

HEATHROW VALUE DEFINITION AND THE EXTRAORDINARY SUPPLIER



Heathrow



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Introduction.

Why have a Heathrow Supplier Value Definition?

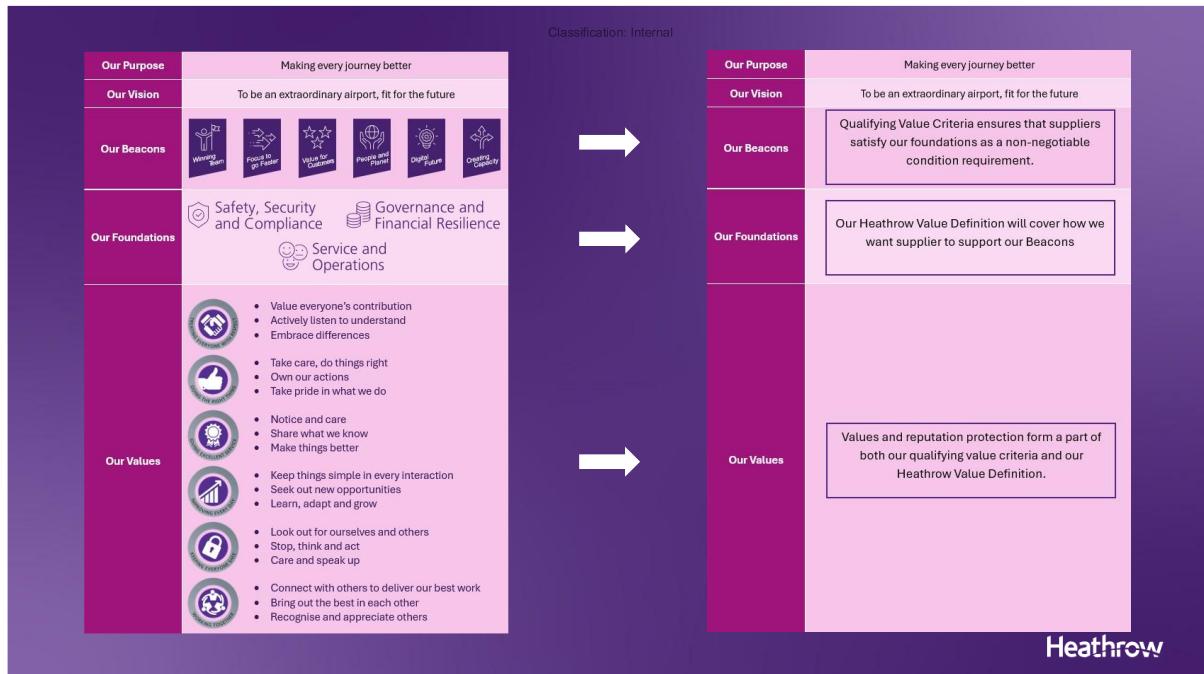
Procurement has transformed over the past 10 years to grow from the examination of cost, time, and quality to now include assessments of Health, safety and wellbeing, sustainability, security with a modern-day imperative of cyber prevention, and how the client in question wants to collaborate. The responsibility of procurement at Heathrow has shifted. We play a key role in attaining the value Heathrow seeks when selecting and operating with a supply chain. We must therefore ensure third parties are fit and aligned to our strategy to deliver what we and our customers want. As part of that change, we have identified a Supplier Value Definition to set expectations and promote the ways of working we want. It has six core premises.

1. We must have excellent procurement foundations in place before we can implement a more integrated strategy. These foundations focus on traditional procurement values of excellence in time, cost, and quality. At Heathrow, this has been a key foundation of every procurement activity. This will continue to be a focus for the Heathrow Procurement team, as part of the Value Definition. Over the last 2 years these foundations have evolved and strengthened with segmentation, supplier relationship management, balanced scorecard, small to medium size enterprises engagement, and our data, being the lead items which enable us to now focus further on value realisation and strategic procurement.
2. With the purpose, vision, beacons, foundations and values of Heathrow there are certain non-negotiables a supplier must have to be part of our value chain – we have created qualifying value criteria to focus efforts on obtaining value with suppliers who are aligned to the Heathrow values and commitments - and equally so we can support and develop capability in smaller local suppliers who have gaps but are aligned to our intentions.
3. Strategic supply chain management is about relationships and a Supplier Value Definition is about knowing what you want from your relationships. By understanding our definition of value, we can best partner and align with suppliers who are compatible. By being clear on our Supplier Value Definition, we are transparent with the market on our goals and what a supplier needs to be successful at the airport – our extraordinary supplier.
4. The value we seek from third parties flows through our beacons to help us realise our vision meaning all procurements, in proportion to the segment of supply they are conducted with – will demonstrate how they deliver the value we as a business seek.
5. Taking that Supplier Value Definition and threading it through our procurement process will define our third-party relationships. Knowing the attributes we want and, importantly, our non-negotiables, we will be able to assess whether an existing supplier is delivering on all our values and should be retained. Assessing whether to compete or not compete suppliers whilst respecting Competition Law, is a robust process in time before we dedicate our effort to searching the market.



6. Having this depiction of our organisation's beacons means procurement can play a role in delivering extraordinary results by putting in place a supply chain who meets our current and future requirements making them fit for the future.

Our Supplier Value Definition will work seamlessly alongside the company's strategy to tangibly demonstrate how our third parties contribute to our Vision and Beacons. The below shows the correlation between the aspects of our corporate strategy and our Supplier Value Definitions outcomes.



A procurement team focused on what value is for Heathrow means every procurement action can trace through our foundations and beacons to building an Extraordinary Airport Fit for the Future that makes every journey better. This will enable growth and importantly pace.

For more on Heathrow's strategy please contact Heathrow strategy department. This document assumes the reader is aware of and conversant in the Heathrow central strategy.

[Heathrow Central Strategy](#)

The contents of this document will be reviewed annually from the published date. This document is available on the procurement SharePoint site and internal/ external business sites.

What is a Heathrow Supplier Value Definition?

Heathrow's Supplier Value Definition contains the principles of how we want to work with our supply chain. As a collection of attributes, it builds an extraordinary supplier perfectly aligned to our purpose, vision, beacons, and values. Recognising that achieving all value attributes would be unrealistic, our definition's intention is to make clear the aspirations and means to be successful at Heathrow. This provides clarity of expectations and strategic direction to enable alignment and visibility of how suppliers can contribute to Heathrow's success.

Our definition has been created in consultation with Heathrow's senior leaders who have experience in the formation, letting and performance management of requirements with supply chain. Changes to our Supplier Value Definition will be change-controlled across the beacons and consulted with the business to ensure – as has been done in this definition – those changes are true for our leadership and a reflection of what Heathrow seeks as value.

This Supplier Value Definition statement will be threaded through the lifecycle of our procurement process illustrated below to make sure that everything procurement does on behalf of the business connects with our purpose, vision, beacons, and values in both new and existing relationships – starting with our qualifying value criteria.

Heathrow

Value Definitions Practical Application

Our Supplier Value Definition represents every ask and requirement of Heathrow in one place delivered to the highest standards.

The attainment of the full value definition would result in a premium supply chain and as such attract cost not always proportionate to the services, works, or goods procured.

The value definition is a theoretical piece meaning its application is critical. Applying it to categories and areas of Heathrow supply based on risk, relevance of our value drivers to what is being procured and a prioritisation of what is critical to value for that area will be deciphered and broken out when requesting proposals from the market.

Our value definition acts a central aspirational standard to tailor from.



THE ROLE OF VALUE IN THE HEATHROW SUPPLIER JOURNEY

Qualifying Value Criteria

Across our key aspects of value these will be the base expectations of any supplier operating at Heathrow. This will help us to set a bar of the minimum value we expect to attain based on what is available in the market.

The Market

Compete vs None Compete

This drives an assessment of the market and our supplier to understand if there is benefit in re-sourcing or negotiating. This criteria will be based on our value definition as a supplier delivering all our value should negate the benefit of a market exercise.



01

Sourcing – based on our value criteria with specific questions added for the supplier/ service. Standardising our sourcing product to deliver our value needs in every activity.

02

On-boarding

05

Negotiation – driven by clearer value requirements and tradable aspects with minimum standards and breakpoints specified as non-negotiable.

Heathrow Ecosystem

Supplier Relationship Management

Performance – time for the partner/ supplier to demonstrate the value commitments they have made and build a performance legacy. Our ability to measure and denote success based on knowing the value we seek is improved.

Supplier Assurance

Compliance – Automated system to record supply chain is meeting our responsible business foundations and recording their performance to enable evaluation

03

04



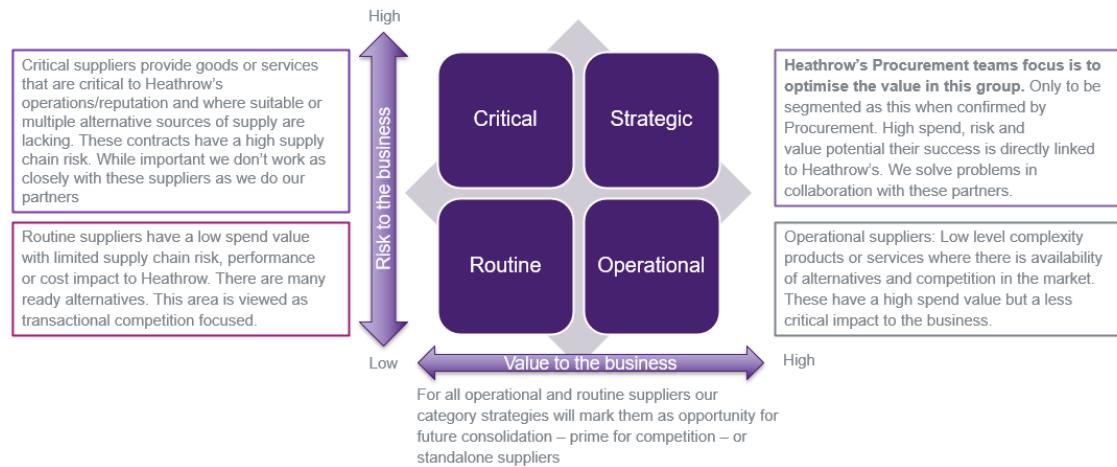
Our definition will re-set the bar for supplier entry to the airport to make sure we have the right calibre of supplier across those key non-negotiable aims such as safety, sustainability, cyber, and security in proportion to the supplier segment and risk profile, along with time, cost, and quality. Our Supplier Value Definition will help Heathrow to differentiate suppliers, form the constructs and negotiables for extensions of contract as well as hold suppliers to account for their commitments. Critically as a full Supplier Value Definition it will help us understand whether we need to examine the market and compete or that we have the right suppliers in service already, with the capacity and capability to deliver our requirements.

By sharing with the market those value aspects which build up each of the Heathrow Strategy beacons, we will achieve true alignment to our company's vision via fit for purpose processes that clearly articulate and assess our third-party providers to consistent criteria. By having this reinforced through all our processes we have the best chance to collaborate and pull in the same direction with mutual value.

To aid the interpretation of the Supplier Value Definition, the below diagram sets out the four segments all our supply chain is codified to, with a description of each. Procurement will dedicate around 70% of its time to strategic partners where our key value sits, 20% with our critical suppliers, and 10% with our remaining supplier segments. Consequently, processes and procedures will be at their peak when selecting the strategic segment and



reduce proportionally to the risk presented in the other segments.



Our strategic partners will be assessed at the pinnacle of our Supplier Value Definition. For these partners the closer the alignment the higher our propensity for results. We trust this group with our core processes and systems, so an aligned set of values and principles is key.

As we move through the segments, the need for alignment – whilst still a benefit - reduces in criticality. For example, baggage has a high impact on our core business and needs a full assessment whereas energy provision does not as it is a standard provision. Equally, when we look at qualifying criteria, expectations vary based on supplier's ability to respond. A strategic partner should show a posture against those elements of our sustainability strategy they can influence whereas a small business may just need to show an ability to report carbon or waste management as a minimum or show that they are sharing in our ambitions and striving for alignment as well as working towards meeting our minimum requirements.

Category	Supplier Count	Supplier %	Spend %
Strategic	26	1.98%	47.17%
Critical	105	7.98%	16.50%
Operational	281	21.35%	23.92%
Routine	845	64.21%	12.14%
Not Yet Classified	59	4.48%	0.27%

Data above is accurate as of March 2024.



Heathrow's Qualifying Value Criteria (QVC)

It is key proposal that Heathrow now set a non-negotiable bar for suppliers to meet before they are allowed to provide proposals for goods, works, or services. Our Qualifying Value Criteria (QVC) is that bar. Once met and confirmed, betterment above those non-negotiables will differentiate a supplier in selection or enhance their reputation for good performance in delivery.

Our QVCs present an opportunity to set a standard across **all suppliers** in a proportionate way, considering the impact to Heathrow and the proposed significance of the buyer-supplier relationship. The QVCs therefore will vary in depth for newly proposed strategic suppliers, compared to routine suppliers, for example. We will also consider Heathrow specific requirements such as airside working or indeed any category specific requirements which are not negotiable.



The introduction of the QVC will set a starting foundation across all new suppliers to Heathrow, ensuring they represent, or are prepared to work towards, the necessary characteristics Heathrow requires. As the supplier relationship develops, the QVCs originally asked will act as a starting point on their contribution to Heathrow's strategy moving forwards. QVC will be reassessed at contract renewal for all suppliers.

This addition to the procurement process will save time being spent with suppliers unable or un-willing to operate in a way Heathrow requires. Additionally, it will enable Heathrow to identify gaps where we can support supplier capability. Our QVC will replace the need for other qualifying processes and will also be made available in advance of tenders to add pace. Suppliers will be able to qualify and have a certificate alongside their declared commitments to be ready to compete.

The key areas for Heathrow which are non-negotiable are:

- **Health, Safety and Wellbeing** – both being open to developing culture and sharing results and statistics.
- **Policy Posture** – adherence to our policies and a willingness to collaborate in the face of an incident.
- **Sustainability** – a will to baseline against the Heathrow partner balanced scorecard and an ambition to constantly improve and grow capability. For smaller suppliers this will be applied in proportion to services and capability.
- **Heathrow responsible business foundations** – a check that Heathrow can hold to its promises and protect its reputation to commitments made as well as maintain pace in /programmes when it comes to contract negotiations. Also included is agreement to submit and update key information as requested by contracts on our management systems.

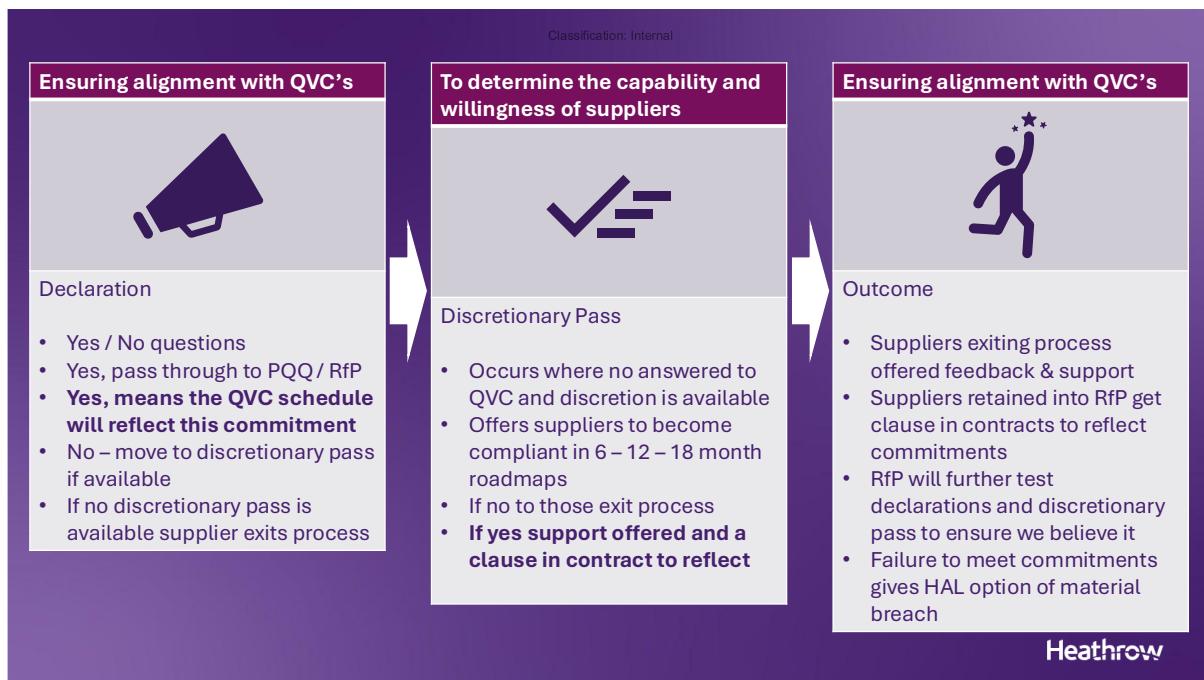


The QVCs **do not** require the uploading or transmission of data but a declaration of compliance. Data submissions would take place at request for proposal stage and once part of the Heathrow supply chain in supplier assurance process.

Where a supplier does not meet the standard or requirement expected, in select cases, a **discretionary pass** will be allowed, which will demonstrate a supplier's willingness to meet that standard or requirement over a defined period. This will be adopted as a **contractual** requirement and governed at the procurement approval meeting forum – a sub forum to the executive.

Proportionality of QVC based on segmentation.

The QVCs will vary in depth and intensity based on our segmentation, to ensure a proportionate application, and prevention of supplier alienation. This supports the principle of addressing the greatest impacts to Heathrow. Where we see the sub-contracting of these obligations it is important that our supply chain is qualifying the same levels with their supply chain.



Enforceability will be addressed using contract levers, to give Heathrow stakeholders confidence that suppliers will be held accountable. Should a supplier not meet a QVC commitment deemed material in their contract or meet a timeline pre-agreed to conform to a QVC we may find that supplier in breach of contract giving us ultimate power to redress. For non-material breaches of contract, we will record and review when undertaking a compete/ non-compete assessment meaning failure or poor performance impacts the ability to win future works.



The details around our QVC are captured in our central system and summarised below. For clarity our responsible business foundations also cover aspects of London Living Wage, Fair Payment Code, Modern Slavery mitigation, sustainability school and other areas which now form part of our base contract but which we expect to see suppliers proactively conduct.

Betterment in these areas above the qualifying criteria can differentiate suppliers. Heathrow Qualifying Value Criteria. Condition to be met to participate in opportunities.					
Heathrow's Qualifying Value Criteria Heathrow					
 Winning Team	 Focus to go Faster	 Value for Customers	 People and Planet	 Digital Future	 Creating Capacity
Health, Safety, and Wellbeing <ul style="list-style-type: none"> Suppliers will report their safety statistics fully transparently Suppliers will assess their safety culture Suppliers will assess their wellbeing culture Suppliers will operate in a just culture that is open and transparent when it comes to health, safety, and wellbeing to continuously improve Suppliers will commit to collaborate to improve 	Policy Posture <ul style="list-style-type: none"> Suppliers will comply with our cyber & other key policies & standards Suppliers will comply with our 3rd party systems compliance Suppliers will cooperate fully and in collaboration with Heathrow in the event of any incident that triggers a standard or policy Suppliers will commit to collaborate to improve 	Sustainability <ul style="list-style-type: none"> Strategic partners will perform a balanced scorecard baseline assessment All other suppliers will agree to report on aspects of the scorecard which apply to them <ul style="list-style-type: none"> Suppliers will accept that sustainability is progressive, and measures may change Suppliers will commit to collaborate to improve 	Responsible Business Foundations <ul style="list-style-type: none"> Suppliers will put all opportunities on CompeteFor Suppliers will complete supplier assurance assessments & balanced scorecard submissions on time Suppliers will honour commitments made in tenders and collaborate on contract signing openly Suppliers will support and deliver our responsible business foundations 		

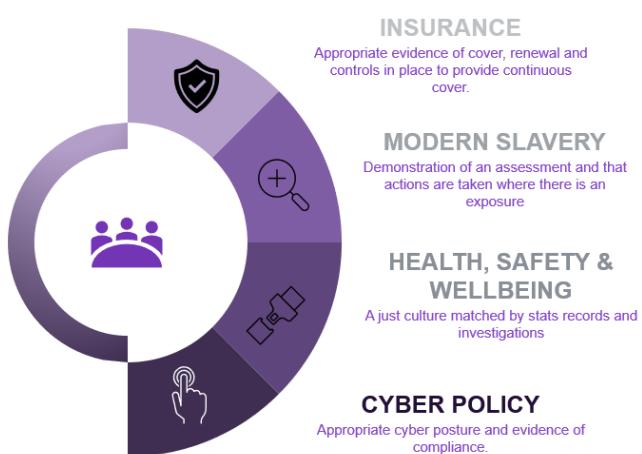
Our supplier assurance covers the below areas as main compliance checks alongside several others such as prompt payment code and paying the London living wage. As an automated process this will present in dashboards to the procurement team who will use them in supplier relationship meetings where applicable or by contacting suppliers for compliance performance.

Supplier Assurance

Responsible Business Foundations

We must operate with partners and suppliers who do what they say they will and, meet the obligations of our contracts.

We have a responsibility to manage our contracts and support our stakeholders when gaps appear.

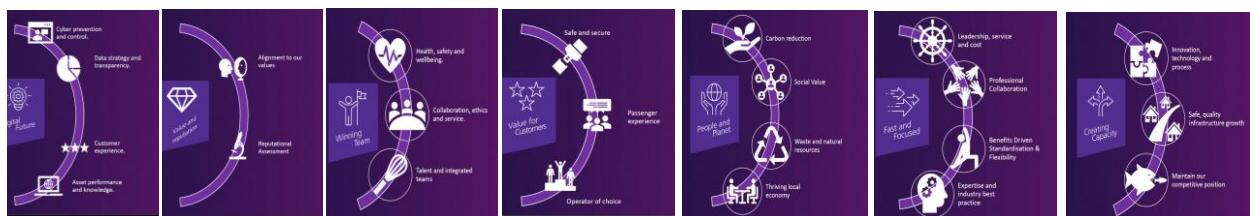


Heathrow



Heathrow Procurement: Formal Supplier Value Definition

The Extraordinary Supplier





The Extraordinary Supplier: A formal Heathrow Supplier Value Definition.

Value alignment and the importance of reputation.

Our Supplier Value Definition illustrates how our business foundations and beacons align against an extraordinary supply chain's capacity, capability, and behaviours to deliver goods, and perform works and services in fulfilment of our vision.

Whilst our six beacons cover what we need to be successful, it also brings into sharp focus the importance of value alignment and reputational considerations. Clarity on these aspects for our current and future supply chain give the best possible chance to be mutually successful and collaborative.

Across interviews with Heathrow leaders, these additional areas to our six beacons were identified as critical when assessing a supplier. We can summarise this into how suppliers align with our values and the impact they can have on our reputation.

Alignment to our values. Heathrow suppliers will have values akin to our own and a focus on them which demonstrates their own corporate purpose. These values can be mapped to Heathrow's with gaps identified and managed. In an assessment environment this can be done via a written submission for critical, operational, and routine suppliers with behavioural assessments for our strategic partners. Our objective is to cultivate the relationship proportionate to the supplier's segment. Will a strategic or critical supplier have longevity for repeat work for example, or for other segments, are we picking companies with the right morals and ethics so we can have confidence our supply chain reflects who we are and therefore protect our reputation.

Reputational assessment. Our qualifying value criteria (QVC) will be enhanced to include any past or potential reputational issues Heathrow should be aware of. Heathrow wants suppliers who enhance our brand and reputation in the market. As such we want to work with the best whose expertise, ethics, and quality enhance our own. Equally we want to be inclusive and work with companies striving to improve and hit high standards – it is part of our vision to help develop those organisations to be suppliers of the future. Suppliers will give customers confidence through their brand and reputation. This can be achieved in a market assessment by presenting recent positive news, declarations at the QVC stage, or a reputation plan or strategy the company holds for where it is now and wants to be in the future. Contained under our reputational assessment is compliance to and monitoring of competition law and any other legal constructs our supply chain should adhere to.

These two areas are linked and form the inputs to and outputs of supplier behaviour. Consequently, these form key insights around our ability to collaborate with suppliers and will be added in proportion to that supplier's segmentation-based market evaluations.

Why does this form part of a Supplier Value Definition?

These aspects set out how work will be done, and the ethical standards required to compliment and protect our reputation. By assessing these two areas we mitigate the risk of



poor supplier selection or surprises in the trading behaviours post contract whilst optimising our ability to collaborate professionally with the right partners.

Digital Future

What role does this play in our Supplier Value Definition?



An essential beacon of a fit for the future airport it is critical our Supplier Value Definition covers clearly our data and digital requirements. Intrinsically linked to Heathrow's other beacons, Digital Future plays a key part in enabling Heathrow's growth as well as the efficiencies needed to remain competitive today.

As a beacon Digital Future indicates the need for a shift in how we collaborate on data, the risks it presents and the opportunity to better harvest opportunity by working closer together on the insights data brings.

For our strategic partner segment, a key question for consideration is how they plan to partner with us on data. Interpreting and articulating what those data insights are telling us based on your expertise to deliver value. Data without interpretation or shared learning is a failure of management and an untapped opportunity.

Heathrow wants a supply chain to align against four key areas for our digital future: Cyber prevention and control, data strategy and transparency, customer experience, and asset knowledge and performance.

Cyber prevention and control. Heathrow suppliers must have visible cyber leadership to compliment process, meaning it is considered deliberately as part of their culture not as a task. A tangible understanding of their risk to drive a detect, delay, and deter posture with contingency planning is required. This will include an understanding of how they connect to our network and what risks that causes. Evidence of policy and controls beyond a tick box approach, an understanding of how to identify an insider threat and manage it, as well as a policy more generally on data protection are all leading indicators that deliver supplier confidence.

Some suppliers will need to show connections with agencies and the intelligence community to counter hostile state risk and stay alongside the most up to date developments. Heathrow needs to be able to see a business with continuity plans considering resilience in proportion to the role they play across our operation and services. Consequence planning, desk top assessments, controls and a communications approach are also to be assessed in proportion to supplier segment. Our aim is to have a cyber safe supplier whose value protects our infrastructure, people, and information – an incidence of cyber threat creates dramatic cost pressure and impacts customers subject to any data breach. Cooperation and data sharing in the event of an incident is non-negotiable and forms an important part of our QVC. We expect our partners and suppliers to take the same robust stance down their supply chain.

Data strategy and transparency. You will need to have a data plan and a willingness to share it. Our supply chain needs to teach us via data stories to unlock insights to improve service,



drive revenue or reduce costs. Good data without intervention or a plan is waste. The automation of repetitive or paper process, improvements in reporting and timeliness to the point of live data are all aspects to be tested with new and retained suppliers. Equally, an appreciation and articulation of the data a supplier needs as a minimum to perform and deliver on their services, demonstrates a data literate business. Heathrow needs suppliers who will enhance our data and its usage to enable leading edge data management and intervention across our estate. Designing systems and data storage with cyber posture and data security in mind should be evident in the early days of design and all the way through development. A final area which requires a more transformative approach is our ownership of the output data and the systems which hold it. A clear policy on this from a supplier selection standpoint will avoid lost intelligence from our business. Suppliers should not seek to remove our data but be responsible contributors – Heathrow will own its data and systems unless it provides us a competitive advantage to host and share the data externally in the cloud.

Customer experience. Heathrow suppliers need a data proposition which enhances our customers experience, be that our travelling passengers, our industry stakeholders, or our colleagues. Better information and options at the fingertips of users is the future so testing a supply chain against that goal now readies us. Consideration of our customer segments to tailor the right data solutions and embrace innovation of joined up journeys with other providers will be key to our competitiveness so a willingness to share data across companies and sectors is key – we encourage an open protocol culture. Suppliers who de-stress journeys whilst opening opportunities for increased revenue, reduced costs, or enhanced service will be respected additions to our value chain. Those aspects of digitalisation which help improve our performance in Other Regulated Charges (ORC) or clarity of value adds to our industry stakeholders will be firmly tested to ensure we drive best in class delivery for those who procure from Heathrow as a service provider.

Asset knowledge and performance. The use of data to prioritise investment in assets and create business cases to a high degree of fidelity needs to come from those who operate and service our estate. A plan to drive optimal investment or evidence of expert data and insight recording to aid investment, will be assessed. This will be a progressive data collection balancing condition, sustainability, efficiency, obsolescence, maintainability, or just better options with connectivity. Our supplier base will promote the best analysis for our decision making. A focus on reducing site time, improving remote management of assets via an Internet of things (IoT) with the outcome being better operational decisions, improved performance, a lower cost base, and better control of our estate.



Winning Team

What role does this play in our Supplier Value Definition?



There are key elements of winning team our supply chain should promote, support, and progress as they integrate with the client team. Our Supplier Value Definition will repeat the health safety and wellbeing theme in several sections and places due to our absolute desire to place safety first. Our supply chains safety plans must consider our teams. Further areas of collaboration, ethics, and service as well as talent management and integrated teams will form part of supplier assessments where relevant.

Health, safety, and wellbeing. Suppliers must make sure all people they encounter go home safe and well, as a key commitment at Heathrow. A focus on preventative health, as well as safety and wellbeing, is essential. Considering and communicating clearly a supplier's requirements of Heathrow so they can manage safety and wellbeing is key and often overlooked. There will be works and services suppliers undertake where they are the experts in that given field and need to lead our teams to be safe and well. The Supplier knowing they hold this expertise and exhibiting strong leadership will keep all our people safe. We want suppliers' teams and leadership to have good safety conversations and not walk by when they see anything that can affect safety, whether that be the safety of their employees, or anyone else, including passengers. We expect our suppliers to know and educate their employees in how to report any safety issues they see, in real time, to Heathrow.

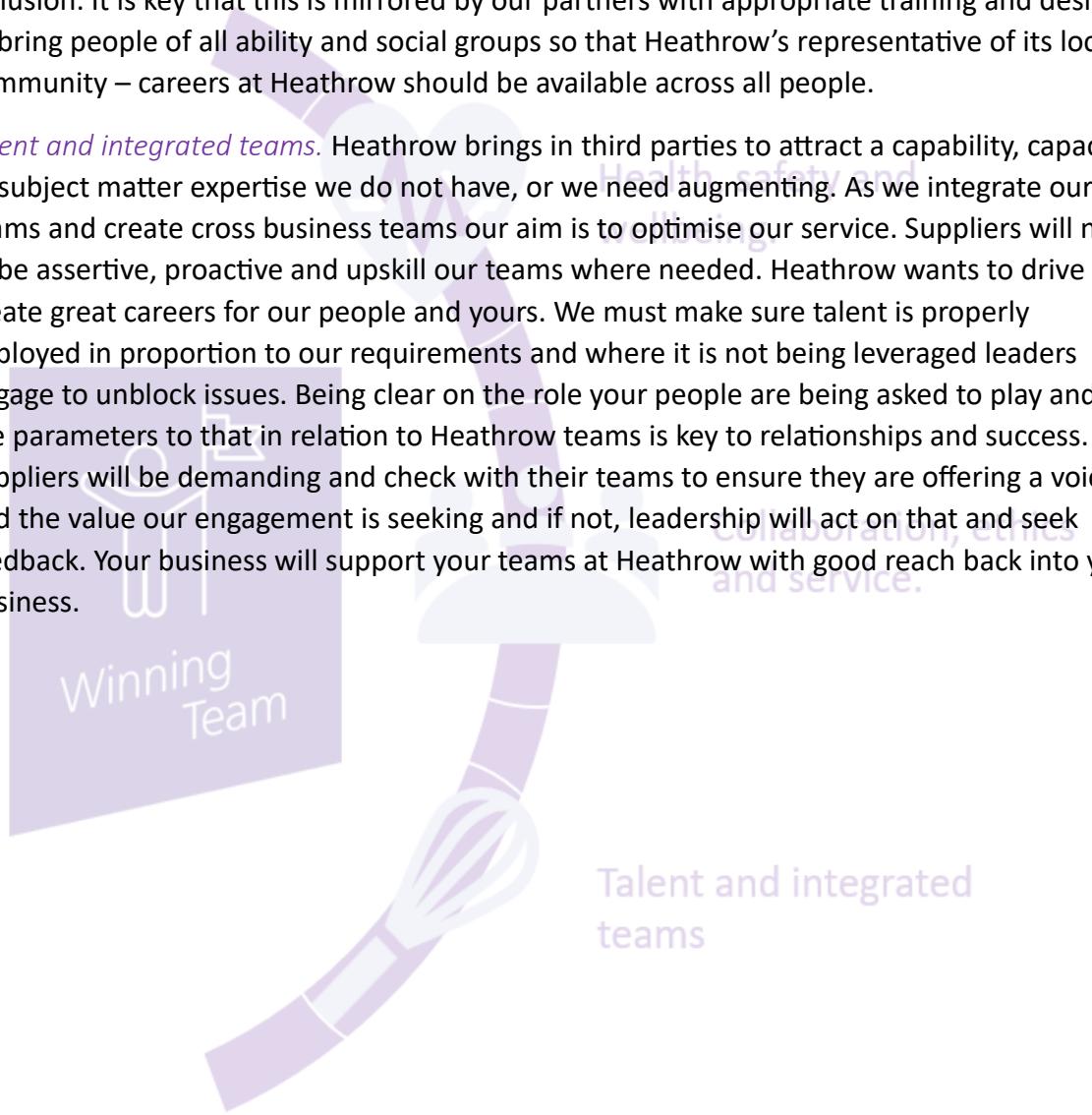
It is key that regardless of who an individual is or works for we maintain a zero-harm and just posture so everyone can speak up to make safety better. Our assessments will seek confirmation that our suppliers will be strong and assertive to carry out duties safely and are equally ready to escalate poor safety behaviours regardless of their source. We want partners in safety who join our safety network groups, collaborate, drive improvement, share ideas, statistics and importantly learning. This is not about compliance it is about doing all we can to keep people safe and well.

Collaboration, ethics, and service. Our teams will deliver best when they collaborate. The relationships people form far outstrip the performance of process or equipment. Being willing to give feedback, to escalate if things are not right and to prioritise safe and efficient delivery of works and services is integral to our culture. To be a supplier at Heathrow collaboration must be professional and a two-way street. Heathrow needs suppliers who want a seat at the table, who show leadership, reach back into their business, and expertise to drive extraordinary results. Service signatures are a good test of this and a supplier who can show how they intend to collaborate with Heathrow is key. This will be tested in behavioural assessments or workshops. Heathrow wants mutual win-win relationships with the supply chain, some over short periods and many over long contracted relationships. Having a long-term commercial strategy which respects longevity over short term gain is key to building trust and business. Heathrow wants suppliers who are pursuing, challenging and using discretionary effort to deliver our strategy to be an **Extraordinary Airport, fit for the Future.**



Commercial bids at tender will not only be assessed for price but also how the price moves and the ease of getting to an agreed position. That may be willingness to do business or transparency and demonstration of cost, but it will ultimately give Heathrow a degree of confidence in our supplier's intentions, ethics, and practice moving forward. Heathrow places significant importance in ethics whether that be anti-bribery, non-coercion, strict compliance to competition law and fair trade. A supplier to Heathrow will be practitioners of the highest of these standards. Any deviation in any business, including Heathrow, observed from these standards we expect to be reported. Central to our values as an organisation is inclusion. It is key that this is mirrored by our partners with appropriate training and desire to bring people of all ability and social groups so that Heathrow's representative of its local community – careers at Heathrow should be available across all people.

Talent and integrated teams. Heathrow brings in third parties to attract a capability, capacity, or subject matter expertise we do not have, or we need augmenting. As we integrate our teams and create cross business teams our aim is to optimise our service. Suppliers will need to be assertive, proactive and upskill our teams where needed. Heathrow wants to drive and create great careers for our people and yours. We must make sure talent is properly deployed in proportion to our requirements and where it is not being leveraged leaders engage to unblock issues. Being clear on the role your people are being asked to play and the parameters to that in relation to Heathrow teams is key to relationships and success. Suppliers will be demanding and check with their teams to ensure they are offering a voice and the value our engagement is seeking and if not, leadership will act on that and seek feedback. Your business will support your teams at Heathrow with good reach back into your business.





Value for Customers

What role does this play in our Supplier Value Definition?

Integral to all Heathrow's future plans is our customer base. Customers include anyone who spends money with Heathrow as a service provider. To target growth our plans must be complimented by our supply chains capability to ensure a clear value proposition is put to our customer base. We must enhance passenger experience whilst being an operator of choice to all our customer bases.

Safe and secure. It is the responsibility of everyone at Heathrow to be vigilant in and around the airport. If we see any safety risk which poses a threat to passengers, we will not walk by; we report and keep the area safe until supported. We will be vigilant in security. We will ensure that the training of our people goes beyond the GSAT (General Security Awareness Training) regardless of badge, this is leaderships responsibility. Our supplier assessments need to make sure that teams are aware of this and are motivated to operate in a responsible manner not just in a moment but continuously. We want your colleagues to be empowered to do the right thing with confidence of a just culture so they can truly protect our customers.

Passenger experience. Passengers enjoying our airport will not consider a lanyard. Every member of team Heathrow is a representative of our national infrastructure and should take great pride in that fact. Ensuring supplier teams know our Service Signatures, perform them, and are celebrated when role modelling these behaviours is key. Being set up to do so from the beginning will be a key piece of business-to-business alignment. Heathrow operates with companies who put passenger and customer first. Seeking and acting on feedback to improve is key. We will want to see in an assessment how suppliers intend to achieve this. Companies with a continuous improvement culture will thrive at Heathrow. When operating with our customers such as airlines, regulators, and government, that demonstration of professionalism, aligned messaging and long-term business behaviours will set suppliers out. Having a plan for how suppliers will operate with us to support our broad customer base will be assessed. Being equipped with key service and performance data will support Heathrow in delighting our stakeholders and customers.

Suppliers who collaborate across the supplier network will find a strong home at Heathrow. Combining services to enhance customer experience, working together to improve our process such as baggage connections or punctuality will create a better team and a better Heathrow. Engaging with other businesses on entry to Heathrow will strengthen trust, drive performance, reduce costs, build a great team and give potential to a long term relationship.

Operator of choice. Our airlines play a key role in our business and our future. Suppliers who have a role to play with those services airlines enjoy must identify and implement improvements to those services whilst ensuring that data and reporting are accurate and well-articulated to support quality communications with these key customers. Opportunities to increase productivity, reduce costs and improve service should be under constant evaluation. We must consult and engage our airlines and stakeholder community so clarity



of data and an openness to share insights is key to building trust and advocacy that enhances our service proposition.



People and Planet

What role does this play in our Supplier Value Definition?

Few priorities will define our airport over the next 30 years more than our environmental, social and governance agenda. Whether it be our license for growth, meeting our commitments aligned to sustainability linked bonds or simply keeping our promises to the local community our future is inextricably linked with our responsibility as an airport operator. As consequence our procurement of goods, works, and services must be done in a responsible manner that reflects the aspirations and goals in our Heathrow 2.0 strategy. People and planet will form a critical part of our qualifying value criteria. We must have suppliers able to act, report and progress these agenda as any unable to do so will be an opposing force to our growth. Supplier selection is vitally important with some basic business foundations mandatory such as London Living wage, prompt payment code, and modern slavery as examples. Areas covered under people and planet are carbon reduction, social value, waste, and natural resources, and thriving local economy. People and planet is a beacon where we need to show proportionality for the suppliers involved so that supplier size and their ability to invest are inclusive. We will play our role in developing supplier capability for smaller business by being balanced in our approach and considering risk. Our balanced scorecard plays a key role in the creation and assessment of suppliers for our people and planet beacon. Although our ambition is to reduce carbon whilst operating a local supply-chain, we do acknowledge the continued need to operate worldwide and therefore Heathrow needs to set and influence standards in manufacturing and service provision where legislation in host countries doesn't exist – supported by our partners demanding the same.

Carbon reduction. A lead component of our value requirements carbon reduction must be, for those suppliers applicable, as equally essential in their corporate DNA as Heathrow's. We need to promote SAF (Sustainable Aviation Fuel) as an industry and have suppliers who seek to fly responsibly. Our supply chain where applicable, should also be influencing government on key sustainability issues. There will need to be a transition to zero emission vehicles and more sustainable transport choices. Use of renewable energy and moving away from sources which create greenhouse gas emissions should also be a focus for our supply chain. Knowledge of the risk our suppliers pose for carbon to ensure they understand their role and have plans they can report against to show how they are going to proactively tackle it. Proactivity, passion, and research to answer the problem statement will give confidence in the supplier. Visibility of their determination to tackle the issue will build trust. A Key Action of this report is to create a process within our tenders where suppliers can identify sustainable solutions of value to Heathrow. If these solutions are more expensive, we will normalise costs to encourage supply chain to bring these ideas forward.

Suppliers will need robust carbon plans and an ability to identify their Heathrow footprint. They will roll this down their supply chain with carbon measurement being the entry point for their supply chains too.



Social value. Suppliers will be an active part of our story in the local community. We want our community to have a positive experience of Heathrow to enhance our reputation – an aspect our supply chain must strengthen by giving back and being able to demonstrate and report contribution. We will all work towards making our airport accessible and inclusive for all and constantly seek ways to open ourselves up to different groups to optimise their experience be it customers, colleagues, or suppliers. The management of our noise, pollution and footprint spans our supply chain so understanding their exposure and how we collectively act responsibly is value for Heathrow. As part of a community with Heathrow and other suppliers we will focus on exciting careers which bring opportunity to our diverse communities, we will engage future talent for those careers through the engagement of local schools and colleges to bring the next generation of talent into Heathrow inclusive of all backgrounds and abilities. Our supply chain will engage and collaborate with our academy to optimise the effectiveness of that facility for the benefit of our community. We believe in the strength of diversity and inclusion and all our supply chain must echo those values and demonstrate it in training, policy, and in real terms of their people who show up.

Waste and natural resources. Suppliers will proactively plan and actively move toward the higher end of the waste hierarchy across all goods, works, and services. Suppliers will ensure we have responsible use and mgmt. of resources including water. We will be nature positive and promote biodiversity with a keen focus on legislative requirements. Our partners and supply chain will be able to record and report their position on waste and natural resources in an accepted methodology. For materials our supply chain will procure sustainable materials e.g. EPD's (environmental product impact) and where possible understand providence or where not feasible exercise best endeavours to provide providence over time. Our ultimate aim is that goods works and services will be designed with circularity in mind from the outset.

Thriving local economy. We will share our growth and success with small to medium size local business. We will support that community with training and visibility of opportunities via CompeteFor. We will seek to grow our use of SMEs with a focus on local business. We will trade in a clear and transparent way to ensure fair and ethical treatment and standards. We will embrace innovation from these groups and seek to enhance service by scanning and vetting the market for expertise whilst protecting their USP and IP.

It should be noted that across all these fields new solutions and innovation will be needed so suppliers motivated to be curious, innovative and explore will be successful.



Focused to go Faster

What role does this play in our Supplier Value Definition?



Being fast and focused as a beacon provides a foundation for our supply chain to show their contribution and quality. Areas which fall under this beacon are key differentiators in supplier selection. This beacon contains key attributes which must be in place so that efficiency can thrive. Suppliers at Heathrow who drive efficiency will have strong leadership in place with a focus on cost and service.

That leadership will engender a spirit of professional collaboration with ways of working that optimise expertise, give it a voice, and provide feedback and challenge in a genuine two-way street. Only with good leadership and professionally collaborative ways of working will there be freedom to create benefits and trust for suppliers to offer flexibility and discretionary effort above and beyond the contract terms. As a Heathrow supplier those attributes are complimented and enhanced when bringing in cross industry expertise and best practice. Using lessons learnt from your business to tailor our services and operations to be lean and productive will be a leading indicator of efficiency.

Leadership, service, and cost.

In a complex city of services, our supply chain needs strong leadership to thrive. This requirement isn't only about bringing the best of what you have to the airports, it is also being able to make great decisions. Leaders will review their teams regularly to make sure their service is fresh and doesn't become stayed. If the right thing to do, they will implement change to optimise. Suppliers will have a people plan that connects to our process and removes unnecessary duplication of activity.

Leadership in our supply chain will demand win-win relationships that are value for money. They will be programmed to save money and share rewards as part of their DNA. They will seek a clear unambiguous commercial environment to give our teams the ability to produce their best. Leaders will get this done early and seek clarity in the requirements to make it fit for purpose. Suppliers will root out game playing or commercial behaviours – on either side client or supplier and challenge them - hard. Leaders will seek clarity and consensus rather than thrive in uncertainty. Suppliers will take risks in their supply chain to a proportion of their reward. They will manage risk responsibly and fairly, rather than avoid it.

Suppliers will price in a competitive and transparent fashion with respect for Heathrow's budgets. Operating in a marketplace with a view to being lean and competitive will enable Heathrow to optimise investment. Failure to support Heathrow achieve sustainable margins or to benchmark with alternatives will cause conflict and exit if not managed.

Suppliers will take ownership. Their teams will take away the day to day so we can dedicate our time to improvements and strategy. They will be professional but assertive. They are leaders in our teams who bring areas of knowledge we haven't got or have experience we value. We want them to lead and have a voice at our leadership teams. They will identify and target poor performance on safety, cost, time, quality, or behaviours and lead on the rectification of it. They will be proud of their company's performance and in turn their supply chains performance. Partnership is both parties doing what is needed for results so being decisive and responsible toward risk is an important role we play for each other. Being collaborative should not blur the lines of ownership but instead create a just culture to share problems and thinking. Suppliers will be ambitious in how they target service and will seek



to excel at the airport on behalf of their company. Heathrow wants to be the suppliers case study for excellence, and we will promote that publicly where true.

The best will share openly with us – including the options ruled out so we can understand decision making. It is not optimal to present a final product without consultation as it is important we see a depth to a supplier thinking. Having lean governance internally to drive speed and balance risk is key for pace. Research and development alongside innovation should be offered up with a respectful treatment of that information by employers as we want a creative environment.

Leadership, service and cost

Professional Collaboration. Heathrow values long term collaborations where appropriate – we believe those relationships make our work more engaging to build connections, intelligence, and experience in running a smooth operation. It is important connectivity does not disguise complacency meaning we need to have professionally collaborative conversations and stay open and active to feedback. Our Supplier Relationship Management and general business to business engagement will help us manage performance and relationships.

We want our suppliers to contract ways of working with us to be able to challenge and have difficult conversations in a safe space. Leaders will make sure their people come to Heathrow with purpose and passion to be the best representative of themselves and their company. Where suppliers do not find that in the Heathrow teams, they will use the appropriate escalations to aid our management of it. We want quality relationships and commitment to deliver. Reliable, responsible, and contributing to progress should be everyone's aim.

Top suppliers will have requirements and expectations on us, they will not be submissive in managing our account. Transparency is key - report clearly how we are collectively meeting our commitments and requirements to show our success. Help us go faster by offering support where you see the chance for gains provided it create business case.

It is a supplier's responsibility to manage their interfaces and collaborate with other suppliers without relying on Heathrow to do this – be active in our supply chain, connect and learn. Our teams will always be here to support suppliers provided they have demonstrated effort to help themselves. Be curious and a partner to all of us in Team Heathrow, we want partners who love and understand aviation. The best solutions join up the intelligence of companies to create joint products and services – this is a great way to operate and collaborate for long term gain.

Utopia is we win awards together!!!

Benefits Driven Standardisation & Flexibility

Benefits Driven Standardisation & Flexibility. Our suppliers will be knowledgeable and proficient in industry standards to challenge Heathrow's requirements with a view to improve and clarify them. Suppliers will challenge our operation to simplify and improve giving our new standards the right quality and industry learning input.

We need suppliers to operate as expert advisors who test to make sure standards deliver value for money and are flexible enough to deliver in a timely way which enable growth. We



need agility so that changing standards or legislation are predicted and mitigated for impacts with a particular focus on time.

As part of that advisor role, suppliers will examine the constraints we place and advise us on the risks and opportunities of alternate approaches, materials, or specifications. We want suppliers to propose operational changes if it will drive efficiency. They should ask for barriers to be unblocked if it means a better or safer delivery. Don't accept experts being directed without good cause or leadership checks to ensure that is what we as Heathrow intended. Be flexible and adjust to change, embrace it as opportunity not a frustration without compromising delivery.

We ask for budget respect and escalation where meeting standards has not been suitably provisioned or compliance to standards is at risk.

Go above and beyond – be about the mission and the outcome. Where we present increased cost risk raise it with us in good time to resolve and focus back on the mission. Push to hit the budget or create savings against it - not to grow it unless part of a business case backed proposal.

Expertise and industry best practice. Bring the best answers! We want suppliers to use their technical leadership where they have established best practise in industry, we want to see pride in their capability. Put forward business case with robust ROI (return on investment) and seek to share gain and pain commercially – have skin in the game – suppliers will back themselves where they are experts give us confidence.

Bring the outside in but tailor it for Heathrow to make us extraordinary. Suppliers will bring the strength of their whole organisation to Heathrow. Bring testimonials and connect us with other clients who can build our confidence in solutions and help us tangibly see them in action.

Suppliers will have a passion to measure performance deeply and identify our operations pain points to then use their knowledge to optimise today's performance whilst positioning us for growth. Seek to implement process improvements to speed up benefits and/or reduce costs, including operating costs per FTE(Full time equivalent). Propose operating procedures which improve our resource mgmt.

Suppliers should ask us challenging questions, be a disruptor, push innovation and don't accept a no that doesn't make sense without an explanation.



Creating Capacity

What role does this play in our Supplier Value Definition?



Creating Capacity

Creating and maintaining a competitive proposition against other hub airports makes Heathrow a critical asset to the UK as a global connector for Britain. To maintain this position, we must grow to meet demand and capacity. Growth must be done in a safe, sustainable, and consider way to match emerging innovation with passenger requirements and expectations. Our supply chain forms a key enabler to us achieving this beacon – be that through innovation, technology and process, safe quality infrastructure growth or maintaining our competitive position through the generation of ideas and service enhancements which promote brand loyalty to Heathrow across all our customer segments.

Innovation, technology, and process. Customers of Heathrow want to access more information, have less friction in their journey whilst having the choice to either navigate the airport supported by people or choose to do so without human interaction via digital platforms. Our supply chain must consider the passenger journey and continue to reinvent and propose new ways to make the Heathrow experience the one they want to return to, to grow our passenger base. Technology which simplifies whilst reducing cost without intrusion to add value to passengers while optimally generating revenue for Heathrow, should be under regular review by suppliers. Suppliers will be technically led with priority on capacity generation, infrastructure management, and passenger experience.

Safe, quality infrastructure growth. Deliver safe quality assets and facilities for our passengers to enjoy. We collectively need to deliver market standards with minimum disruption for our operation. Infrastructure needs to be in place to serve our future capacity forecasts. Those assets need to be of high quality, sustainable and safe for passengers to use. Our supply chain will be responsible constructors meaning sustainability will play a prevalent role importantly at the design phase to enable benefits realisation. Furthermore, suppliers will be market leading operators of supply chains themselves with leading procurement practices with ethical standards beyond reproach. A proactive, quality, and planned approach to schedule management, costs, methods of construction inc. DFMA, digital tools and procurement will differentiate suppliers. The infrastructure market from a contracting, commercial and schedule viewpoint needs to change. Heathrow wants a collaborative commercial and contracting environment with a responsible view of risk. Suppliers who have values *above* gaming of contracts to seek mutual win-win scenarios via great behaviours will be welcome. A supply chain who operates as a critical friend, set standards to which they hold and operate cross industry to enhance delivery hits the mark. An ability to challenge and develop new standards to simplify, improve delivery and reduce costs is a skill set sought. In return for these aspects of value Heathrow will collaborate with suppliers to allocate significant pieces of consultancy, design, and works to grow our airport.

Maintain our competitive position. Upholding and continuously improving delivery standards, stretching KPI's beyond contracts and agreeing with Heathrow the strategic aims and additional value we should seek will maintain our competitive position due to a supply chain that matches our ambition – this desire for more should be as much supplier as client



driven. We will review this in our SRM process. We seek suppliers who are motivated to help with our key problem and opportunity statements above and beyond our contract. Creating a competitive edge is as much about anchoring the quality we have as it is growing new capability. A trusted, reliable, and resilient service gives customers confidence and Heathrow return trade. Our suppliers will be able to offer quality services with people skilled to the requisite levels for their role to perform in the way we need. Resilience at first tier and within supply chains is key. Redundancy and contingency in process will be central to our suppliers own internal process and governance. Sharing of and celebrating success is not just a moral boost but an essential layering to build Heathrow's reputation story by story. Success is not about being geared for compliance but having a growth mindset to target genuine performance excellence. We must differentiate from other airports due to the quality of our service to increase market share – your diverse teams have a key role to play in achieving this.

What change will the supplier value definition deliver for us?

The roll out of the Supplier Value Definition will give our airport a higher degree of confidence in our supply chain and an ability to bring the right quality from the market. This will make us fit for the future our corporate strategy has targeted.

We will deliver a winning team mentality with all able to talk in one voice about our vision and beacons application to supply chain making them better informed than ever to collaborate on our goals and aspirations.

With those elements in place, we will deliver extraordinary results as we work in closer alignment with suppliers by assessing and validating with clear expectations their selection and ongoing management.

Maintain our competitive position