



Heathrow's gender pay gap report

What we're reporting and why it matters

We are pleased to set out Heathrow's 2020 Gender Pay Gap Report. As part of our commitment to promote transparency and constantly thriving to do better. Our report demonstrates the work we are doing to ensure Heathrow is a great place to work for all colleagues.



Paula Stannett, Chief People Officer



John Holland-Kaye, Chief Executive



Emma Gilthorpe, Chief Operating Officer



Carol Hui, Chief of Staff and General Counsel

At Heathrow, Diversity and Inclusion is a fundamental part of our business strategy. Our business depends on the ability to provide an excellent service to our diverse passenger base and our colleagues are at the heart of this. We know a diverse range of thoughts, skills and experience are needed to deliver our vision of 'giving passengers the best airport service in the world'.

We see the gender pay reporting requirements as a step in the right direction, helping us to retain, develop and attract the best talent whilst, creating an inclusive workplace where everyone can achieve their potential.

The Covid-19 pandemic created numerous challenges for our business, including making difficult workforce decisions about jobs, salaries, furloughing and returning to work. We are proud to say that this did not distract us from our commitments to diversity and inclusion.

In 2020, we were able to navigate at speed through the challenges we faced, making inclusive decisions without disproportionality impacting our diverse colleagues. Throughout the year we continued to identify areas of improvement and this learning will support our activity in 2021.

We know that reducing our pay gap and changing the representation of our workforce will take time. We are proud of the progress we have made, but there is still more to do and this reports shows our ongoing plans to improve our Gender Pay Gap.

What is the gender pay gap?

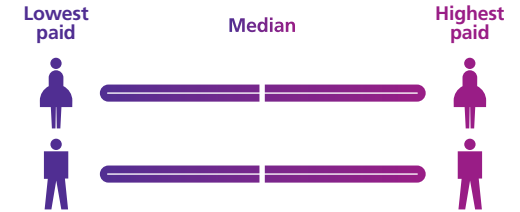
The Gender Pay Gap compares pay for all men and women across all types of jobs at all levels of the organisation.

- 1 Because different jobs pay differently and the number of women and men doing each job varies, a gender pay gap may exist.
- 2 This is distinct from equal pay, which is the difference in pay between women and men doing the same or similar jobs.

How is it calculated?

Median pay gap

The median pay gap is calculated by comparing the hourly pay of the middle female to the hourly pay of the middle male. The middle paid person is determined by imagining lining up of all the males and all the females in an organisation and selecting the middle person in each queue.



Mean pay gap

The mean pay gap is calculated by comparing the average hourly pay of all the women with the average hourly pay of all men in an organisation.



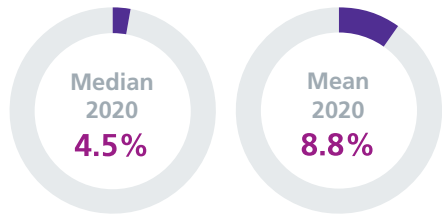
Proportion of women and men in each quartile

The proportion of women and men in each quartile is calculated by dividing all the people in an organisation into four equal-sized groups from lowest paid to highest paid and reporting the proportion of women and men in each group – called a quartile.

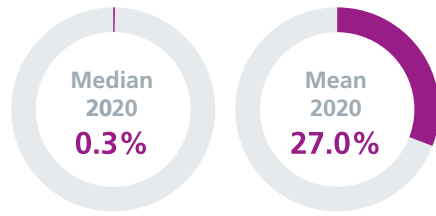


Our 2020 figures

Gender pay gap



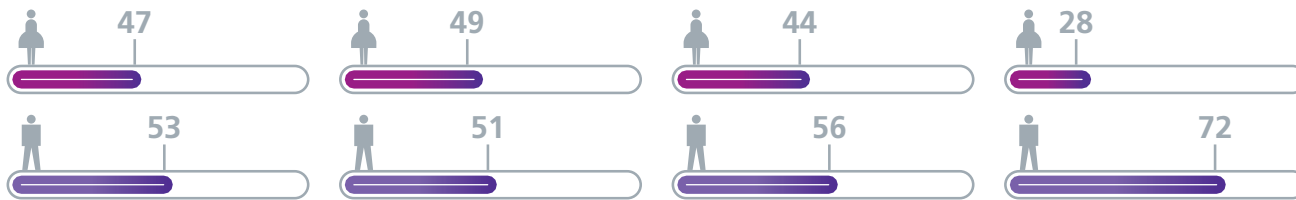
Gender bonus gap



Representation



Proportion of males and female in each quartile



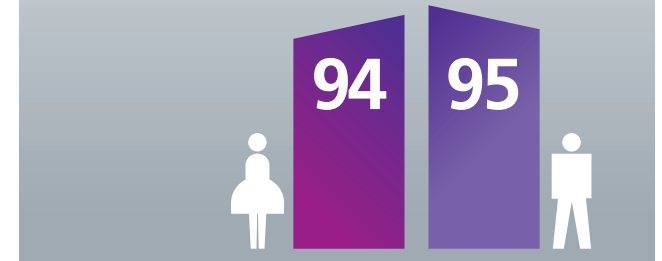
Quartile 1 (lowest pay)

Quartile 2

Quartile 3

Quartile 4 (highest pay)

% who received bonus



Behind the figures

How will we address this?

Data analysis highlights:

- The **median** Gender Pay Gap has increased to 4.5% (vs 3.0% in 2019). Female representation in the 1st pay quartile has increased by 3% and in the 2nd quartile has increased by 1%.
- The **mean** Gender Pay Gap has improved by 1.0% to 8.8% (from 9.8% in 2019), despite female representation not increasing in 3rd and 4th pay quartile.
- The **median** Bonus gap has remained flat at 0.3%, with both the median male and female colleagues paid the same bonus.
- The **mean** Bonus gap has improved by 1.0% to 27.0% (from 28.0% in 2019) which, is also driven by the improved female representation at a more senior level.
- Despite the improvement in female representation at a very senior level the mean bonus gap remains at 27%.

1

Developing our talent

Previously our development programmes have been key in building sustainable leadership skills, knowledge and behaviours.

After a period of organisational change following Covid -19 and as we plan for the future in 2021, we will unlock alternative routes to development and advancement opportunities. We will focus on developing a targeted approach to increase our diversity and improve our inclusion.

We will also continue to develop and adapt our talent strategy to ensure we grow and identify talent and succession for our business.

2

Agile working

We continue to live our agile working principles ensuring our colleagues have more options over where and the way in which they work. These have led to a focus on outcomes and helped develop a culture of trust, empowerment and respect.

In 2021, we will also ensure that we take learning from our recent experience of predominantly working remotely to leverage the benefits of our 'new normal'.

3

Diversity Networks

Our Altitude network continues to provide an inclusive and supportive network which, has been their ultimate aim through the difficulties of Covid – 19. The network has provided a safe space for colleagues to open up and share their personal experiences and offer practical advice and support.

In 2021, we will support the development of all our networks by driving strategic alignment of network activity to the D&I strategy. We will be encouraging collaboration and intersectionality. Our network steering groups will also be used as an opportunity to develop our diverse colleagues.

In addition, we will develop a community outreach offering of which our networks will play a pivotal role in delivering, utilising diverse role models to attract the best diverse future talent to Heathrow.

4

Talent Acquisition

Our team of in-house recruiters have been key in attracting, engaging and selecting diverse talent. Despite the challenges to our industry in 2020, we have retained this team and will continue to upskill them in 2021 as diversity hiring champions, influencing our hiring decision makers and ensuring we use diverse attraction strategies.

We are implementing new technology in 2021 that will allow us to use data and analytics more effectively to show areas for improvement and focus in our recruitment practices.

This technology will also give us new capability to implement selection strategies designed to help us mitigate bias. In 2021, we will work on reflecting Heathrow's changed organisation, post Covid to ensure we promote our culture, agile working and career opportunities to attract a range of diverse candidates to work for us.

Chief People Officer statement

At Heathrow, we remain committed to making our workplace as inclusive as possible. Gender Pay Gap reporting and the analysis of our data brings transparency to the different experiences of men and women in our organisation. It is this insight into our workforce and our practices that will enable us to make changes that will have a lasting impact for our colleagues.

Our Heathrow 2.0 sustainability programme aims to make our company a better place to work, and we consider the gender pay gap reporting requirements to be a vital tool in helping us deliver this ambition.

Our report covers over 7000 colleagues who work at all levels directly for Heathrow, including our Executive Committee*.

We will continue progressing in the right direction on this subject, concentrating our efforts at every level of our business and at every point in the colleague life-cycle. We will continue to produce an annual report ensuring we hold ourselves to account.

As Chief People Officer, I Paula Stannett, can confirm the information contained herein is accurate.



*Companies are required to publish on the basis of the employees in each individual corporate entity. This report covers all employees of LHR Airports Limited. The LHR Business Support Centre Limited and Heathrow Express Operating Company Limited employees are not covered in the report above – they have not published a separate report as they do not fit the criteria for gender pay gap reporting in that they have less than 250 employees.

