft by around 6 decibels, a significant step towards our 2017 target of having more than 80% of A320 movements involving retrofitted aircraft.

NOISE PROCEDURES

Each quarter we publish Heathrow's Fly Quiet league table. The table rates Heathrow's top 50 airlines (measured by the number of flights to and from Heathrow each year) across six different noise metrics. Our Fly Quiet programme, the first of its kind in the UK, encourages airlines to use quieter aircraft and to fly them in the quietest way possible.

Following a 2016 review of the programme, we upgraded it in 2017 to include emissions-based metrics. It is now the [Heathrow Fly Quiet & Clean league table](#).

IN COLLABORATION WITH THE COMMUNITY

Because we're committed to open and constructive engagement with our local communities, we meet with residents, community and pressure groups, local councillors and MPs through four forums. They are the Heathrow Community Noise Forum (HNCF), Heathrow Strategic Noise Advisory Group, Heathrow Airport Consultative Committee and the Local Focus Forum.

To improve understanding of local noise impacts and noise changes, we published a new monitoring reporting template which includes a suite of supplementary noise metrics. The new metrics, which were introduced with input from the Heathrow Community Noise Forum, respond to concerns about the limitations of traditional metrics. You can find out more [here](#).

In 2016, we started work to expand Heathrow's noise monitoring network. We're adding another 50 monitors, and more than doubling the size of the network. We're also upgrading our existing noise monitors and increasing the number of mobile monitors. The new monitors help Heathrow and local residents understand the impact of noise in local areas. We will share the data publicly through the Heathrow noise website and the Heathrow Community Noise Forum.

Also in 2016, we launched a new programme to improve ventilation in schools already fitted with enhanced noise insulation. These are schools that were previously upgraded through Heathrow's Community Building Noise Insulation Scheme (CBNIS). The new installations are part of a multi-million-pound commitment to fund ventilation and cooling systems in local schools most affected by aircraft noise.

To make the most of noise insulation, schools have to shut their windows. When the windows are closed, insulation reduces noise by an average of 6 decibels in each classroom. Extra ventilation helps schools achieve those benefits by creating a comfortable teaching environment even when the windows are closed.

We also continued our programme to fund and install specially designed noise-reducing adobe buildings in local schools. In 2016 we installed five more.



In December, HACAN (Heathrow Association for the Control of Aircraft Noise) and Heathrow set out their support for an Independent Commission on Civil Aviation Noise (ICCAN), a recommendation made by the Airports Commission.

We agreed a joint position on what we think the Commission’s role and structure should be. The Commission’s primary purpose should be to provide expert and impartial advice on noise. It should act independently of industry, government or local groups. The UK Government is consulting on its role and scope in 2017.

RESPONSIBLE HEATHROW COMMITMENT	PERFORMANCE MEASURE	2014	2015	2016
100% of aircraft are quieter by international standards (ICAO Chapter 4 or better) by 2020	Chapter 4 aircraft (%)	99.2	99.2	99.5
At least 75% of arriving aircraft operate Continuous Descent Approach (CDA)	Average Continuous Descent Approach (CDA) compliance per quarter (%)	Yes	Yes	Yes
Build organisational capability through the continuous development of our people Develop and implement a new colleague volunteering programme	% colleagues receiving performance reviews (senior managerial and managerial grades only)	87.43	87.32	87.86
0 breaches of current daytime noise limit by 2016. A reduction in night infringements from 2006-2016 ⁴	Infringements of Government day and night take-off limits	Night – 26 Day – 9 Total – 35	Night – 27 Day – 9 Total – 36	Night – 33 Day – 3 Total – 36
Improve community perception that Heathrow is doing all it can to manage noise	Noise complainants	8,458	5,573	4,659
	Adherence to the arrival runway alternation pattern (07:00-23:00 local) (%)	92.73	93.2	94.8
Deliver and engage communities in effective noise insulation schemes (NIS)	No. of households that responded to our engagement in relation to NIS	1003	767	859
	Adherence to the arrival runway alternation pattern (07:00-23:00 local) (%)	92.73	93.2	94.8
90% Noise Action Plan actions are on track or complete	Noise Action Plan actions on track and complete (%)	93	90	91

⁴We are currently reviewing our targets as part of the planning process for our next Noise Action Plan. We will be consulting on it in 2018 and it will run from 2019. We remain focused on meeting Government day and night take-off limits.

HEATHROW IS THE FIRST AIRPORT IN THE WORLD TO INTRODUCE LOWER LANDING CHARGES FOR THE QUIETEST TYPES OF AIRCRAFT

IN 2016 WE STARTED WORK TO ADD ANOTHER 50 MONITORS TO HEATHROW’S NOISE MONITORING NETWORK – MORE THAN DOUBLING THE NETWORK’S SIZE

CASE STUDY

XPLANE TELLS YOU WHAT FLIES OVERHEAD, WHEN AND HOW OFTEN

After gathering feedback from local residents, we developed a new online tool to help them know more about what’s flying over their homes. xPlane tells people which types of Heathrow aircraft fly over their homes, schools and places of work. It says when they fly, how high they fly and how often. To develop, test and improve xPlane, we worked with the Heathrow Community Noise Forum (HCNF). xPlane builds on our other map-based tools, Webtrak and Webtrak ‘My Neighbourhood’, to help residents understand how Heathrow aircraft affect their daily lives.



5. QUALITY AIR, LOCALLY

A place where local air improves.

Air quality is a major issue for cities in the UK and around the world. For Heathrow the primary challenge is to help reduce road-traffic emissions because we know this is the biggest contributor to local air pollution. In 2016 we published our second **Blueprint for Reducing Emissions**. The Blueprint sets out our top ten actions for working with partners to reduce emissions from aircraft activity, airport traffic and airside vehicles. It also confirms Heathrow's commitment to play its part in meeting air-quality limits in the local area.

AIRPORT TRAFFIC

We have upgraded our electric charging points. We now have 38 free charging points for passenger use in our terminal car parks. We've also installed 10 fast chargers in our head-office car park, and our entire fleet of colleague pool cars is now all electric (Nissan LEAF).

In 2016, we announced plans for a new WebPortal to consolidate freight loads and decrease the volume of trucks and emissions on roads around the airport. Subscribers exchange information about spare capacity in their vehicles and negotiate a price for the space. The system will help to keep the number of freight vehicles operating around Heathrow at today's levels and encourage use of the lowest emission vehicles.

In June 2016, we opened a pre-pickup waiting facility for private-hire vehicles. Drivers wait there till the time comes to pick up their passengers from Heathrow. This has taken more than 3,000 vehicles a day from the roads around the airport, reducing the impact on the local community. The facility has a no-idling policy which means that waiting drivers must turn off their engines.

PUBLIC TRANSPORTATION

In February 2016, Network Rail launched a public consultation on plans for a new western rail access to Heathrow. The proposal is for a new rail tunnel to link the Great Western Main Line at Langley to Terminal 5. The link would speed up passenger journeys by giving passengers direct access to Heathrow from Reading, Slough and further west. It will give 20% of the UK population access to Heathrow via a single interchange, generate an additional two million rail journeys and take close to one million car journeys off the roads each year.

In March 2016, Network Rail confirmed that there is a strong case for a new southern rail access link to Heathrow. This link would connect passengers to the airport from Waterloo station and destinations further south. It's a huge opportunity to connect another 4.8 million passengers to Heathrow via the rail network.

AIRSIDE VEHICLES

Our Vehicle Emissions Programme is a cross-functional working group aimed at bringing more electric vehicles to Heathrow, and ensuring that funds are invested effectively. The programme has increased the number of electric vehicles in use at the airport and invested in infrastructure to help achieve Heathrow's goal of reducing airside vehicle-emissions by 50% by 2020.

In 2016 the Heathrow Clean Vehicles Partnership ran data-gathering trials on airside electric vehicles. By the end of the year we had over 30 electric vehicles on order or already in the Heathrow fleet. We also spent or approved around £1.4m on electric vehicle chargers. During 2016 Heathrow also joined the Office for Low Emission Vehicles' Go Ultra Low campaign which requires large companies to switch at least 5% of their vehicles to electric by 2020.

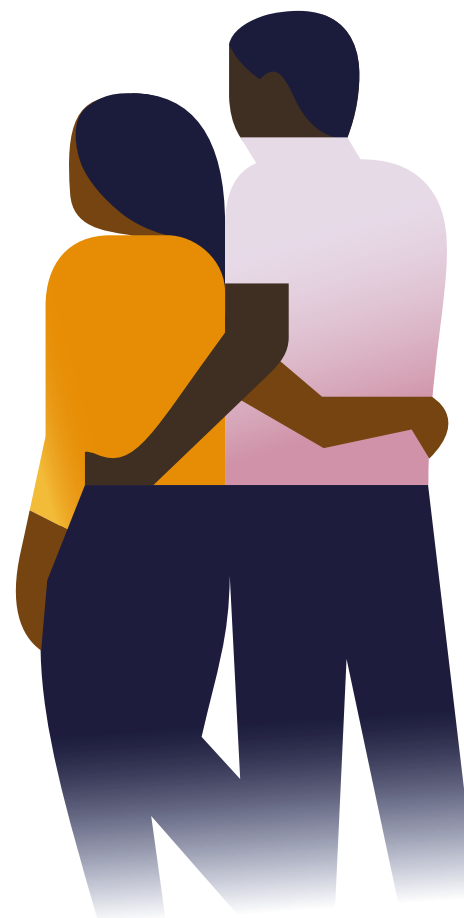
AIRCRAFT ACTIVITY

By working with NATS and our airline partners, we became one of the few airports in the world to record the use of reduced-engine taxi-ing (RET). Record-keeping encourages an increase in RET and helps reduce emissions. In 2016, over 20% of eligible departing aircraft used RET. We're now developing techniques to record RET on arriving aircraft. Heathrow also has the most flights and most operators of next-generation aircraft (A350, A380 and 787) in Europe. In 2016, 22 airlines used next-generation aircraft in a total of 23,310 departures.

To reduce aircraft emissions at the gate we continued to upgrade and extend coverage of pre-conditioned air (PCA) units and electric power and we have seen year-on-year increases in PCA consumption. In 2016, we also trialled a ground-breaking innovation that automatically detects and monitors the use of auxiliary power units (APUs).

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Through its Committee on Aviation Environmental Protection (CAEP), the International Civil Aviation Organization (ICAO) sets standards on emissions (including oxides of nitrogen - NOx) for aircraft engines. Engine models that were certified on or after 1 January 2014 must meet CAEP 8, the latest standard for NOx. The proportion of flights made at Heathrow by newer, cleaner aircraft (CAEP 4 or better) increased from 93.6% in 2015 to 94.5% at the end of 2016. CAEP 8 flights increased to 20.8%. We expect this trend to continue as airlines replace their older, higher-emission aircraft.



Through Heathrow 2.0 we want to become a world-leading airport in reducing emissions from all sources of activity.

We’re encouraging our stakeholders to reduce their emissions and are planning to convert our entire fleet of cars and vans to electric or plug-in hybrid by 2020.

Ultra-low emission zone standards for all airside vehicles will follow by 2025. We already subsidise local public transport, run the largest car-sharing scheme in the world and promote new direct rail links.

To take us to the next level we want at least half of our passengers to arrive by public or sustainable transport by 2030.

RESPONSIBLE HEATHROW COMMITMENT	PERFORMANCE MEASURE	2014	2015	2016
Reduce CO ₂ from Heathrow Airport Limited's vehicles	CO ₂ emissions from Heathrow Airport Limited (owned / controlled) vehicles (tonnes)	9,804	9,050	9,298 ⁵
Reduce CO ₂ from colleague travel	CO ₂ emissions from colleague travel (tonnes)	151,590	148,860 ⁶	146,977
Reduce proportion of pre-CAEP aircraft to 0% by 2020	Air-transport movements with NOx emissions at pre-CAEP standard (%)	6.2	4.85	4.6
Increase proportion of cleanest aircraft by international standard (CAEP 6 equivalent or better) to 55% by 2020	Air transport movements with NOx emissions at CAEP 6 standard (%)	54.81	56.8	57.6 ⁷
Greater than 85% compliance with auxiliary power unit (APU) running time allowances by 2020	Airline compliance to APU standard (%)	82.02	88	78.15 ⁸
At least 5% reduction in ground-based NOx emissions from the airport by 2020	Aircraft ground level NOx emissions (tonnes)	1,622	1,645	1,694 ⁹
	Total ground level NOx emissions percentage change from 2008 / 09 (all sources)	N/A	N/A	N/A - Heathrow Airport Emissions Inventory is carried out every five years, most recently in 2013, with the next one due in 2018
90% Air Quality Strategy actions on track or complete	% Air Quality Strategy actions on track or complete (%)	90	91.8	N/A - our Air Quality Strategy is currently under review following publication of Heathrow 2.0 and was superseded by our 2016 Blueprint for Reducing Emissions
Work with partners to reduce emissions to help to meet EU Limit Values level of 40mcg at local air quality monitoring stations (within 2km of the airport)	Monitoring stations within 2km of the airport within EU Limit Value of 40mcg	9 of 11	9 of 11	9 of 11
750,000 additional passengers use public transport to access the airport by 2020	Number of passengers using public transport (million)	18.89	19.26	19.76
	Additional number of passengers using public transport compared to 2012 baseline	1,037,043	1,330,000	1,830,000
Sustain passenger satisfaction with ground transportation to and from Heathrow at 3.99 out of 5 based on the Airports Council International Survey (ASQ)	ASQ satisfaction with overall ground transportation	4.02	4.04	4.05
Reduce the number of colleagues travelling in single-occupancy vehicles by 5%	Number of employees car sharing	2,064	2,213	2,339

MORE THAN
900 ELECTRIC VEHICLES
OPERATING AIRSIDE

HEATHROW HAS THE MOST FLIGHTS AND MOST OPERATORS OF NEXT-GENERATION AIRCRAFT IN EUROPE

CASE STUDY

WILSON JAMES’S TRANSITION TO ELECTRIC VEHICLES

Wilson James operates the Colnbrook Logistics Centre (CLC) at Heathrow. The company runs a fleet of vehicles to escort delivery vehicles airside. These are short trips involving significant periods of engine idling, which wastes fuel and increases emissions. On average, each escort vehicle travels 790 miles a month. Before upgrading the fleet to electric vehicles, Wilson James carried out a feasibility study. The study revealed a need for charging points at the CLC, which Heathrow supported and installed. The Wilson James team also undertook specialist operational and maintenance training to get the best economic and environmental performance from their new Nissan Leafs.

The switch has cut costs and emissions. In an average month the old diesel vehicles used 131 litres of diesel, costing £153 and emitting 344 kg CO₂. In contrast the new Nissan Leafs use 191 kWh of electricity, costing £26.50 and emitting only 29 kg of CO₂e. Since there are no tailpipe emissions, local air quality is better too.

⁵ Caused by an increase in transfer-bus mileage resulting from changes to schedules and terminal assignments.
⁶ Adjusted from figure previously reported for 2015 that was calculated using the wrong emissions factor for local bus travel.

⁷ Within Heathrow 2.0 this target has been updated to at least 60% of flights by CAEP 6 or newer aircraft by 2020.

⁸ Data measured through c. 1,500 manual surveys of APU compliance annually. This is a small sample size for the total number of aircraft movements and therefore susceptible to anomalies. We are working on ways to automatically record APU running time using specially designed noise monitors, piloted in 2016.

⁹ This is partly due to an increase in wide-bodied aircraft movements to accommodate passenger growth.



6. SUSTAINABLE COMMUNITIES

A place where local people shape their future.

We want to be a good neighbour because we're part of communities that are greater than us. Our goal is to be a community member whose activities create more positive than negative impacts on our local area.

STRATEGIC PLANNING

The Heathrow Strategic Planning Group (HSPG) provides a collective voice for the planning of the Heathrow sub-region. It also offers views on Heathrow's potential expansion. The HSPG includes nine borough and county councils, three Local Enterprise Partnerships, Greater London Authority, Transport for London and West London Alliance. To help prepare its Development Consent Order (DCO), Heathrow is seeking input from the HSPG on various aspects of its expansion plans.

COMMUNITY INVESTMENT

The [Heathrow Community Fund](#) is an independent grant-making charity funded by Heathrow, noise fines and other funders. It supports positive change for communities near the airport, as well as colleague volunteering. In 2016 the Fund supported over 50 projects through grants ranging in size from a few hundred pounds to £25,000.

Heathrow also supports Oxfam through funds raised by colleagues and passengers. Since the partnership began in 2013, we have raised over £1million which has funded work around the world, ranging from emergency response to advocacy projects.

ACTIVE TRAVEL AND BIODIVERSITY

As part of our wider campaign to reduce the congestion and emissions caused by single-occupancy car journeys, we appointed the world's first dedicated airport cycle officer in May 2016. Through a two-year partnership with Sustrans, we're developing Heathrow's cycle strategy. We're also working on a programme of activities to get 16,500 local airport colleagues (living within 5km of the airport) onto bikes. Another 2016 development was the cycle champions network. It consists of 21 people who promote and support cycling across the businesses at the airport.

Through our work with local and regional partners to protect and enhance biodiversity, we ran an animal-grazing trial at Orchard Farm, one of our conservation sites. Working with the Surrey Wildlife Trust we brought in 12 Belted Galloway cows. By replacing mechanical grass cutting with animal grazing, we reduce carbon emissions and create a range of grassland micro-habitats suitable for a greater variety of plants and animals. The trial went well, so we're extending the programme into 2017.

Through Heathrow 2.0 we will work collaboratively with local people and partners to enhance the area around Heathrow for the benefit of everyone who lives there. Our long-term aim is to improve the quality of life by providing better employment, community facilities, transport and green spaces.

CASE STUDY

HEATHROW ACTIVE PEOPLE IN THE COMMUNITY

HAPi (Heathrow Active People in the community) is a funding scheme administered by the Heathrow Community Fund. Through HAPi, Heathrow colleagues can support local community activities that they also give their time to. In 2016 the fund, which provides grants of up to £2,500, awarded £19,444 to eight local organisations. One of those grants helped set up an afterschool club at St Alban and St Stephen Infants School. The club gives children a chance to explore STEM activities (science, technology, engineering, maths) that they wouldn't otherwise have access to. Another grant provided sports equipment and kit to St Catherine Catholic Primary School in Hillingdon.

WE WANT HEATHROW'S PRESENCE TO CREATE MORE POSITIVE IMPACTS IN OUR LOCAL AREA THAN NEGATIVE ONES

SINCE 2013 WE'VE RAISED OVER

£1MILLION

FOR OXFAM

RESPONSIBLE HEATHROW COMMITMENT	PERFORMANCE MEASURE	2014	2015	2016
Donate £750,000 a year to local community projects through the Heathrow Community Fund	Heathrow investment in Heathrow Community Fund	£750,000	£750,000	£725,000 ¹⁰
Collect passenger and colleague donations for Heathrow's charity of the year	Heathrow donation to charity of the year	£28,367	£65,232	£185,972
	Third-party funds raised through passenger coin collections	£253,228	£236,279	£261,662
Work with partners to retain the Wildlife Trust Biodiversity Benchmark	Retention of biodiversity benchmark certification	Yes	Yes	Yes

¹⁰ The figure for 2016 is below target because Heathrow Airport Limited now directly pays the cost of administering the programme



A THRIVING SUSTAINABLE ECONOMY

- > Connecting the UK
- > The Next Economy
- > Sustainable Supply Chain

7. CONNECTING THE UK

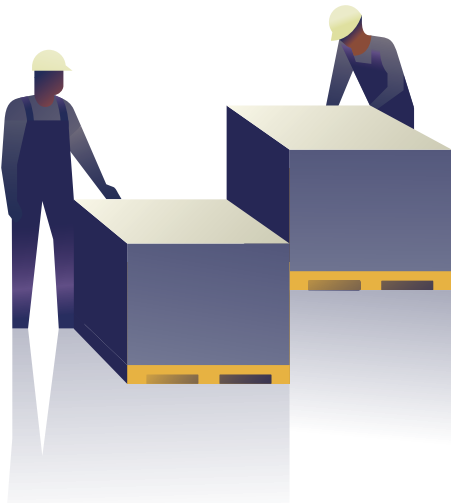
A place that provides a gateway for the UK to the world, and the world to the UK.

Heathrow is the UK’s hub airport, serving almost 76 million passengers a year. Although our proximity to London is a great strength, we’re here to serve the whole of the UK. As demand for air travel grows we want to increase our connectivity with the rest of the UK through sustainable, reliable routes.

We’re adapting our landing charges to protect and promote domestic connectivity. From 1 January 2017 we reduced charges for airlines flying domestic routes – and we increased charges on noisier aircraft to encourage the use of cleaner, quieter aircraft.

To achieve our sustainability goals, we need to ensure that Heathrow’s operations and surface connections are resilient to weather-related disruption. In August 2016, we submitted our second **Climate Change Adaptation and Resilience Progress Report** to the Government. The report shows how we have implemented the actions set out in our first Climate Change Adaptation Report and Risk Assessment published in 2011. We remain committed to working with airport partners to ensure that the airport operates within environmental limits and adapts to the effects of a changing climate.

As demand for air travel grows, our goals are to increase choices for travelling to and from the airport, provide greater resilience in times of disruption and preserve essential connections to UK regional airports.



WE REDUCED CHARGES FOR AIRLINES FLYING DOMESTIC ROUTES, AND ENCOURAGED CLEANER, QUIETER AIRCRAFT BY INCREASING CHARGES FOR NOISIER ONES

CASE STUDY

FLYBE LANDS AT HEATHROW

To encourage more domestic flights, Heathrow reduced departing domestic passenger charges by £10 from 1 January 2017. The reduction has already had an effect. Flybe now operates new services to Aberdeen and Edinburgh from Terminal 2. Flybe is giving Scottish passengers and businesses access to more than 180 global destinations direct from Heathrow, offering greater choice and encouraging more visitors to Scotland.

RESPONSIBLE HEATHROW COMMITMENT	PERFORMANCE MEASURE	2014	2015	2016
£500m increase in Heathrow's annual contribution to the UK economy (GVA) to £6.9bn by 2020	Heathrow's annual contribution to the UK economy (GVA) (£bn)	6.68	6.82	6.89 ¹¹
Continue to operate one of the most efficient hubs in the world	Average aircraft size (no. seats)	204.5	208.7	211.5
Increase the proportion of next-generation aircraft operating at Heathrow, such as A380s or newer types	Heathrow flights operated by next-generation aircraft (%)	4	6.4	9.9
Sustain Heathrow's leading global position as a long-haul hub (the number of long-haul seats available at Heathrow)	Number of long-haul seats (m)	48.5	48.7	49.4
Increase Heathrow's connections to emerging markets (the number of passengers travelling to emerging markets)	Passengers to emerging markets	27.7	27.6	28.3
90% of actions in the climate change adaptation risk matrix on track or completed annually	Adaptation actions on track	100%	100%	100%

¹¹ We also use the ACI-Europe Economics Impact Calculator to estimate the economic impact of Heathrow. This is a more comprehensive methodology which covers four areas of economic impact: direct, indirect, induced and catalytic. Using this methodology, we estimate the economic impact of Heathrow to be £23.51bn in 2015 and £24.24bn in 2016.

8. THE NEXT ECONOMY

A place that nurtures small and medium-sized businesses and social enterprises.

Heathrow provides opportunities for all types of business in the UK. We will further support small and medium enterprises (SMEs) to take better advantage of all that Heathrow offers.

- In September 2016 we made five pledges to give SMEs access to our supply chain:
- Develop the successful Heathrow Business Summits across the UK. Summits bring together SMEs, Heathrow’s procurement team and the airport’s principal suppliers
 - As a signatory to the Prompt Payment Code, pay suppliers on time and ensure this practice flows down through the airport’s supply chain into SMEs
 - Establish a new Innovation Networking Forum to reach out to SMEs and start-up organisations in the innovation and technology sector
 - Offer SMEs access to the millions of international passengers at Heathrow, by brokering deals between stockists and World Duty Free and other retail tenants
 - Establish a grants programme awarding up to £2,000 for SMEs to spend on travel and trade missions to help SMEs reach new markets.

The pledges were part of a month-long celebration of SMEs and the contribution they make to the UK economy. Heathrow also ran a competition for SMEs to win a £5,000 development grant.

In November 2016, more than 200 SMEs came to Heathrow to attend our 20th annual Business Summit. Three more summits took place in Glasgow, Leeds and Manchester, giving businesses from across the UK the opportunity to become official Heathrow suppliers. Attendees also took part in speed-dating sessions with Heathrow’s business partners. It gave them a chance to pitch their products and services to Heathrow’s major contractors. Our goal is to establish similar summits in all twelve regions of the UK by 2025.

Through Heathrow 2.0 we aim to nurture SMEs and social enterprises and enable them to thrive as we expand. These businesses are the job-creating engine of our economy. Our ambition is to encourage the growth of sustainable businesses that offer the new solutions and services we all need.

CASE STUDY

BILDY WINS HEATHROW SME GRANT COMPETITION

Bildy is a Swansea-based toy business owned by entrepreneur, Jayne Bromfield. Bildy Megaboards are its revolutionary new toy. These screen-printed cardboard sets enable children to build modular structures such as castles, cars and houses. Jayne was inspired by her two daughters who preferred to play with a cardboard box instead of the toy it contained. Jayne, who has grown the business from her Swansea studio, won a £5,000 grant from Heathrow. The money will fund new equipment to increase production. With bigger volumes Jayne hopes to get Bildy into high-street retailers in the UK and break into international markets.

RESPONSIBLE HEATHROW COMMITMENT	PERFORMANCE MEASURE	2014	2015	2016
Help local businesses to grow at Heathrow and through trade	Number of businesses participating in Heathrow Business Summit (London)	36	39	41





9. SUSTAINABLE SUPPLY CHAIN

A place that drives change throughout our supply chain.

Heathrow's influence stretches far beyond its boundary. We are home to hundreds of businesses that either work on site or supply us from outside with goods and services. Our aim is to operate ethical, sustainable and low-carbon procurement and sourcing through our supply chain and through collaboration with our business partners.

PROCUREMENT PRACTICES

Sustainability is embedded within Heathrow's procurement processes – in our sourcing strategies, tenders, evaluations, contract clauses and KPIs. Our Sustainable Procurement policy requires our Heathrow colleagues, suppliers and other key stakeholders to adhere to a set of guiding principles relating to sustainability. We also have a network of Sustainable Procurement Champions and Ambassadors who work to embed sustainability within our procurement processes.

In February 2016, the Department for Business Innovation & Skills accepted Heathrow as an approved signatory to the Prompt Payment Code. The code sets standards for supplier payments and ensures timely payment for products and services. We already pay 87% of our suppliers on time. Our aim is to increase this to 97% by the end of 2018.

SUPPLIER ENGAGEMENT

In November 2016, Heathrow became a partner of the **Supply Chain Sustainability School**. This industry-led organisation provides free practical support to improve sustainability skills and knowledge within the built-environment supply chain. We aim to provide this support to our strategic suppliers by the end of 2018, and to develop a plan to roll it out to all suppliers.

In November we also held our second annual supplier conference Team Heathrow Partnership Awards. During the event we hosted a workshop to explain our latest thinking on sustainability. The workshop helped us understand our suppliers' own plans and strengths, and gave us a chance to invite them to collaborate with us. We had an immediate response with 15 suppliers pledging to work with us to tackle slavery and human trafficking. As part of the process of creating Heathrow 2.0, we also held a round-table event in September to understand the sustainability needs and expectations of our strategic suppliers. More than 50 stakeholders, representing our key partners and suppliers, took part.

Through Heathrow 2.0 we will incentivise sustainable strategies among our suppliers, monitor their performance and drive change wherever we can.

SUSTAINABILITY IS EMBEDDED IN HEATHROW'S PROCUREMENT PROCESSES

IN 2016 WE BECAME AN APPROVED SIGNATORY TO THE PROMPT PAYMENT CODE AND A PARTNER OF THE SUPPLY CHAIN SUSTAINABILITY SCHOOL

CASE STUDY

TEAM HEATHROW PARTNERSHIP AWARDS

The annual Team Heathrow Partnership Awards recognise excellence across our supply chain in a range of categories. In 2016, Airport Energy & Services (part of the WP Group) won the Working Together Award. Airport Energy & Services supplies 98% of all vehicle fuel consumed by Heathrow and the wider airport community. The team have worked collaboratively to supply fuels that produce lower emissions and provide customers with helpful vehicle-fuel-use data. They also operate their own zero-emission electric vehicles on and around the airport.





A WORLD WORTH TRAVELLING

- > Zero Carbon Airport
- > Accelerating the Era of Sustainable Flight
- > A Responsible Gateway



10. ZERO CARBON AIRPORT

A place that is run on renewable energy and delivers zero waste.

Because Heathrow is a single-site business, we know that we will be operating from the same location for years to come. This allows us to think long-term about carbon reduction and carefully plan what we build and renovate, including the way we power and heat our buildings and other fixed assets. Over time, we have continuously reduced our carbon emissions and the waste from our built environment. And we've introduced pioneering ways to improve the quality of the water we discharge into local rivers and lakes.

ENERGY

Heathrow's energy efficiency continues to improve. In 2016 we met our 2020 target of consuming 6.5 kWh of electricity per passenger. In absolute terms Heathrow's electricity consumption fell from 511 GWh in 2015 to 488 GWh in 2016. The fall was driven by investment in energy demand projects such as the installation of 100,000 LED lights across the airport. In September we became the first European hub airport to install LED lighting on all its aircraft stands. Our stand lights now use 64% less electricity than they did previously.

In 2016 Heathrow won the Onsite Energy Efficiency category at the Edie Environment and Energy Awards. We won the award for our Energy Demand Management programme that cut electricity use by 27 GWh in 2015. In May we installed 165 solar panels on the roof of the Compass Centre, our head office. The panels will generate 37 MW of energy a year and reduce our carbon emissions by 17 tonnes.

WATER

After surveying our water meters in 2016 we developed a metering strategy. We created six water distribution zones to help with monitoring and leak detection. Our programme of leak detection and repair has already reduced our losses by an estimated 17.2 m³ of water per hour, with potential for savings in the future. To go further, we are now collaborating with our water supplier, Affinity Water, to explore new leak-detection methods, including satellite technology used to detect water on Mars.

Work began in 2016 to upgrade our Eastern Balancing Reservoir. The first two phases of this project involved the creation of a new discharge channel for clean water and better segregation of water containing de-icing chemicals, which can cause algae to bloom and impact oxygen levels in the water. We're also improving the flow control for water discharged from the reservoir outlet. This will help us manage high and low water levels in the River Crane.

Because we were saving more than 130 million litres of water a year, we were shortlisted in 2016 for the ACI Europe Eco-Innovation Award. General Electric also honoured us with the Ecomagination award that it gives to its top customers in environmental and economic performance.

RESOURCES

In 2016 we continued to reduce, reuse and recycle through our waste-management programmes. One aspect of these programmes is the collection of food waste from lounges and from food and drink retailers in the airport terminals. Local processing, which turns the food waste into agricultural fertiliser, also produces gas that is burned to generate electricity for use in local homes. Another project involves the composting, at our own on-site facility, of all airport grass cuttings and landscaping waste.

Our target is to recycle 70% of waste by 2020. To achieve this, we must increase the amount of aircraft-cabin waste that gets recycled. In 2016 we ran a pilot project with participating airlines and our UK regulator, the Plant and Animal Health Authority. We took cabin waste to an on-site sorting area and separated recyclable materials that had not been contaminated by international catering waste. Regulations demand that international catering waste is managed in a specific way and disposed through authorised disposal routes. In the past this has made recycling difficult. Our trial, however, was successful, and we managed to recycle or reuse around 74% of the cabin waste.



In March, in partnership with the Sustainable Restaurant Association, we launched the **Ingredients for Success** community for our lounge operators and food and drink retailers. Together we produced a guide setting out sustainability targets in six areas. They include energy, water and waste savings; encouraging sustainable behaviour by colleagues; giving back to local communities; and ensuring sustainability is at the heart of passenger experience. We also held follow-up workshops to provide guidance on sustainability challenges.

As part of our partnership with the UK Green Building Council, we sponsored – and submitted input to – a report called **Reimagining Buildings**. The report presents innovative ways to design and operate zero-energy buildings by 2050. UK Green Building Council members generated ideas through a workshop that explored the design concepts and features that a future airport terminal could include. They also looked at how the building could be used differently to reduce energy. The report’s outputs apply to other large public buildings.

In May 2016 Heathrow became the first airport – and only the fifth organisation in the world – to simultaneously hold four certifications to the Carbon Trust Standard. These are world-recognised independent certifications awarded for progress in environmental performance. Our achievement is the culmination of years of work to reduce our carbon emissions, our water use and our waste output. And not just at Heathrow; we had to work with our supply chain to encourage them to be as rigorous as we are.

Through Heathrow 2.0 we have set a range of zero-impact targets for the future, and committed ourselves to beat expectations by making Heathrow’s buildings and infrastructure an inspiring example of zero-carbon performance.

RESPONSIBLE HEATHROW COMMITMENT	PERFORMANCE MEASURE	2014	2015	2016
34% reduction in CO ₂ emissions from energy used in buildings (1990) by 2020	Total electricity used in our buildings (GWh) (applies only to buildings at Heathrow Airport)	539	511	485
	Total CO ₂ emissions from energy used in our buildings (tonnes)	291,552	263,010	225,762
	% reduction in total CO ₂ emissions from energy used in our buildings (1990: 360,437 tonnes)	19%	27%	37%
No airport water incidents affecting local rivers and lakes each year	Number of water quality non-compliance incidents (notifications made to the Environment Agency)	1	1	1 ¹⁰
Reduce water consumption per passenger by 2020	Total water used (all sources) (m ³) total per passenger	0.03	0.029	0.029
	Potable water used per passenger (m ³ / passenger)	0.026	0.025	0.024
10% reduction in waste per passenger by 2020 compared to 2008 baseline (0.44kg)	Waste per passenger (kg/passenger)	0.379	0.36	0.35
70% of waste recycled by 2020	Waste recycled or composted including aircraft cabin waste (%)	46	48	45
	% untreated waste to landfill	4	4	3.9
Recycle 90% of construction waste by 2020	Waste from construction projects recycled or recovered (%) (doesn’t include demolition or excavation waste)	98	98	99.8

¹² A pipe used to transfer water to a sewer failed during the summer which meant there was a risk of discharge in excess of permit levels when winter operations restarted. No discharge occurred as the repair work was completed before winter operations began.

CO₂ EMISSIONS FROM BUILDINGS
HAVE REDUCED BY

37% SINCE 1990,

EXCEEDING OUR TARGET OF 34% BY 2020

OUR PROGRAMME OF LEAK DETECTION AND
REPAIR SAVES AN ESTIMATED 17.2M³ WATER
AN HOUR

CASE STUDY

VIRGIN LOUNGE CUTS FOOD MILES AND
TURNS FOOD WASTE INTO ENERGY

Heathrow and the Sustainable Restaurant Association began working together in October 2015. They wanted to create a sustainability community for a vibrant segment of the airport’s business partners – the food-and-drink retailers and lounge operators. Virgin, which is one of those partners, learned a lot from the community about the potential for saving energy, water and waste within the food sector. It’s also learned from sharing ideas with other airport businesses. Virgin now reduces its food miles by sourcing more ingredients locally, and it sends 92% of its food waste to be anaerobically digested. The waste food produces biogas for energy, and physical matter that finds a second use as animal bedding, compost and fertiliser.



11. ACCELERATING THE ERA OF SUSTAINABLE FLIGHT

A place where innovators work together for carbon neutral growth.

As Heathrow grows to meet demand, we will provide more flights to more people. However, our aspiration is to make growth from our new runway carbon neutral and we will attempt to decouple aviation growth from climate change. Although we don't yet have all the solutions, we have a strong history of innovation and we're confident that exciting breakthroughs are coming over the next ten years.

CARBON OFFSETTING

In October 2016, ICAO (International Civil Aviation Organization) members agreed on a new global market-based measure to control CO₂ emissions from international aviation. The Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) complements technical and operational improvements and the production and use of sustainable fuels.

Heathrow welcomes this historic agreement, which enables the aviation industry to offset growth from 2020 by investing in renewable energy, forestry and innovative technology. The CORSIA scheme should cover much – but not all – of the impact from the growth in flights after our new runway opens. Through Heathrow 2.0 we will work with our airline partners to develop solutions, support technological advances and advocate strongly for the right policies to tackle the gaps that help us achieve our aspiration of carbon neutral growth.

We also want to take a lead in restoring ecosystem carbon sinks in the UK. Sinks will contribute to offsetting Heathrow's own emissions. They present an innovative opportunity for the aviation industry to deliver its goal of carbon neutral growth. In 2016 we began this work by meeting with Non-Governmental Organisations (NGOs), researchers and academics to explore the potential of peatland restoration which could present a significant opportunity to offset carbon emissions in a cost-effective way.

PARTNERSHIPS

In December 2016, Sustainable Aviation (a coalition of aviation partners) updated its CO₂ Road-Map. As a member and founding signatory to Sustainable Aviation, Heathrow was closely involved in the development of the Road-Map. This report shows how UK aviation can meet its targets for 2050 by changing its operations and its fleets and by introducing alternative fuels.

Heathrow has been Airport Carbon Accredited by Airports Council International (ACI) Europe for the past six years. Airport Carbon Accreditation is an independent, voluntary programme that assesses and recognises participating airports' efforts to manage and reduce their CO₂ emissions. In 2016 Heathrow achieved Level 3 (optimisation), the highest level of performance achievable without offsetting emissions. We have achieved this level every year since 2010.

SUSTAINABLE FUELS

Heathrow welcomed the Department for Transport's 2016 proposal to extend its Renewable Transport Fuel Obligation (RTFO) to include aviation. Extension would make suppliers of aviation biofuels eligible for incentives, just as suppliers of road-transport fuels currently are.



Heathrow 2.0 will only be successful if it inspires and enables others to follow our lead. In the years ahead, we will need brave new ideas, innovative partnerships and a clear shared vision of what we can achieve. We can't do this alone so we will establish a Heathrow Centre of Excellence for Sustainability at airports and in the wider aviation sector.

A Centre of Excellence will help us take full advantage of the opportunities presented by a future of sustainable air travel. It will encourage others from within Heathrow, our industry and beyond to join us.

RESPONSIBLE HEATHROW COMMITMENT	PERFORMANCE MEASURE	2014	2015	2016
Reduce CO ₂ emissions	Total CO ₂ emissions (tonnes, million)	2,257,780	2,269,533	2,245,697
Work with partners to reduce CO ₂ from aircraft on the ground, during take-off and landing (to 3,000 ft)	CO ₂ emissions from aircraft on the ground and to 3,000 ft (tonnes)	1,242,471	1,251,180	1,290,339 ¹⁰
Maintain Level 3 accreditation from Airport Council International Airport Carbon Accreditation Scheme (first achieved in 2010)	Maintain Level 3 accreditation from Airport Council International Airport Carbon Accreditation Scheme (first achieved in 2010)	Level 3 - optimisation	Level 3 - optimisation	Level 3 - optimisation

¹⁰ Data measured through c. 1,500 manual surveys of APU compliance annually. This is a small sample size for the total number of aircraft movements and therefore susceptible to anomalies. We are working on ways to automatically record APU running time using specially designed noise monitors, piloted in 2016.

OUR ASPIRATION IS TO MAKE GROWTH FROM OUR NEW RUNWAY CARBON NEUTRAL

WE WILL ESTABLISH A HEATHROW CENTRE OF EXCELLENCE FOR SUSTAINABILITY AT AIRPORTS AND IN THE WIDER AVIATION SECTOR

FOR SEVEN YEARS RUNNING WE HAVE ACHIEVED LEVEL 3 ACCREDITATION FROM ACI EUROPE'S AIRPORT CARBON ACCREDITATION SCHEME

“ I am excited by Heathrow’s plans to bring a ‘Centre of Excellence for Sustainability’ at airports to West London. Airports are mini-cities and this makes them perfect places to pioneer and demonstrate innovations that improve sustainability of the complex systems that keep an airport or a city running. Heathrow will partner with leading experts and institutions to facilitate new research & development in low-carbon technologies and I am keen to explore how Imperial College low-carbon innovation strengths can be a part of this exciting story. ”

PROFESSOR RICHARD TEMPLER,
Director of Innovation at the Grantham Institute:
Climate and Environment, Imperial College London





12. A RESPONSIBLE GATEWAY

A place that strives to end the trafficking of people and wildlife.

As an international travel hub, Heathrow has a responsibility to take the best possible care of everyone and everything that passes through its gates. Intervening to help people forced to travel against their will or to intercept illegally trafficked animals are responsibilities we take extremely seriously.

We are already on the look-out for travellers vulnerable to trafficking. We also scrutinise our supply chain to pursue our zero-tolerance approach to modern slavery. In June 2017 we published our first **Modern Slavery Statement**.

In 2016 Heathrow became the first airport to sign the Buckingham Palace Declaration, a landmark agreement to shut down illegal wildlife trafficking routes. We also launched the Responsible Gateway Forum. Chaired by Heathrow Travel Care, the forum works collaboratively with third parties including the Metropolitan Police, Border Force and specialist NGOs to improve the detection of, and support for, vulnerable travellers.

Through Heathrow 2.0 we will build new partnerships, run campaigns to increase awareness and take further action to combat human rights abuses and to protect endangered species.

IN 2016 HEATHROW BECAME THE FIRST AIRPORT TO SIGN THE BUCKINGHAM PALACE DECLARATION

HELPING PEOPLE WHO ARE FORCED TO TRAVEL AGAINST THEIR WILL IS A RESPONSIBILITY WE TAKE EXTREMELY SERIOUSLY

CASE STUDY

SIGNATORIES TO THE BUCKINGHAM PALACE DECLARATION

Illegal trafficking of animals and animal products is a crime that Heathrow takes extremely seriously. As a joint signatory with UK Border Force to the Buckingham Palace Declaration, we're raising awareness among passengers and colleagues about the damage caused by trade in endangered wildlife. The Buckingham Palace Declaration is a landmark agreement that commits us to do our bit to shut down the routes exploited by traffickers of illegally traded wildlife. The declaration takes steps to eliminate transportation and customs vulnerabilities and to tackle the criminals who exploit them.





APPENDICES



- > Responsible Heathrow 2020 Goals
- > 2016 Targets
- > Stakeholders
- > Assurance Statement



RESPONSIBLE HEATHROW 2020 GOALS

Most of our goals have been built into Heathrow 2.0 exactly as they are, or replaced by goals that are more stretching or covering a longer term. Occasionally we've replaced them with alternative measures that better reflect our objectives and ambitions.

	2020 GOAL	PERFORMANCE	
LOOKING AFTER PASSENGERS AND OUR PEOPLE			
SAFETY	At least 10% annual reduction in employee and passenger injuries	Both lost-time injuries per 100,000 hours worked and passenger accidents per million passengers increased in 2016, although overall injury rates remained low.	●
PASSENGER EXPERIENCE	80% of passengers rate their overall experience at Heathrow as "Excellent" or "Very Good"	82% of passengers rated their overall experience as "Excellent" or "Very Good" in 2016.	●
TO AND FROM THE AIRPORT	750,000 additional passengers use public transport	1.83m additional passengers used public transport in 2016.	●
OUR PEOPLE	75% of employees say Heathrow is a great place to work (measured through our annual employee survey)	67% of employees said that they would recommend Heathrow to a friend looking for a job in 2016.	●
REDUCING ENVIRONMENTAL IMPACTS			
NOISE	100% of aircraft are quieter by international standards (ICAO Chapter 4 or better)	99.5% of aircraft were ICAO Chapter 4 or better in 2016.	●
LOCAL AIR POLLUTION	At least 5% reduction in ground-based NOx emissions from the airport (2008/09)	Heathrow Airport Emissions Inventory is carried out every five years, most recently in 2013 which showed a 16% reduction in total ground level NOx emissions since 2008/09.	●
CLIMATE CHANGE	34% reduction in CO ₂ emissions from energy used in buildings (1990)	At the end of 2016, CO ₂ emissions from energy used in buildings had reduced by 37% since 1990.	●
WASTE AND WATER	70% of waste recycled	45% of waste was recycled in 2016. Although considerable improvements are required to achieve 70% by 2020, we are working to meet this target by focusing on improvements to our waste contract and continuing to divert aircraft cabin waste for recycling based on the success of a trial in 2016.	●
SUPPORTING ECONOMIC GROWTH AND INVESTING IN COMMUNITIES			
LOCAL JOBS AND COMMUNITY INVESTMENT	50% of employees at Heathrow are from the local area	In 2016, 54% of Heathrow employees lived in five local boroughs.	●
NATIONAL ECONOMIC DEVELOPMENT	£500m increase in Heathrow's annual contribution to the UK economy (GVA) to £6.9bn	In 2016, Heathrow's annual contribution to the UK economy (GVA) was £6.89bn.	●

KEY











- On track / achieved
- Making good progress
- Needs more focus






2016 TARGETS

In addition to tracking our progress against all the performance measures detailed within this report, we also set annual targets aligned to our areas of focus. The table below shows our performance against our 2016 targets.

Heathrow 2.0 contains many more goals, strategies and targets for 2017 and beyond. We will report our progress on those in the future. For all the detail, please click [here](#).

COMMITMENT	2016 TARGET	PERFORMANCE
LOOKING AFTER PASSENGERS AND OUR PEOPLE		
SAFETY	0.19 colleague lost time injuries per 100,000 hours worked	In 2016 there were 0.48 colleague lost-time injuries per 100,000 hours worked. Several factors contributed to this outcome, including increased reporting in the wake of better colleague engagement and the bringing in-house of our colleagues who manage the baggage trolleys. We are determined to improve our understanding of what causes accidents and to put improvement programmes in place. 
PASSENGER EXPERIENCE	80% of passengers rate their overall experience at Heathrow as "Excellent" or "Very Good"	82% of passengers rated their overall experience as "Excellent" or "Very Good" in 2016. 
TO AND FROM THE AIRPORT	41.9% of passengers using public transport	41.34% of passengers used public transport in 2016. 
OUR PEOPLE	80% of employees say Heathrow is a great place to work (measured through our monthly internal survey)	78% of employees said that Heathrow is a great place to work in 2016. 
REDUCING ENVIRONMENTAL IMPACTS		
NOISE	At least 90% of the actions in the Heathrow Noise Action Plan described as on track or complete	91% actions were described as on track or complete. 
LOCAL AIR POLLUTION	Reduce NOx emissions from the Heathrow Airport Limited vehicle fleet by 10% (2015 baseline)	476.82 kg – an 8.5% reduction on 2015. Although we didn't meet our target, numbers of EVs/PHEVs on trial, on order or in use increased so we expect to see a further reduction in 2017. 
CLIMATE CHANGE	Reduce operational electricity demand to 7.4 kWh per passenger	Operational electricity demand was 6.4 kWh per passenger. 
WASTE	Recycle 47% of operational waste	45% of waste was recycled in 2016. 
WATER	Reduce potable water per passenger to 24.6 litres	Potable water per passenger was 24 litres. 
SUPPORTING ECONOMIC GROWTH AND INVESTING IN COMMUNITIES		
LOCAL JOBS AND COMMUNITY INVESTMENT	1,000 trained through the Heathrow Academy and 700 into work	1,174 people trained through the Heathrow Academy and 751 into work. 

KEY

-  On track / achieved
-  Making good progress
-  Needs more focus



STAKEHOLDERS

We engage regularly with all our stakeholders – residents and representatives of the local community, legal and regulatory authorities, the people who work at Heathrow, Government, NGOs, charities and the wider public.

To develop Heathrow 2.0, we spent time in 2016 engaging with our stakeholders to understand their needs and expectations for sustainability, and the potential for Heathrow to deliver on them.

We consulted with environmental groups, academics, community leaders and airlines, as well as with our colleagues, commercial partners and suppliers. We considered examples of best practice in sustainability from a range of sectors to help us identify where Heathrow can meaningfully take a lead. Finally, we took account of frameworks such as the UN **Sustainable Development Goals** to ensure that our strategy helps us contribute to the global sustainable development agenda.

Our Heathrow 2.0 goals are owned across the business. So, instead of having a standalone strategy that runs in parallel with the business strategy, sustainability is integrated into every function's business plan.

We will continue to work with our stakeholders to deliver sustainable and fair air travel for future generations to enjoy. By working with partners and stakeholders to devise solutions, and by investing in and implementing breakthrough technology, we can create a future where our business, our people, our communities, our country and our world can all thrive. We will continue to engage our stakeholders as we roll out Heathrow 2.0, evolving our strategy as we gain more input and better insight into solving our challenges.

To take full advantage of the opportunity for a future of sustainable air travel, we need others to join us – within Heathrow, across our industry and beyond.

COLLABORATING TO CREATE HEATHROW 2.0

FRAMEWORK WORKSHOPS – FEBRUARY

The most senior people in our business came together to set the framework to develop a plan that represents a step-change in the level of our ambition on sustainability.



CONTENT WORKSHOPS – MARCH / APRIL

Over 150 internal stakeholders explored a series of topics covering a wide range of sustainability impacts. We conducted collaborative materiality reviews that helped to focus our sustainability ambitions.



EXTERNAL STAKEHOLDER ROUND TABLES – JULY / SEPTEMBER

Thought leaders helped us frame our vision for key elements of Heathrow 2.0. These included the Centre of Excellence for sustainability in aviation, considering new approaches to offsetting to achieve carbon neutral growth, embedding sustainability across our supply chain and investing in local health and care infrastructure.



ANNUAL SUPPLIER CONFERENCE – NOVEMBER

We hosted workshop sessions with our strategic suppliers focusing on how to work together to deliver the most ethical, sustainable and low-carbon procurement and sourcing possible across Heathrow.



ONGOING ENGAGEMENT – THROUGHOUT 2016

Critical friends (like Business in the Community, Marks & Spencer and Kingfisher), challenging critics and our local communities (through our local focus forums, the **Heathrow Community Noise Forum** and the **Heathrow Airport Consultative Committee**) all told us that they expected Heathrow to set ambitious goals and demonstrate leadership.

We collaborated within the airport business community (through the **Heathrow Sustainability Partnership**, led by CEOs from the 16 biggest airport companies) and within the aviation industry (through **Sustainable Aviation**).



ASSURANCE STATEMENT

Independent Limited Assurance Report to the Directors of Heathrow Airport Ltd

SCOPE OF ENGAGEMENT

Heathrow Airport Holdings Limited (“Heathrow”) commissioned DNV GL Business Assurance Services UK Limited (“DNV GL”, “us” or “we”) to conduct a limited assurance engagement over Selected Information presented in the 2016 Sustainability Performance Summary (the “Report”) for the reporting year ended 31 December 2016.

SELECTED INFORMATION

The scope and boundary of our work is restricted to the Performance Measures included within the Report (the “Selected Information”), listed below:

- Total CO₂e emissions (tonnes)
- Total CO₂e emissions from energy used in our buildings (tonnes)
- CO₂e Emissions from colleague travel (tonnes)
- CO₂e emissions from HAL (owned / controlled) vehicles (tonnes)
- CO₂e emissions from aircraft on the ground and to 3000ft (tonnes).

To assess the Selected Information, which includes an assessment of the risk of material misstatement in the Report, we have used Heathrow’s GHG Reporting Criteria (the “Criteria”), which can be found [here](#).

We have not performed any work, and do not express any conclusion, on any other information that may be published in the Report or on Heathrow’s website for the current reporting period or for previous periods.

OUR CONCLUSION

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information is not fairly stated and has not been prepared, in all material respects, in accordance with the Criteria.

This conclusion relates only to the Selected Information, and is to be read in the context of this Assurance Report, in particular the inherent limitations explained below.

STANDARD AND LEVEL OF ASSURANCE

We performed a limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 revised – ‘Assurance Engagements other than Audits and Reviews of Historical Financial Information’ (revised), issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance.

DNV GL applies its own management standards and compliance policies for quality control, in accordance with ISO / IEC 17021:2011 – Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We planned and performed our work to obtain the evidence we considered sufficient to provide a basis for our opinion, so that the risk of this conclusion being in error is reduced but not reduced to very low.

BASIS OF OUR CONCLUSION

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information; our work included, but was not restricted to:

- Assessing the appropriateness of the Criteria for the Selected Information;
- Conducting interviews with Heathrow’s management to obtain an understanding of the key processes, systems and controls in place to generate, aggregate and report the Selected Information;
- Site visits to review process and systems for preparing site level data consolidated by a third party responsible for collecting and collating data;
- Performing limited substantive testing on a selective basis of the Selected Information to check that data had been appropriately measured, recorded, collated and reported;
- Reviewing that the evidence, measurements and their scope provided to us by Heathrow for the Selected Information is prepared in line with the Criteria; and
- Reading the Report and narrative accompanying the Selected Information within it with regard to the Criteria.



ASSURANCE STATEMENT *CONT*

INHERENT LIMITATIONS

All assurance engagements are subject to inherent limitations as selective testing (sampling) may not detect errors, fraud or other irregularities. Non-financial data may be subject to greater inherent uncertainty than financial data, given the nature and methods used for calculating, estimating and determining such data. The selection of different, but acceptable, measurement techniques may result in different quantifications between different entities.

Our assurance relies on the premise that the data and information provided to us by Heathrow have been provided in good faith. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Report.

OUR COMPETENCE, INDEPENDENCE AND QUALITY CONTROL

DNV GL established policies and procedures are designed to ensure that DNV GL, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV GL) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. Our multi-disciplinary team consisted of professionals with a combination of environmental and sustainability assurance experience.

RESPONSIBILITIES OF THE DIRECTORS OF HEATHROW AND DNV GL

The Directors of Heathrow have sole responsibility for:

- Preparing and presenting the Selected information in accordance with the Criteria;
- Designing, implementing and maintaining effective internal controls over the information and data, resulting in the preparation of the Selected Information that is free from material misstatements;
- Measuring and reporting the Selected Information based on their established Criteria; and
- Contents and statements contained within the Report and the Criteria.

Our responsibility is to plan and perform our work to obtain limited assurance about whether the Selected Information has been prepared in accordance with the Criteria and to report to HAL in the form of an independent limited assurance conclusion, based on the work performed and the evidence obtained. We have not been responsible for the preparation of the Report.

For and on behalf of DNV GL Business Assurance Services UK Limited

29th June 2017

Jason Perks

Senior Principal Consultant and Lead Assuror
UK Sustainability, DNV GL – Business Assurance

Gareth Manning

Principal Consultant and Reviewer
UK Sustainability, DNV GL – Business Assurance

DNV GL Business Assurance Services UK Limited is part of DNV GL – Business Assurance, a global provider

of certification, verification, assessment and training services, helping customers to build sustainable business performance.

www.dnvgl.co.uk/BetterAssurance

KEY HIGHLIGHTS

A GREAT PLACE TO WORK

500

colleagues attended the Business Partner Health and Safety Awards

5,000

visitors to the Jobs and Careers Fair

455

new apprenticeships pledged through the Heathrow Academy

Heathrow Skills Taskforce launched to help identify the skills and training needed to deliver Heathrow expansion

68%

of colleagues responded positively to "Heathrow takes its responsibilities on environmental issues seriously" through our annual survey

A GREAT PLACE TO LIVE

First airport in the world to differentiate charges for the quietest category of aircraft

94.5%

of flights made by newer, cleaner aircraft

Most flights and most operators of next-generation aircraft (A350, A380 and 787) of any airport in Europe

Over 900

electric vehicles operating airside

Over 55%

of flights operated by the latest international standard for the quietest category of aircraft

A THRIVING SUSTAINABLE ECONOMY

Charges for airlines flying domestic routes reduced from 1 January 2017

Partner of the Supply Chain Sustainability School

Four Business Summits held in London, Glasgow, Leeds and Manchester

Approved signatory to the Prompt Payment Code

Published second report on Climate Change Adaptation to Government

A WORLD WORTH TRAVELLING

First airport to sign the Buckingham Palace Declaration, a landmark agreement to shut down illegal wildlife trafficking routes

First airport in the world to simultaneously hold four certifications to the Carbon Trust Standard

Launched the Responsible Gateway Forum, chaired by Heathrow Travel Care

Reduced CO₂ emissions from buildings by 37% since 1990, exceeding our target of 34% by 2020

Winner of the Onsite Energy Efficiency category at the Edie Environment and Energy Awards