

Heathrow

ANNUAL
REPORT
2025

HEATHROW AIRPORT LIMITED

COMPANY REGISTRATION NUMBER: 01991017

As the UK’s only hub airport and the world’s best-connected gateway, Heathrow is a national asset that links the whole country to global growth, enabling world-leading travel and trade.

Our purpose is ‘making every journey better’, which is the reason we exist. Every single Team Heathrow colleague can take inspiration from this and can contribute to this. This doesn’t only mean the passenger journey – although this is a key element of what we do – but everyone that Heathrow Airport interacts with, whether that’s our customers, colleagues or members of the local community. We want to help make things better at every opportunity, every single day.

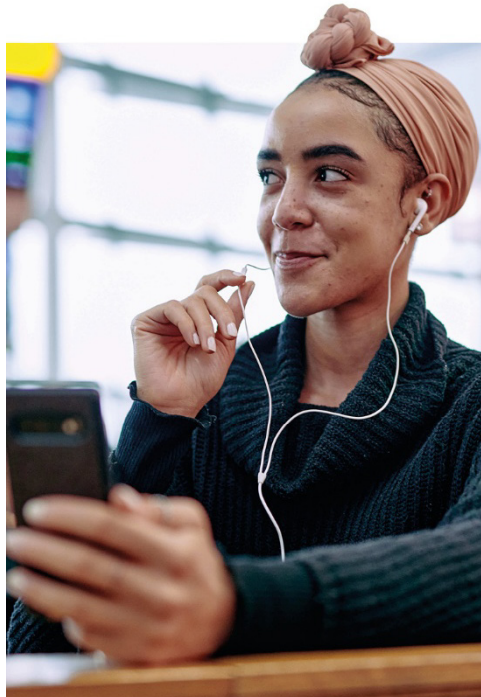
Our vision is ‘to be an extraordinary airport, fit for the future’. This is an aspirational articulation of what we want to achieve in the coming years, our ‘North Star’. Every day at Heathrow, extraordinary things happen, but we know there is work to be done to make every area of the airport extraordinary and fit for the future.

As well as our vision, **we have six beacons**, or strategic priorities, to guide us. These reflect the areas that most need attention in the short to medium term, providing the guidance that will enable us to become an extraordinary airport and realise our long-term strategic goals. There are also **three foundations**, these underpin the day-to-day running of Heathrow, and it is critical to excel in those areas.

Our company values underpin all that we do as a business and how we interact with one another and with our passengers, as we help to make every journey better.

Looking forward, our medium to long-term direction remains clear.

- We endeavour to be **extraordinary for all our stakeholders**. We will continue to be the world’s most connected hub, connecting Britain to the rest of the world.
- Unlocking new capacity at Heathrow is central to our strategy because it will improve operational performance and resilience for our customers, **enable more global connectivity and competition** for consumers and grow the UK economy through increased trade, tourism and investment.
- The Beacons, our immediate areas of focus, **set the direction for success** with the long-term ambition.



Our Purpose **MAKING EVERY JOURNEY BETTER**

Our Vision **To be an extraordinary airport, fit for the future**

Our Beacons

Our Foundations **EXCELLENT...**

Enablers and Activity Activity that sits under each beacon and foundation, backed up by functional execution plans

Our Values

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OUR REPORTING SUITE



[Our Sustainability Report 2025](#)



[Our TNFD Report](#)



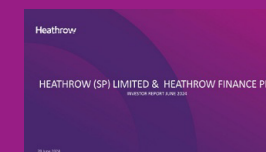
[Connecting People and Planet](#)



[Our Net Zero Plan](#)



[Our Gender and Ethnicity Pay Gap Report 2025](#)



[Our Investor Reports](#)

AT A GLANCE



UK'S HUB FLYING HIGH WITH RECORD PASSENGER NUMBERS

2025 was Heathrow's busiest year to date, with colleagues welcoming over 84.5 million passengers, securing our position as Europe's busiest hub airport. Further incremental growth is forecast for 2026, with the airport on track for an uplift to 85 million passengers. Demand continues to outpace the limits of the airport's current infrastructure reinforcing the need for expansion.

84.5

million passengers

OPERATIONAL PERFORMANCE OUTPACES EUROPEAN COMPETITORS

Heathrow was crowned the most punctual hub in Europe in 2025, consistently outperforming all major hub airports. Over 4.2 million more passengers flew on time compared with 2024 and baggage and security performance continued to strengthen. 97.3% of passengers waited less than five minutes for security and baggage load rates were close to 99% resulting in smoother, more reliable journeys for passengers.



INVESTMENT UNLOCKED FOR 2026

£1.3 billion will be spent over the coming year in capital investment programmes. This will kickstart work to revamp Terminal 4, progress with the new baggage system design for Terminal 2 and drive improvements to services for passengers with accessibility needs, all of which will contribute towards making Heathrow more user-friendly and resilient for our customers.



EXPANDING HEATHROW

Expansion at Heathrow is the Government's flagship infrastructure project to drive long-term economic growth and shareholders recently approved new investment to begin work on the planning application, marking a significant step forward for the project. However, delivering the project remains complex. It can only proceed once the necessary regulatory and policy frameworks are firmly in place to enable the next phase of delivery. To deliver the full benefits to customers and the country and to ensure it is fully privately financed, the Civil Aviation Authority ('CAA') must put in place the framework that gives investors confidence. Decisions on these key issues are expected throughout 2026. This includes in the autumn when Parliament will be asked to vote on the final Airports National Policy Statement – a decision which will enable Development Consent Order approval by 2029. The first flights from a third runway could be in a decade.

FINANCIAL PERFORMANCE

Heathrow reported revenue of £3.5 billion but a flat adjusted EBITDA of £2.0 billion, as the benefit of higher passenger numbers was offset by lower airport charges set by the CAA, increased maintenance costs and the expenditure needed to support operational performance. Our improved workforce planning has made a positive impact on employment costs, however maintaining the ageing asset base is demanding an increased spend. We continue to maintain a strong financial position with liquidity of £2.9 billion. Heathrow's Board decided to pay dividends totalling £550 million to the ultimate shareholders during the financial year, the first time in 5 years.



SUSTAINABILITY

Progress continues towards our sustainability commitments. In 2025, we stepped up our industry-leading SAF incentive programme, with record amounts of Sustainable Aviation Fuel ('SAF') used at Heathrow. Our 2026 goal looks to go further, with the aim to reach 2% above the UK mandate - totalling 5.6% SAF usage at the airport. We launched our Resources and Waste Strategy, setting clear targets to increase recycling and reduce waste across the airport and we continued to implement our Noise Action Plan, reducing the impacts of night flights and providing noise insulation to local homes.

CHIEF EXECUTIVE'S REVIEW



Last year everyone at Heathrow rallied behind our ambition to deliver exceptional operational performance for our customers. Not only did we meet that goal, we surpassed it and achieved record breaking service levels.

With strong foundations in place and with the airport now operating very close to capacity, the next chapter is crucial to our success. Expansion will unlock significant economic benefits and create an extraordinary airport, fit for the future. In 2026, we'll continue progressing our plans so we can deliver for both our customers and for the country."

THOMAS WOLDBYE
CHIEF EXECUTIVE OFFICER



HIGHLIGHTS	2025	2024
PASSENGERS	84.5m	83.9m
REVENUE	£3,547m	£3,482m
ADJUSTED EBITDA⁽¹⁾	£1,969m	£1,968m
PROFIT BEFORE TAX	£1,118m	£1,379m
ADJUSTED PROFIT BEFORE TAX⁽¹⁾	£820m	£902m
REGULATORY ASSET BASE⁽¹⁾	£21,263m	£20,422m

(1) (1) The performance of the Group is assessed using a number of Alternative Performance Measures ('APMs'). APMs are discussed in detail and defined from page 156 of the financial statements.

CHIEF EXECUTIVE'S REVIEW (CONTINUED)

REVIEW OF THE YEAR

2025 was a year of strong delivery and progress for Heathrow as we showed what focused investment, disciplined execution and a relentless commitment to our customers can achieve. Against a backdrop of continued global uncertainty, our teams delivered resilient operations, improved passenger outcomes and built momentum behind our long-term growth ambitions. These results reinforce Heathrow's role as a critical national asset and one of the world's leading hub airports.

Operationally, our performance in 2025 was among the strongest in our history and underscores the tremendous value we provide our customers. We were proud to be recognised as the most punctual hub in Europe, while also ranking in the top 5 per cent of airports globally for passenger satisfaction and the most connected airport in the world for the third consecutive year. This reflects sustained improvements in reliability, service quality and on-the-day delivery, driven by closer collaboration with our airline partners and the dedication of our frontline colleagues. As passenger demand to fly from Heathrow hit a new record high, we proved that we can deliver both scale and service excellence.

A cornerstone of this progress was £1.3 billion of new investment across the airport, targeted in areas that matter most to passengers and airlines. Most notably, Heathrow became the largest airport in the world to fully roll out next-generation security scanners, enabling passengers to keep liquids and laptops in their bags. This has transformed the security experience, reducing queuing and improving resilience to a new global benchmark for passenger convenience while maintaining the highest safety standards.

We have maintained robust financial resilience over the course of 2025. Our financial position remains strong with overall liquidity standing at £2.9 billion. Revenue has increased to £3.5 billion with adjusted EBITDA consistent with 2024 at £2.0 billion, as the higher aeronautical revenue

from growing passenger numbers was offset by lower airport charges set by the CAA, higher costs to maintain an ageing asset base and the expenditure needed to support our operational performance.

We also made important strides in shaping Heathrow's future. During the year, we submitted a compelling business plan to the CAA for our next regulatory period. Our proposals are designed to deliver more resilient operations, unlock growth opportunities for airlines and provide a better airport experience for our passengers, all at an affordable price. Alongside this, we welcomed the UK Government's backing for Heathrow's expansion, and we are now focussed on progressing the detailed work required to secure planning permission by 2029.

We are on a journey to make Heathrow an extraordinary airport, fit for the future. 2025 has shown that we can perform strongly today whilst laying the foundations for tomorrow – a more resilient, more efficient and more competitive hub airport for the UK. I want to thank our colleagues, airline partners and stakeholders for their continued commitment and collaboration, and I am excited about what we can achieve together in the years ahead.

BUSINESS UPDATE

In assessing our performance for the year ended 31 December 2025, we have outlined key performance metrics that illustrate our progress.

Passenger traffic (millions)⁽¹⁾

	2025	2024	Var % ⁽²⁾
UK	4.6	4.7	(1.7)
Europe	34.0	33.8	0.6
North America	20.6	20.6	(0.3)
Asia Pacific	11.0	10.8	2.6
Middle East	8.8	8.5	2.8
Africa	3.4	3.3	2.1
Latin America	2.2	2.2	(1.8)
Total passengers⁽²⁾	84.5	83.9	0.7

(1) For the year ended 31 December

(2) Calculated using unrounded passenger figures

Other traffic performance indicators⁽¹⁾

	2025	2024	Var % ⁽²⁾
Passenger ATM	475,596	471,298	0.9
Seat factor (%)	80.2	80.7	(0.5)
Seats per ATM	221.5	220.6	0.4
Cargo tonnage ('000) ⁽³⁾	1,592	1,580	0.8

(1) For the year ended 31 December

(2) Calculated using unrounded passenger figures

(3) Cargo tonnage includes mail volumes

In 2025, Heathrow welcomed 84.5 million passengers, an increase of 0.7% from 2024 (83.9 million) supported by a record number of seats of more than 105 million. More flights, larger aircraft and new routes have enabled Heathrow to remain Europe's busiest hub and the world's 'most connected airport'. In August, Heathrow became the first European Airport to exceed 8 million passengers in one month and, for the first time, every month of the summer season exceeded 7 million passengers.

Growth at a market level was mixed due to slot changes during the year. Despite this, the Middle East, Asia Pacific and Africa all achieved growth of over 2%, underpinned by the launch of new services from entrant airlines Riyadh Air, IndiGo and Air Peace. North America has remained resilient despite several headwinds in the US with Canada seeing 4.6% passenger growth compared to last year driven by new routes and increased capacity. Meanwhile, UK volumes were impacted by a decline in domestic transfers linked to other surface transport options and passengers transferring through other airports.

Seat factors decreased modestly year on year (0.5%), reflecting the introduction of additional seat capacity.

Despite the challenging economic backdrop, cargo tonnage grew by 0.8% supported by the rise in wide-body passenger aircraft movements.

CHIEF EXECUTIVE'S REVIEW (CONTINUED)



SERVICE AND OPERATIONAL PERFORMANCE

Service standard performance indicators⁽¹⁾

	2025	2024
ASQ	4.05	3.98
Arrival punctuality %	78.5	68.0
Departure punctuality %	77.1	69.0
Security performance %	97.3	92.6
Baggage connection %	98.8	98.3

(1) For the year ended 31 December.

In 2025, we achieved an overall ASQ rating of 4.05 out of 5.00, a notably positive change compared to 2024 (3.98) notwithstanding the increase in passenger numbers. Overall, 77% of

passengers surveyed between January and December 2025 rated their Overall Satisfaction with Heathrow as either 'Excellent' or 'Very Good' (2024: 74%). The proportion of 'Poor' ratings remained low at only 0.6% (2024: 1%).

Compared to 2024, all satisfaction metrics were maintained or improved, with uplifts particularly evident in Security, attributed to the roll out of Next Generation Security Scanners. 'Ease of Making Connections with Other Flights' also substantially outperformed its 2024 level. Other notable performance gains included 'Availability of Charging Stations', 'Entertainment and Leisure Options', and 'Walking Distance'.

Operationally, we outperformed across all our service standard indicators during our busiest year. Security performance continued to improve year on year, with 97.3% of direct passengers (2024: 92.6%) passing through Central Search

Areas in under five minutes, despite the operational challenges posed by the implementation of our Next Generation Security programme.

Improved operational performance across the airfield is reflected in the punctuality outcomes with arrival punctuality outperforming departures. However, overall punctuality continues to be impacted by airspace congestion and adverse weather events. Baggage performance improved with greater system resilience despite the increased passenger volumes.

KEY MANAGEMENT CHANGES

His Excellency Jassim Saif Ahmed Al-Sulaiti was appointed as director on the Heathrow Airport Holdings Limited Board ('HAHL') on 16 April 2025 representing Qatar Investment Authority and replacing His Excellency Ahmed Ali Al-Hammadi who resigned on the same date.

Luke Bugeja resigned as a director of the HAHL Board on 3 July 2025 and William Briggs was appointed as a director representing Ardian with effect from the same date.

Philip Jansen was appointed Chairman of the HAHL Board on the 1 January 2026 succeeding Lord Paul Deighton.

Yiqiang Zhan was appointed as director on the HAHL Board on 24 February 2026 representing China Investment Corporation and replacing David Xie who resigned on the same date.

ULTIMATE SHAREHOLDER UPDATE

On 3 July 2025 Ardian completed its acquisition of an additional 10.00% stake in FGP Topco Limited, the holding company for Heathrow Airport Holdings Limited, from Ferrovial SE, Caisse de dépôt et placement du Québec and the Universities Superannuation Scheme, the applicable regulatory conditions having been satisfied. Ardian now holds a 32.61% stake of the FGP Topco Limited in total.

OUTLOOK

The financial outlook for 2026 remains consistent with the forecasts published in our Investor Report on 19 December 2025.

THOMAS WOLDBYE

Chief Executive Officer

24 February 2026

OUR BUSINESS



JAVIER ECHAVE
Chief Operations Officer

WHAT WE DO

Heathrow is the UK's only hub airport. Hub airports combine direct passengers, transfer passengers and freight to enable long-haul aircraft to fly to destinations all over the world. These destinations could not be served with regular, year-round flights by point-to-point airports that rely on local demand alone. In 2025, Heathrow remained the most connected airport in

the world, according to the OAG Megahubs Index 2025.

In 2025, we served 84.5 million passengers, a 0.7% increase in passenger numbers compared to the prior year (2024: 83.9 million). Heathrow is currently the busiest passenger airport in Europe and the 7th busiest airport globally, based on passenger numbers for the 12 months to 30 November 2025.

We serve a range of market segments, including business and leisure travellers, direct and transfer passengers, and long and short-haul routes operated by a diverse range of major airlines. As well as earning aeronautical income from passengers and airlines, we also generate income from a variety of other sources. They include concession fees from retail operators, income from car parks, advertising revenue, rents from property space and income from the provision of airport facilities and transportation services, notably the Heathrow Express rail service.

We maintain a strong focus on operational excellence, improving the passenger experience

and investing in new and upgraded facilities. At the 2025 Globe Travel Awards by Travel Weekly, Heathrow was named best UK airport.

The structure of Team Heathrow is complex, and services are delivered by multiple parties. As the diagram below shows, the airport structure involves four main stakeholder groups that deliver services to our passengers. These are: the airport, the airlines, the UK Government and Air Traffic Control. In practice this involves 81 airlines, 7 principal ground handlers, nearly 200 secondary airside handling companies related to aircraft activities and several Government functions.

Long haul passenger flights from Heathrow provide the trading routes which carry the UK's exports. Heathrow is the largest UK port by value with 1.6 million tonnes of cargo valued at £294 billion, passing through it in 2025 (2024: 1.6 million tonnes, valued at £215 billion).

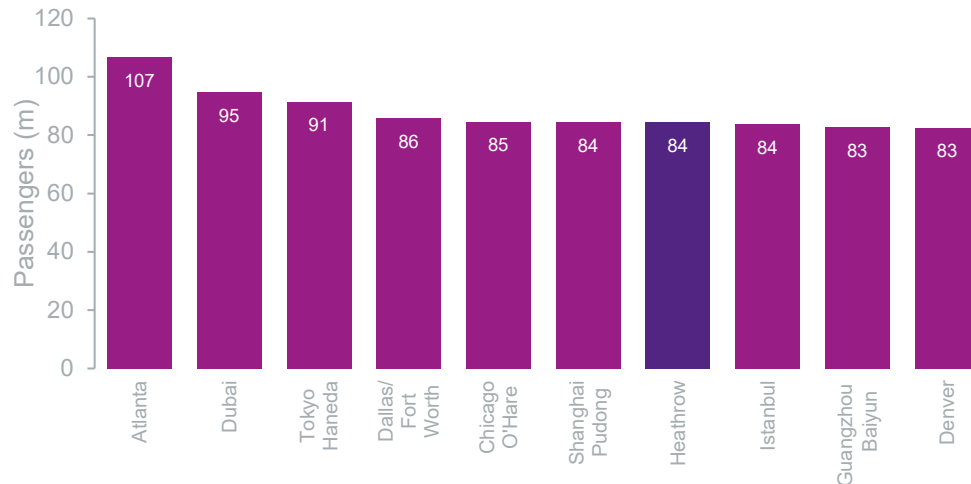
Sustainability remains central to our long-term vision. We continue to deliver against our strategy, ensuring that our actions connect people and planet to drive meaningful progress and

address the issues our stakeholders care about most. The key pillars of our sustainability strategy are:

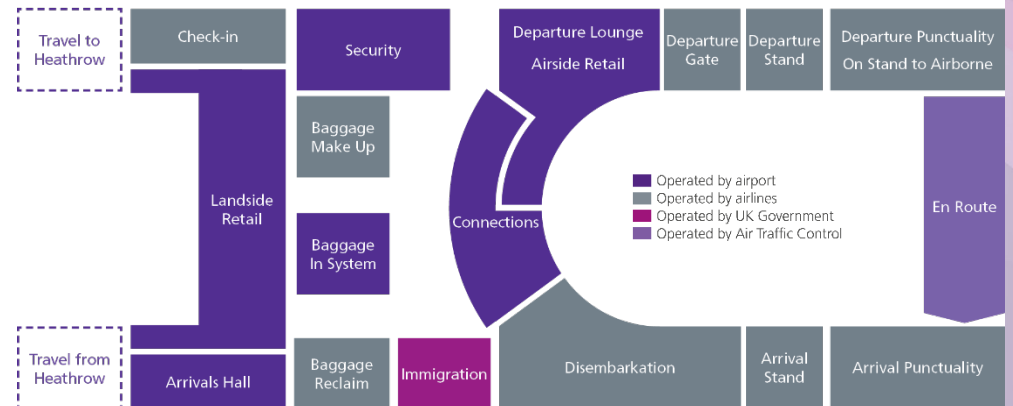
- **Net Zero Aviation** - Decarbonising the aviation sector and our own operations remains a key priority. We are working with partners across the industry to accelerate progress towards net zero by 2050.
- **A Great Place to Live and Work** - Addressing the issues that matter most to local communities, managing environmental impacts, improving quality of life, and championing equality, diversity and inclusion.
- **Responsible Business Foundations** - Our commitment to act responsibly underpins our approach to safety, security and governance. These principles guide our strategies and policies across all areas of our business.

We will continue to report transparently on our progress against these commitments, ensuring accountability and trust as we deliver on our sustainability ambitions.

Top 10 busiest global airports 12 months to 30 November 2025



Team Heathrow structure



OUR BUSINESS (CONTINUED)

INVESTMENT AND INFRASTRUCTURE

We invested £1.3 billion in 2025 (2024: £1.1 billion), bringing the total investment in H7 (the regulatory period from 2022 to 2026) to over £3.4 billion across the portfolio.

Our H7 capital investment plan is centred around six core programmes:

- Asset management and compliance programme.
- Terminal 2 baggage programme.
- Next-generation security programme.
- Commercial revenue programme.
- Carbon and sustainability programme.
- Efficient airport programme.

TERMINALS

We have four operational terminals:

- Terminal 2 is known as the ‘Queen’s Terminal’ opened for business in 2014. The terminal measures 40,000 square metres.
- Terminal 3 was opened in 1961. The terminal measures 98,962 square metres.
- Terminal 4 opened for business in 1986 and underwent a major refurbishment in 2009. The terminal measures 105,481 square metres.
- Terminal 5 opened in 2008. The terminal measures 353,020 square metres.

We have a total of approximately 58,600 square metres of retail space served by retail and food and beverage outlets.

RUNWAYS

We operate two parallel runways, generally operating in segregated mode, with arriving aircraft allocated to one runway, and departing aircraft to the other. To mitigate noise impact to residents living below the approach and departure routes, the runways for arriving and departing aircraft are usually swapped at 15:00 each day, or as weather conditions dictate.

The airport is permitted to schedule up to 480,000 air-traffic movements (‘ATM’) a year. In 2025, we operated at 99% (2024: 99%) of this cap.

Heathrow has significant space constraints and operates with greater efficiency than other European hub airports, accommodating 6.9 passengers per square metre annually.

OTHER INFRASTRUCTURE

We own railway infrastructure including stations, tunnels and track from Heathrow as far as Airport Junction on the Great Western Mainline.

We also own public car-park spaces that are available to passengers and the general public. The terminals and their approaches provide advertising space, which yields further income.

REGULATORY ENVIRONMENT

THE REGULATORY FRAMEWORK

As set out by the Civil Aviation Act 2012 (the Act), an airport with Significant Market Power (‘SMP’) must be subject to economic regulation by means of a licence issued by the Civil Aviation Authority

(‘CAA’), the UK’s independent aviation sector regulator. In 2014 the CAA determined that Heathrow met SMP conditions and issued Heathrow’s economic licence.

Under the current regulatory regime, the CAA establishes a price cap setting the maximum price of aeronautical charges that Heathrow can charge per passenger for services over the following regulatory period. The duration of the regulatory period is defined by the CAA and is usually five years.

In addition to setting prices, the CAA also defines service quality standards that Heathrow must meet. These standards cover aspects such as baggage handling, security, and passenger services.

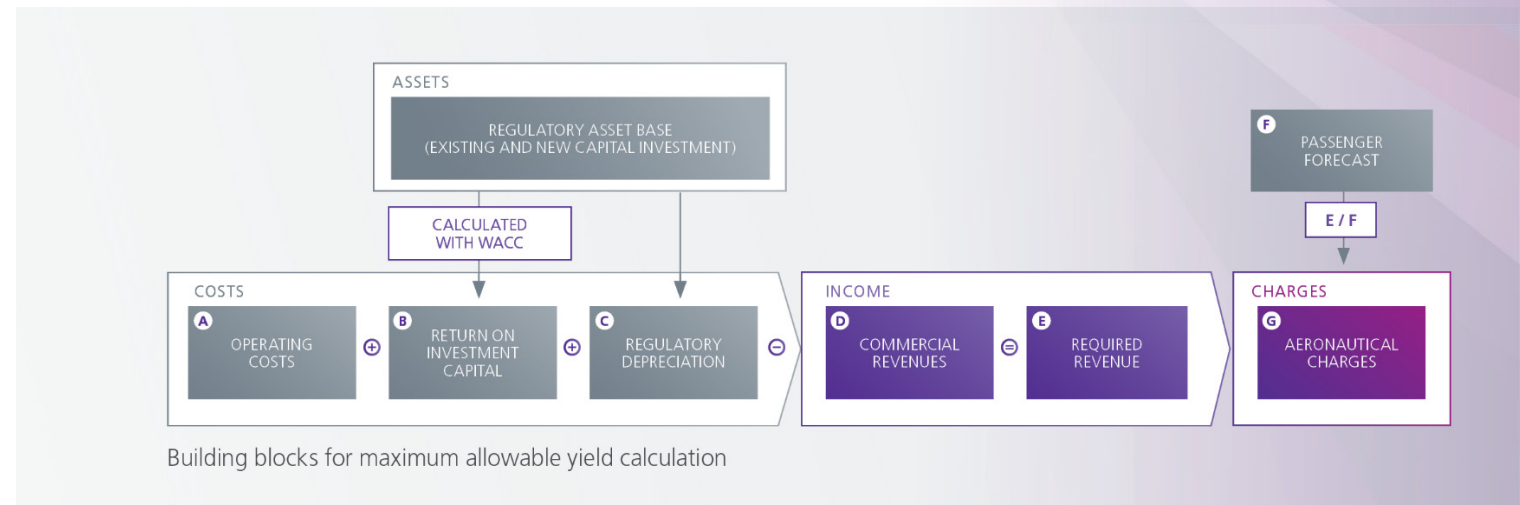
THE PRICE CAP CALCULATION

The price cap is calculated via the ‘building blocks’ model. Based on this approach, the CAA:

- Sets a passenger forecast to estimate the level of demand the airport is expected to serve over the next regulatory period.
- Estimates all costs Heathrow will have to incur to provide its services, including (i) operating

expenditure, (ii) return to investors, considering cost of capital determined by the CAA, and (iii) regulatory depreciation. The cost of capital and depreciation amounts are based on the value of Heathrow’s regulatory asset base (‘RAB’), formed by the existing assets used to provide regulated services and planned capital investment.

- Forecasts and deducts from these costs the projected non-aeronautical revenues, including Other Regulated Charges and commercial activities (e.g., retail and parking). This is because the CAA adopts a ‘single till’ principle, under which revenues from all airport activities, both aeronautical and commercial, are taken into consideration when determining the level of airport charges.
- Divides the resulting gap, i.e., the total required revenue to be covered by charges in order to match expected costs, by the forecasted passenger number. The result is the price cap per passenger, a per passenger maximum allowable yield.



Building blocks for maximum allowable yield calculation

OUR BUSINESS (CONTINUED)

REGULATORY ENVIRONMENT (CONTINUED)

THE RAB

The RAB is a regulatory construct that reflects the value of the assets used to run the business, representing the summation of the efficient capital expenditure that Heathrow has made but has not yet recovered through charges. The RAB is adjusted each year by taking the opening RAB, adding new capital expenditure (the proportion of which to be determined according to the revised incentive framework for capital delivery), and deducting regulatory depreciation and any proceeds from asset disposals. The value of the RAB is also annually uplifted by inflation.

INCENTIVE-REGULATION

The framework aims to replicate the outcomes of an efficient, competitive market, while allowing Heathrow to finance its activities and earn a reasonable rate of return. Heathrow can outperform the CAA's economic settlement by attracting more passengers, reducing operating costs or delivering higher commercial revenues. However, Heathrow also bears the risk in case of shortfalls in passenger numbers or additional costs unless in exceptional circumstances agreed with the CAA. The framework includes protection mechanisms for Heathrow.

PROTECTIONS

The regulatory framework provides Heathrow with important protections:

- The CAA has a statutory duty to set a return that secures financeability of our operations.
- Building blocks reset at a new baseline at the start of every regulatory period which restricts long-term risk exposure.
- Clarity and defined timing for recoverability of efficiently incurred capital investments through the RAB.
- Both pricing and RAB value are indexed by inflation.
- A traffic risk sharing mechanism provides protection against under performance on traffic volumes and sharing of outperformance.

- Some protection against exceptional circumstances, for example changes in security regulation proposed by the Government, changes in traffic mix, intra-period movements in property rates costs and capital investment risk in early phases of maturity.
- When market conditions are found to have changed or shifted, Heathrow can request the CAA to reopen a price control and use its powers under section 22 of the Civil Aviation Act to modify Heathrow's licence.

KEY REGULATORY DEVELOPMENTS

H8 PRICE REVIEW

The CAA has commenced the process for the next price control period for Heathrow, known as H8. This will apply from 2027 to 2031 and succeed the current H7 settlement, from 2022 to 2026. The H8 price review process is moving at pace and following tight timelines set by the CAA.

In March 2025, the CAA published its H8 method statement and business plan guidance (CAP3083), setting out expectations for Heathrow's business plan submission. The CAA has confirmed H8 will retain the RAB-based framework using the 'building block model' to set an ex-ante price cap for Heathrow. The methodology also sets out a new incentive mechanism to assess the quality of the information presented by Heathrow in the H8 business plan. Based on this, the CAA may apply a penalty or bonus to Heathrow's business plan, the maximum amount of which being 10 basis points on Return on Regulatory Equity, which would be approximately £8 million per year or £0.10p per passenger. The CAA also communicated that overall H8 timelines were delayed, with the H8 Final Decision to be published in April 2027 – after the start of the H8 period. The CAA suggests a holding cap for 2027, based on its Initial Proposals to be published in March 2026.

Heathrow submitted its H8 business plan in July 2025. The plan proposes to modernise and upgrade the existing airport between 2027 and 2031 with a £10 billion investment that will deliver better resilience, better passenger experience, better use of new and existing capacity and better sustainability. The plan commits to delivering 15 key outcomes for consumers, including 99% of baggage travelling with passengers, 95% of passengers queuing no more than five minutes at security, and a 20% increase in cargo capacity.

After submission, Heathrow has continued to engage extensively with the CAA and airline customers, providing further detailed evidence on costs, delivery and performance, including through a third round of Constructive Engagement between July and September 2025 (the two first rounds took place before submission of the Business Plan). As the CAA moves towards its Initial Proposals, expected in March 2026, Heathrow continues to engage constructively and transparently – with a fourth round of Constructive Engagement is planned for March-May 2026. The Initial Proposals will set a holding price cap for 2027, reflecting that the Final H8 Decision is not expected until April 2027, after the regulatory period has begun.

EXPANSION OF HEATHROW

In January 2025, the UK Government reaffirmed Heathrow expansion as a national priority for economic growth, setting out an ambition for an operational third runway in the next decade, with planning consent by 2029.

Heathrow responded in July 2025 with a comprehensive proposal demonstrating how these milestones could be delivered. This was endorsed in November 2025, when the Department for Transport confirmed that Heathrow's submission provides a credible and resilient basis for expansion and will inform the forthcoming review of the Airports National Policy Statement.

In parallel, the CAA has been reviewing early expansion costs and has consulted on the recovery of expenditure to be incurred in 2025 to

2026, including elements such as programme mobilisation, land acquisition and enabling works. Heathrow has supported CAA's proposals set out in December (CAP3201), emphasising the importance of regulatory certainty and investor confidence to enable timely delivery of expansion. Heathrow has highlighted the need for flexibility in early cost allowances to reflect updated forecasts and the benefits of early property acquisition to reduce risk and long-term costs. Key points also included RAB-based recovery, protections if the project stalls for genuine business purpose and proportionate transparency measures. Following consideration of consultation responses, the CAA plans to publish its draft licence modification decision "as soon as practicable" in 2026 and to consult on the regulatory treatment of early costs from 2027 onwards.

Separately, the CAA is progressing a sequence of consultations to assess wider regulatory models for expansion. An initial working paper (CAP3195) outlined a long-list of potential interventions – ranging from incremental changes to the existing framework to new approaches for setting airport charges – noting that these options have not yet undergone legal and operational feasibility testing which will follow in later evaluation stages. Heathrow's response is evidence led and focused on securing a regulatory framework that can deliver expansion on time, at the lowest whole life cost, and with strong consumer outcomes, consistent with Government timescales. Heathrow has emphasised the importance of key criteria such as timely delivery, deliverability, and financeability in assessing the framework for expansion, and has supported an enhanced single RAB approach, complemented by targeted framework reforms. Alternative models involving legislative change and/or fragmented ownership would increase delivery risk, raise financing costs and delay consumer benefits. The next CAA consultation, expected in spring 2026, will narrow down options ahead of a final decision expected in summer 2026.

OUR BUSINESS (CONTINUED)

GENERATING REVENUE

We generate three categories of income: aeronautical income, which is generated from fees charged to airlines for use of the airport's facilities, retail and other income.

AERONAUTICAL INCOME

Aeronautical income reflects the fees charged by Heathrow to the airport's airline customers. The tariff structure can vary in consultation with stakeholders, but includes three key elements:

PASSENGER CHARGES

Passenger charges are based on the number of passengers per aircraft and levied in respect of all departing passengers. There is no charge for crew members. Charges vary by route area (Domestic, Common travel area, European Economic Area and Rest-of-world) and type (direct and transfer passengers). These charges are passed on directly by airlines to passengers.

MOVEMENT CHARGES

Movement charges are applicable to each aircraft on take-off and landing. These are calculated in accordance with the certified maximum take-off weight of the aircraft and are banded into categories for aircraft weighing less than and those weighing more than sixteen metric tonnes, which includes nearly all commercial aircraft. These charges are broken into further categories based on the noise chapter rating of each aircraft, with the quietest aircraft attracting the lowest charge.

The noise rating component of these charges also includes a multiplier for any movements that are unscheduled between 23:30 and 06:00. Arriving aircraft are also subject to charges based on their nitrogen-oxide ('NOx') and carbon emissions.

PARKING CHARGES

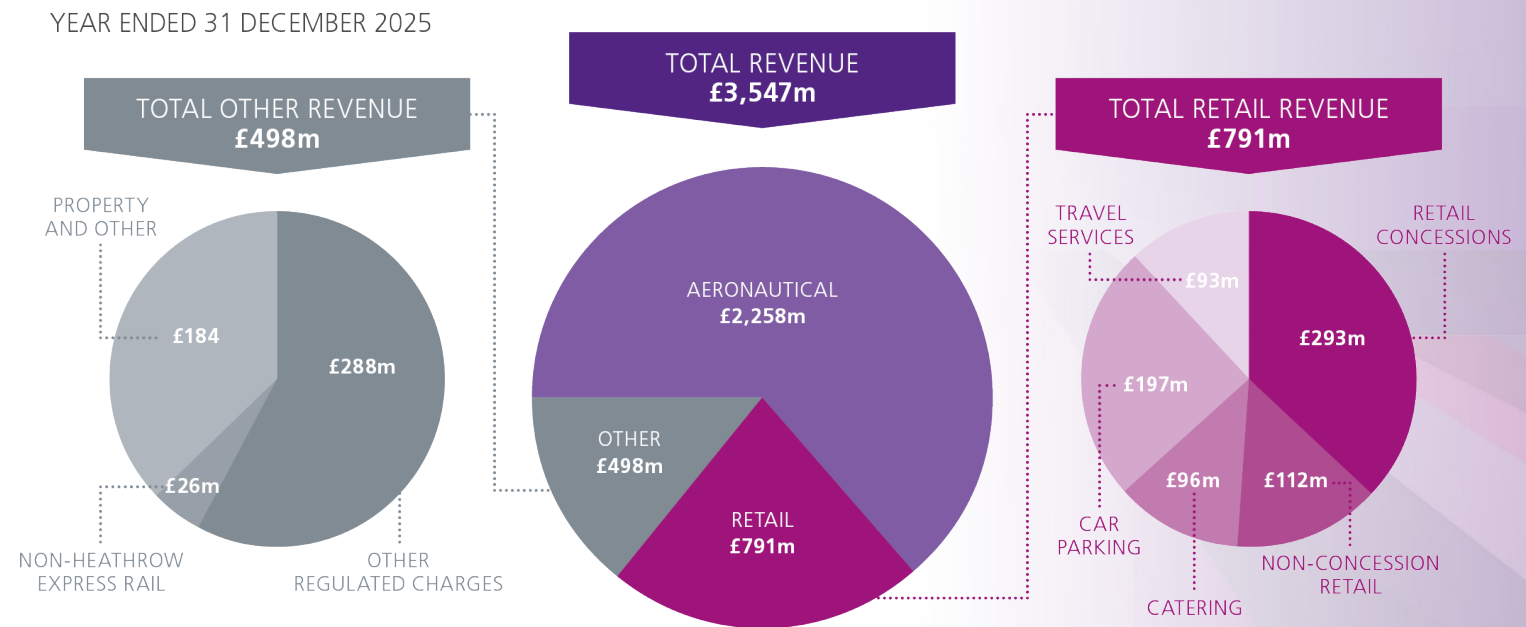
Each aircraft is given a free stand parking allowance of 30 minutes for narrow bodied aircraft and 90 minutes for wide bodied aircraft. Parking charges are levied for every 15-minute slot beyond this.

RETAIL AND OTHER INCOME

The 'single till' principle means that higher retail and other income reduces per-passenger charges. Retail and other income is generated from a variety of sources, including:

- **Retail** – concession fees from retail and commercial concessionaires and direct income from car parks, advertising and premium products.

- **Other regulated charges** – the recovery of certain costs incurred for the provision of facilities such as baggage handling and passenger check-in.
- **Heathrow Express** – fare revenue from the Heathrow Express rail service.
- **Property and other** – income from rental of airport property space, such as aircraft hangars, warehouses, cargo storage-facilities, maintenance facilities, offices and airline lounges.



OUR STRATEGY

Our strategy gives us a clear direction and sets the path to achieving our vision – to be an extraordinary airport, fit for the future. We have three Foundations, our non-negotiables that underpin everything we do and six strategic priorities, our Beacons, that will help us become extraordinary. This strategic framework will enable our continued success and future growth.

Our Purpose

MAKING EVERY JOURNEY BETTER

Our Vision

To be an extraordinary airport, fit for the future

Our Beacons



Our Foundations

EXCELLENT...



Enablers and Activity

Activity that sits under each beacon and foundation, backed up by functional execution plans

Our Values



OUR STRATEGY (CONTINUED)

OUR BEACONS EXPLAINED

The six beacons are our six strategic priorities for the upcoming years. We will drive improvement in these areas to ensure success and achievement of our vision.



Winning Team

We strive to be an extraordinary place to work by providing an inclusive and engaging colleague offering and culture that attracts and retains diverse talent, creates a performance culture and unlocks colleague's full potential for now and in the future.

Our people are at the heart of everything we do and are a crucial part of our operation and part of who we are; investing in their development remains key to our strategic success.



Digital Future

Exploiting our existing digital capability alongside embracing new opportunities for digitisation to improve productivity and create efficiencies. Promoting a 'data culture' at Heathrow - capturing the right data and using it to inform decisions and enhancing our data and analytical capability. Keeping up with the changing technological and data landscape.

The external world has changed rapidly; use of digital technologies is more widespread. This beacon represents our commitment to investing in this area and keeping pace with the world around us and delivering continuous airport-wide business modernisation enabled by technology and fuelled by trusted data.



Focus to go Faster

Improving the overall effectiveness of the organisation, by doing more but faster and, where possible, with less. Being efficient in our processes, resource allocation and decision making, whilst delivering programme benefits at greater speed to increase revenue.

After the pandemic, we scaled up rapidly to meet rising demand and provide excellent service for our customers. Now, we must ensure an efficient and effective business.



People and Planet

Delivering on our publicly declared Connecting People and Planet sustainability commitments and managing our environmental impact, as well as using our role and reputation to achieve positive change.

We must use our position in the aviation industry for good; protecting the environment and investing in sustainability are more important than ever.



Value for Customers

We have a range of customers including our passengers, airlines, retailers, tenants and surface access users. We are focused on an extraordinary passenger experience, through easy journeys and joyful experiences. We need strong working relationships with all our customers to deliver a good service for passengers and to create value for all customers, which also drives value for us.



Creating Capacity

Taking action now to protect and enable growth in the future. Making the best use of our existing capacity and infrastructure, creating additional capacity and developing long-term plans to ensure we have the capacity to meet demand.

With current capacity constraints, we must make efficient use of existing capacity as we begin planning for long-term expansion with a third runway and upgraded terminals.

OUR FOUNDATIONS EXPLAINED

Our Foundations are the non-negotiables that underpin everything we do at Heathrow. They are fundamental to running our airport and are areas we must absolutely get right. We need to have **excellent** Safety, Security and Compliance, Service and Operations, and Governance and Financial Resilience.



Delivering high safety and security standards across Heathrow, keeping everyone safe and secure, both physically and digitally, and consistently meeting our compliance obligations.

Safety is both one of our core values and foundations, highlighting its importance. Everyone who passes through Heathrow, whether colleagues or customers, should feel safe.



Ensuring the smooth running of the airport – making sure that day-to-day operations take place as planned and any issues are handled with minimal effect on passengers, while providing continually excellent service.

Our passengers are an essential customer, so it is vital that we provide them with a service that meets expectations and delivers minimal disruption.



Ensure effective governance and business controls, generate increased cashflow, allocate capital efficiently and optimise our debt structure to create financial returns to shareholders.

OUR STRATEGY (CONTINUED)

OUR VALUES EXPLAINED

DOING THE RIGHT THING

Doing the right thing means acting with **integrity** and thought for others, ourselves and Heathrow. It means living the values in everything we do and underpins all our **actions, decisions and interactions**. Doing the right thing is something that sets us apart. For colleagues at Heathrow, it's something that is ingrained in our culture from our proud history and connects all of us. It enables us to **feel confident in our decisions** and **proud of our actions**. We're **responsible in the way we do business**. We take a lead on Sustainability and doing the right thing by being a good neighbour and delivering against Connecting People and Planet.

'Doing the Right Thing' means...



- Take care, do things right
- Own our actions
- Take pride in what we do

TREATING EVERYONE WITH RESPECT

In every Heathrow interaction, people are valued, respected, included and treated fairly. Everyone deserves to be treated with respect and consideration. When we feel respected and included, we can **trust one another** and feel **confident to bring our true selves to work and able to speak up**. Trust enables us to have honest conversations and the confidence to face challenging situations to achieve the best solutions. An inclusive culture leads to **diversity of ideas** and helps us to make better decisions.

'Treating Everyone With Respect' means...



- Value everyone's contribution
- Actively listen to understand
- Embrace differences

GIVING EXCELLENT SERVICE

Giving excellent service is about our ambition to lead, to **be our best and give our best**. It means living our **Service Signatures in every interaction** - with colleagues, customers and partners. We give excellent service because we are proud that passengers see Heathrow as the best place to fly from, through and to. By doing this we will achieve our vision of giving passengers the best airport service in the world.

'Giving Excellent Service' means...



- Notice and care
- Share what we know
- Make things better

WORKING TOGETHER

Working together constructively to achieve a common goal. We are stronger and achieve more when we work together. It feels good to be **valued for your contribution**, to **appreciate others and to bring out the best in each other**. Working together supports a sense of **belonging and connection**, with us each playing our part to achieve the best outcomes.

'Working Together' means...



- Connect with others to deliver our best work
- Bring out the best in each other
- Recognise and appreciate others

KEEPING EVERYONE SAFE

Caring for ourselves and one another, so that we feel **safe, secure and well** and empowered to **speak up**, across all settings and activities. We notice and care and act with consideration for others, ourselves, Heathrow and the community. The safety of our colleagues and passengers has always been a **non-negotiable**. It's our first and foremost objective to running our business. The **physical and mental wellbeing of ourselves and each other** has never been more important, so they go hand in hand. When we and those around us feel safe, secure and well, we can achieve and enjoy a great place to work.

'Keeping Everyone Safe' means...



- Look out for ourselves and others
- Stop, think and act
- Care and speak up

IMPROVING EVERYDAY

Being ambitious and always striving for the best, with the right tools and mindset to succeed. We feel proud of our ambition and feel fulfilled because we are always **improving, learning and growing** together in the pursuit of it. We **grow and learn** from each other by **sharing our knowledge and experience**. It's **not always about perfection** every time, but a desire to **embrace change** and have a **growth mindset**. We **learn from the past and apply those learnings to the future** to continuously reach the best solutions.

'Improving Everyday' means...



- Keep things simple in every interaction
- Seek out new opportunities
- Learn, adapt and grow

OUR STRATEGY (CONTINUED)

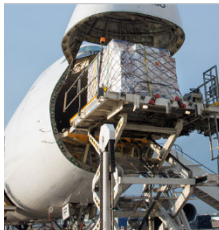
OUR STAKEHOLDER JOURNEY

What does extraordinary mean for...



AIRLINES

An airport that operates efficiently, provides growth opportunities, provides a platform for strong business and collaborates to improve operational performance and resilience.



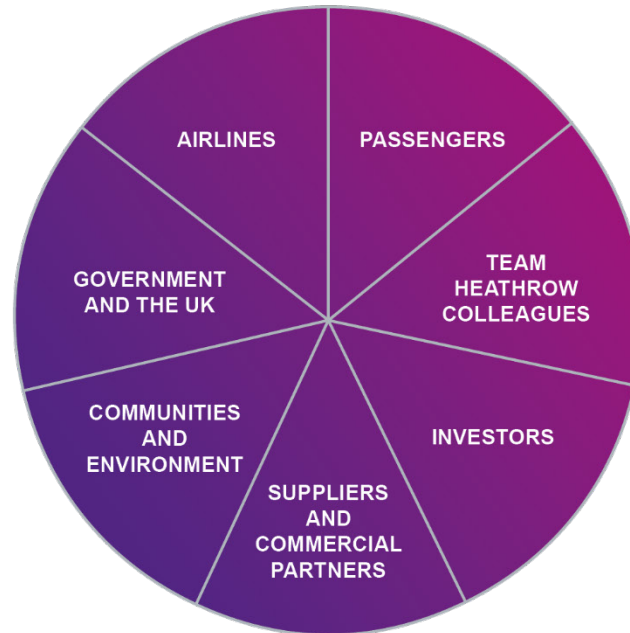
GOVERNMENT AND THE UK

A resilient hub airport that delivers significant economic growth to the country by connecting people and cargo from all regions and nations of the UK to the world.



COMMUNITIES AND ENVIRONMENT

An airport that is a great place to live near, creating a positive impact for local communities and the environment, and delivering on decarbonisation commitments.



SUPPLIERS AND COMMERCIAL PARTNERS

An airport that works collaboratively with everyone in the Team Heathrow ecosystem to deliver an extraordinary service to passengers; that is easy to work with, operates efficiently, and is exciting to be a part of.

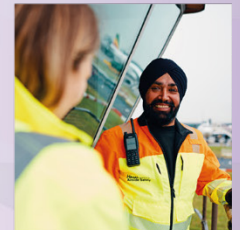
PASSENGERS

An airport that understands my specific needs and is somewhere I want to travel from; providing an excellent service and helping me enjoy my time at the airport.



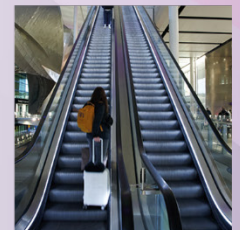
TEAM HEATHROW COLLEAGUES

An extraordinary place to work, that motivates me and provides an inclusive culture that drives me to be my best, allowing me to progress my career.

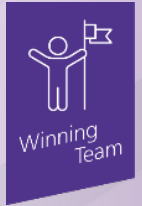


INVESTORS

A responsible and efficient business that generates stable cashflows and provides sustainable long term value for shareholders.



OUR STRATEGY (CONTINUED)



Our beacons in action: Winning Team



JO BUTLER
Chief People Officer

Our Winning Team beacon supports Heathrow’s vision by fostering an engaging and inclusive culture that enables our colleagues to achieve their full potential, our teams to perform at their best, and our business to attract and retain the diverse talent we need now and in the future.

Our success and impact depend on our colleagues. In 2025, we launched a new People strategy to ensure that everyone working with us gets the very best experience at Heathrow. The strategy will drive progress towards our Winning Team beacon, as well as supporting our Focus to Go Faster and People and Planet beacons.

The People strategy is built around our three Winning Team enablers: A Great Place to Work, Inclusive Performance Culture and Future Capability. It is founded on our core commitment to get Everyone Home Safe and Well.

Our People team has adopted a new operating model to help deliver this strategy with a clear mission of powering a winning team through

creating extraordinary experiences for colleagues, building future skills, anchored in safety, driven by performance and fuelled by transformation.

A GREAT PLACE TO WORK

In 2025, we reshaped our employee value proposition and defined a new ambition to make Heathrow an extraordinary place to work.

We continued efforts to foster an inclusive culture at Heathrow with support from our five colleague diversity networks, three of which were recognised by external awards in 2025, including Altitude winning Outstanding Women’s Network of the Year at the UK Employee Networks Awards. We retained our focus on colleague wellbeing and enhanced our reward and benefit programmes.

In our most recent biannual survey conducted in November 2025, 70% of colleagues responding agreed Heathrow is a great place to work, up three points from the previous year. Leadership teams across the business are responding by working to deliver meaningful change. Our new ‘Your Voice – Our Journey’ campaign keeps colleagues informed about how their feedback is shaping change, where progress is being made and where we still need to improve.

INCLUSIVE PERFORMANCE CULTURE

In 2025, more than 8,500 colleagues completed our mandatory training on inclusion, 68 more leaders at senior levels took part in inclusive leadership sessions, and we piloted reverse mentoring for senior leaders to gain insights into challenges faced by frontline colleagues.

In our November 2025 survey, 67% of colleagues agreed that Heathrow is inclusive for all colleagues, up from 66% in 2024, and we have developed an action plan to drive progress.

Creating an inclusive culture helps us attract and develop colleagues from all backgrounds and

Colleague diversity ⁽²⁾	2023	2024	2025	2026 target	2030 target
% of female colleagues at senior levels (Exec - Band C)	39.8%	38.6%	38.3%	41%	43%
% of all colleagues who are female	41.4%	43.8%	44.2%	-	-
% of Black, Asian and Minority Ethnic colleagues at senior levels (Exec -Band C)	20.1%	21.7%	23.1%	22%	23%
% of all colleagues who are Black, Asian and Minority Ethnic	54.3%	51.7%	51.8%	-	-

supports our targets to enhance diversity at senior levels. In 2025, the proportion of managers at senior levels identifying as Black, Asian and Minority Ethnic increased to 23.1%, achieving our 2026 target of 22% a year early. However, the proportion of managers at senior levels identifying as female⁽¹⁾ declined slightly to 38.3% and we are continuing to grow the female talent pipeline through our development programmes.

FUTURE CAPABILITY

Efforts to build future capability in 2025 included a National Careers Week roadshow, one-to-one coaching from our 130 careers champions, and a new platform for our mentoring programme which has seen growing uptake.

Our newly formed Future Skills team is helping to enhance capability and ensure a future-ready workforce. We have established a future learning strategy, designed a leadership development programme to address key capability gaps and completed strategic workforce planning for specific functions.

The Heathrow Employment and Skills Academy continues to support development of our local talent pipeline.

In 2025, the Academy reached 5,842 young people, delivered 710 career opportunities with us

or brokered with Team Heathrow partners, supported 93 apprentices through our Shared Apprenticeship Scheme and provided 20,050 work experience days, including 2,800 delivered in person and 17,250 delivered virtually.

SPOTLIGHT:
Immersive experience engages colleagues in our strategy

Our people play a central role in delivering our strategy and realising our vision to be an extraordinary airport, fit for the future. In 2025, we created an immersive ‘escape room’ experience to engage colleagues in the foundations and beacons that drive our success and shape our vision in a fun, interactive way.

More than 1,000 colleagues took part, working in teams to race against the clock to solve puzzles, win prizes and learn about the strategy along the way. Hosted in a repurposed 40ft shipping container in our Compass Centre car park, the 45-minute challenge fostered teamwork, communication and quick decision-making skills.

(1) As recorded per right to work documentation in line with statutory reporting

(2) Representation as at 31 December 2025

OUR STRATEGY (CONTINUED)

Our beacons in action: Focus to go Faster



HELEN ELSBY
Chief Development Officer and Acting
Chief Digital & Information Officer

The Focus to go Faster beacon promotes our commitment to improve Heathrow's effectiveness by delivering faster and with greater efficiency. In 2025, we continued to streamline processes and optimise resource allocation to enhance speed and productivity while maintaining service standards.

We made significant progress in enabling easier resourcing and deployment through initiatives that eliminated paper-based timesheet processing and transitioned colleagues to digital tap-in platforms, securing the cross-functional advantages of implementing a modern resource management system.

We accelerated progress across capital programmes and operational initiatives, supported by internal initiatives such as improved tracking and monitoring of capital efficiency and productivity. Under our asset focused programme, Southern airfield resurfacing was completed on schedule, and Northern airfield upgrades began with taxiways, ensuring minimal disruption and streamlined planning. The cargo tunnel refurbishment enhanced reliability, reducing delays and improving passenger transfer efficiency.

Operationally, we introduced aircraft turn management and time-stamp detection across T5 and priority stands, enabling faster, more predictable turnaround times and supporting punctuality targets with fewer resource bottlenecks. Enhanced flight data messaging to the Eurozone went live, increasing airspace capacity and reducing delays, which translates into better alignment of crews and assets. Terminal 2 advanced significantly with a new baggage system design agreed in collaboration with five multidisciplinary partners, ensuring greater reliability and operational efficiency. Additionally, five targeted projects mitigated risks in the existing system and addressed IT vulnerabilities, safeguarding critical processes and reducing the need for reactive interventions.

A major milestone was achieved under the Next Generation Security capital programme with the rollout of updated security lanes across the Heathrow campus. This rollout improved screening efficiency, met passenger flow targets, and introduced advanced technology that strengthens resilience while driving cost savings.

SPOTLIGHT:
Delivering resilience and additional capacity to T4 baggage



A baggage project in Terminal 4 celebrated the successful completion of a key milestone a year ahead of the original schedule thanks to an innovative collaborative approach across functions and teams.

The Terminal 4 Right-Hand Side Hold Baggage Screening ('HBS') and Asset Replacement Project team celebrated the successful integration of additional direct HBS machines into Terminal 4's main baggage system. This achievement has doubled the terminal's direct screening capacity and increased operational resilience of the system.

Put on hold during COVID, the original project was complete only on the left-hand side of the system leaving the other half, on the right-hand side, outdated with obsolete screening and baggage equipment. Restarting the project when the terminal re-opened, the project team re-thought their plan to pull completion dates forward; resequencing options, assessing operational impacts and identifying the mitigation resources and equipment required to maintain service level. Gathering all the industry experience and creative problem-solving together, the project team developed a new plan that resulted in accelerated delivery a full 12 months earlier than originally planned.



OUR STRATEGY (CONTINUED)

Our beacons in action: Value for Customers



ROSS BAKER
Chief Customer Officer

The Value for Customers beacon highlights Heathrow's commitment to deliver excellent service for passengers and create value for all customers.

This year, Heathrow delivered record levels of Quality Service Metric ('QSM') performance, achieving our strongest results across both Departures and Arrivals since tracking began. This uplift was driven by a step change in service delivery, including the rollout of Next Generation Security ('NGS'), a major investment improving both the ease and speed of security processing, as well as enhanced passenger confidence. Additional drivers included improved punctuality, and baggage performance, reduced crowding in key terminal areas, better access to seating and charging facilities, and clearer wayfinding, all contributing to more reliable, smoother journeys.

Connectivity remained a cornerstone of success. Heathrow retained its title as OAG's "Most connected airport" and expanded its network with new routes, including Riyadh Air's first commercial flight, IndiGo's daily Mumbai to London service, and Air Peace's operations from Nigeria. These additions strengthen Heathrow's

position as the gateway of choice for millions worldwide.

Passenger experience was transformed through new retail and dining options such as M&S Airside, Lululemon, and Five Guys in Terminal 5, alongside premium upgrades like the refurbished Windsor Suite and new lounges. Beyond the terminals, we launched the first major redevelopment in two decades, creating modern logistics hubs at Eastern Business Park and Epsom Square for small and medium-sized businesses.

Accessibility was a defining theme, with assistance requests reaching 2.3 million, which is more than any other European airport. We responded with initiatives like the Independent Journeys Project and active participation in the Aviation Accessibility Task and Finish Group, setting new standards for inclusive travel.

In 2025, we advanced our customer value ambition with tangible progress. Central to this was the submission of our customer led H8 Business Plan to the CAA, outlining a £10 billion privately funded investment from 2027 to 2031. This plan goes beyond infrastructure, focusing on resilience, sustainability, and elevating the passenger experience, reinforcing Heathrow's role as a global hub.

SPOTLIGHT:
Summer 2025: Operational excellence



Operational excellence defined the summer of 2025. **Heathrow achieved industry leading punctuality**, earning recognition as Europe's most punctual hub airport.

Crucially, this summer saw a step change in terminal performance: Terminal 3 rose from the bottom of service rankings to become one of the best performing terminals, while Terminal 5 was elevated to set a new benchmark for customer experience. These improvements were underpinned by record achievements in baggage performance and security, ensuring passengers enjoyed a seamless journey even during peak volumes. This was supported by upgraded charging stations, improved ambience, enhanced seating, and digital innovations that made journeys smoother and more enjoyable.

Our collaboration with airline partners delivered material improvements: For the period of May-September 2025, on day cancellations were reduced by 44%, baggage misconnections improved by 36%, and the cost of failure for airlines fell significantly. These results were not accidental; they were the product of a co-created plan that strengthened relationships and fostered a culture of shared success.



OUR STRATEGY (CONTINUED)

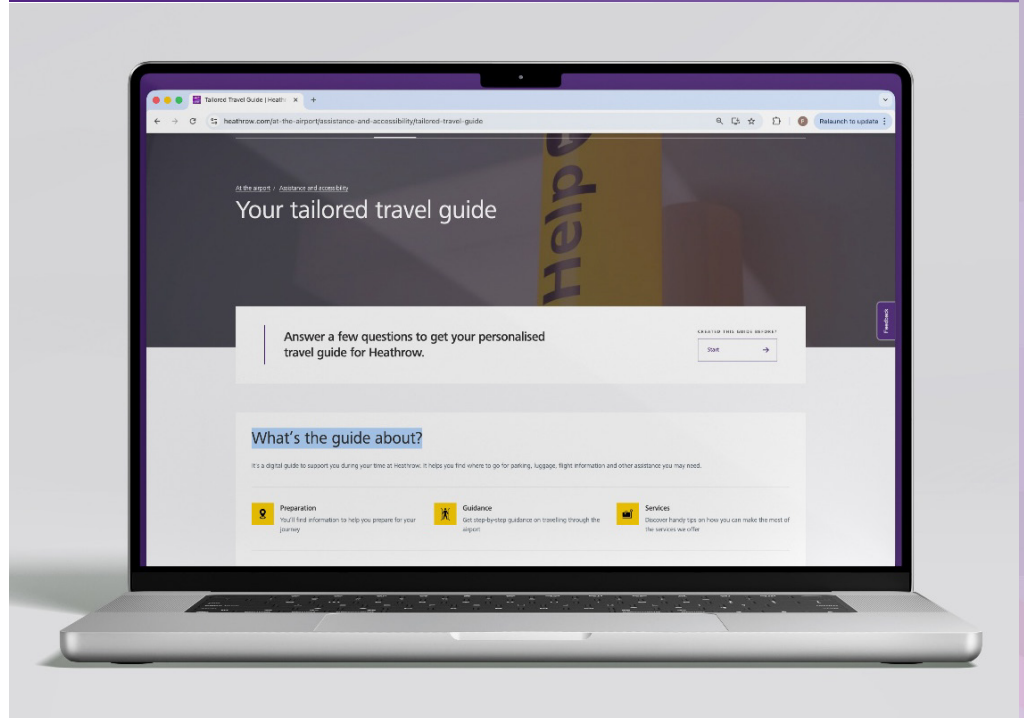
Our beacons in action: Digital Future

The Digital Future beacon reflects Heathrow's commitment to leveraging digital capabilities, embracing innovation to improve productivity and efficiency as well as elevating the passenger experience.

We advanced our digital transformation journey in 2025 by appointing a Data & AI Director and a Digital Transformation Director to the Senior Leadership Team and by starting to build dedicated teams to deliver our Digital Future ambitions across the airport. Our ambition is that by the end of 2031 we will be digitally integrated, and have trusted and actionable data empowering Team Heathrow to deliver an airport that is resilient, efficient, growing and enjoyable for all. Our Digital Future initiatives will be delivered through a comprehensive roadmap which will unlock our potential and power Heathrow's next phase of growth.

In 2025, notable achievements for the digital passenger offering include the launch of Pay in Advance for Reserve & Collect retail, the introduction of Single Sign-On for seamless access, and the deployment of 'Hallie,' our GenAI customer service agent, which successfully resolves 90% of passenger queries. We also onboarded multiple new airlines to automation systems.

We strengthened internal digital capability by embedding data and technology into operations to enable smarter decisions, foster innovation, and give our passengers easier journeys. Key internal processes, including finance operations and systems, have been automated to improve efficiency. We are also running design hackathons, rapidly prototyping solutions with business teams to allow us to deliver early results faster.


SPOTLIGHT:
 Launch of tailored accessibility travel guide


In 2025, we launched a new tailored travel guide, designed to support passengers with accessibility needs in planning and preparing their journey through Heathrow. The guide gives personalised content to support passengers at each step of their travel, to, from and through Heathrow. We created it because we believe every journey should be easy and enjoyable for everyone.

The guide provides comprehensive journey planning and preparation tailored to each passenger, using a design that follows the fundamental principles of accessibility. We've created a marriage between consistency and accessibility, ensuring the design maintains a coherent and functional appearance while responding inclusively to the needs of all users. Every decision aims not only to meet technical standards, but also to offer a seamless, intuitive and fully inclusive experience.

The guide effectively qualifies passenger needs and preferences to provide tailored information specific to the individual circumstances and barriers, across travel partners.



OUR STRATEGY (CONTINUED)

Our beacons in action: People and Planet



NIGEL MILTON
Chief Communications and Sustainability Officer

We put People and Planet at the heart of what we do by engaging with stakeholders, setting ambitious goals, and embedding sustainability into our business strategy and governance.

Our sustainability strategy, Connecting People and Planet, provides a roadmap to 2030 goals and targets to drive progress towards Net Zero Aviation and Making Heathrow a Great Place to Live and Work. The strategy is built on responsible business foundations that underpin Heathrow's ability to deliver a safe, vibrant, efficient and sustainable airport.

The following pages provide an overview of our progress towards the goals of our sustainability strategy, with further details published in our Sustainability Report.

Connecting People and Planet is at the heart of Heathrow's business model, helping us drive progress on the People and Planet beacon of our business strategy. It addresses our most significant sustainability impacts, risks and opportunities, identified through a double materiality assessment.

Our approach to this assessment, and to sustainability topics is informed by engagement with a wide range of stakeholders, and we are working closely with others, including airlines, Team Heathrow partners, suppliers, communities and government bodies, to achieve our goals.

Our commitment to sustainability also supports our business by helping us retain our licence to operate, mitigate risk of service or supply chain disruptions, maintain our reputation as a positive

influence on sustainability issues, recognise the importance of sustainability to passengers, build strong relationships with neighbouring communities, and create a compelling colleague proposition that attracts and retains the talent we need to run the airport now and in the future.

Sustainability Strategy: Connecting People and Planet



View our full sustainability strategy on our website, together with detailed plans on specific topics [here](#).

Sustainability Report and Performance Data Book

Our Sustainability Report outlines in more detail the progress we are making towards our People and Planet goals and the challenges we face along the way, as well as providing more information on our Responsible Business Foundations and sustainability governance. View the report [here](#).



Additional data can be found in our Sustainability Performance Data Book. View the data book [here](#).





OUR STRATEGY (CONTINUED)

EMBEDDING SUSTAINABILITY IN OUR BUSINESS

We embed sustainability into our decision-making to support our vision to be an extraordinary airport, fit for the future. It's built into our:

- **Purpose:** We strive to make every journey better for everyone the business touches, be it passengers, customers, colleagues, communities or investors. This applies to all types of journeys, from passenger flights and colleague careers to our net zero pathway.
- **Business strategy:** Our sustainability strategy is an important enabler for all the beacons and foundations that drive progress towards our vision to be an extraordinary airport, fit for the future, and it directly supports the People and Planet and Winning Team beacons.
- **Investment plans:** We are investing around £141 million in sustainability improvements during our H7 regulatory period from 2022 to 2026, prioritising programmes and outcomes that deliver the most impact towards our 2030 goals. Our proposed H8 plan, submitted to the CAA in 2025, includes further sustainability investments for 2027 to 2031, subject to regulatory approval.
- **Financing and incentives:** We include sustainability performance targets in our long-term incentive plans for executives and colleagues and in our Sustainability-Linked Bond Framework, under which we have issued several bonds. See page 97 for more information on remuneration and page 53 for more on sustainability-linked financing.
- **Risk management:** We build identification and management of sustainability risks, including principal business risks related to sustainability, into our enterprise risk management policy and processes. See page 30 for more information on our approach to enterprise risk management

and on our principal risks and page 44 for more on climate-related financial risks.

- **Governance:** Our People and Planet Committee support our leadership team in delivering our sustainability strategy, with Board oversight from the Sustainability and Operational Risk Committee. The HAHL Board has overall accountability for setting and overseeing the implementation of Heathrow's strategy, including sustainability matters. See page 84 for more information on our governance structure and page 40 for more on climate-related governance.

NET ZERO AVIATION

To reach net zero by 2050, we will reduce our carbon footprint as far as possible and remove residual emissions. Our Net Zero Plan supports Heathrow's pathway to net zero with goals to cut carbon 'In the Air' and 'On the Ground' by 2030.

Over 99% of Heathrow's carbon footprint comes from Scope 3 emissions outside our direct control so we must work closely with airlines, Team Heathrow partners, suppliers and other stakeholders to achieve our goals. In parallel, we are also taking steps to cut Scope 1 and Scope 2 emissions from our operations and investing in UK nature-based carbon removal projects.

We are investing in carbon and sustainability improvements as part of our H7 business plan. Our H8 plan includes further investments, subject to regulatory approval, to accelerate decarbonisation and strengthen climate resilience.

Our new Climate Adaptation Strategy sets out goals and actions to help us adapt to climate risks, with an initial focus on flood protection for critical infrastructure to further improve resilience and reduce the risk of service disruption at the airport.

See our Climate-related Financial Disclosures on page 38 for more detail on climate-related financial risks, and page 56 for carbon footprint data.

NET ZERO IN THE AIR

We are engaging with airlines to operate lower-carbon flights through improved efficiency and adoption of sustainable aviation fuels ('SAF'), while innovating to support the zero-emissions flights ('ZEF') of the future. In 2025:

- Our 'In the Air' emissions¹ totalled 18.6 million tonnes, a 7% reduction from 2019.
- SAF made up 3% of fuel uplifted from Heathrow, avoiding over 621,000 tonnes of carbon compared with fossil-based aviation fuels². We continued to drive uptake through our SAF incentive programme for airlines and by supporting efforts to build SAF production capacity.
- We began enhancing the provision of preconditioned air ('PCA') to reduce the use of aircraft engines on stand, including installing new PCA units at 11 stands.
- As airlines renew their fleets, aircraft flying in and out of Heathrow are becoming more fuel-efficient with lower emissions. We continued to incentivise the use of more efficient aircraft through staggered landing charges and our Fly Quieter and Greener airline league table.
- We contributed to industry research on ZEF and, through our partnership with Cranfield University, we prepared to trial hydrogen solutions to support ZEF and decarbonise ground support equipment.
- We engaged in the ongoing multi-stakeholder consultation process to redesign and modernise UK airspace.

NET ZERO ON THE GROUND

We are encouraging passengers and colleagues to take public transport to and from Heathrow and driving adoption of zero or low-carbon vehicles at the airport, as well as investing in infrastructure and partnering with suppliers to decarbonise our buildings and supply chain. In 2025:

- Our 'On the Ground' emissions³ totalled 855,207 tonnes, an 18% reduction from 2019.

¹ 'In the air' emissions include emissions from aircraft during landing and take-off, and cruising emissions from flights departing from Heathrow, in line with the requirements of the Airport Carbon Accreditation level 4+ standard. See page 56 for more on our carbon footprint

² Savings from SAF are not yet captured in the carbon accounting methodology used to calculate our carbon footprint. These values rely on evidence submitted by airlines as part of our SAF incentive. The SAF documentation validation process will conclude later in

2026, in line with Department for Transport guidance, and may require updated values. See page 56 for further details on our methodology.

³ 'On the Ground' emissions include emissions from our supply chain, buildings and energy use, Heathrow-

owned vehicles, Team Heathrow airside vehicles and surface access (colleague and passenger ground transport to and from the airport). Reported emissions are market-based. See page 56 for more on our carbon footprint.



OUR STRATEGY (CONTINUED)

- We cut carbon emissions from surface access transport to and from the airport by a further 5% year-on-year through ongoing investment in our Sustainable Travel Zone, including enhanced long-distance coach services to encourage use of public transport. However, improvements in data quality and methodology are expected to result in an increase in reported surface access emissions in future.
- Emissions from airport vehicles decreased by a further 47% year-on-year. We are catalysing the transition to zero-emissions electric vehicles, or to lower-carbon hydrotreated vegetable oil ('HVO') as an interim fuel, through our new Clean Vehicle Policy and by installing charging infrastructure.
- Supply chain emissions continued to rise year-on-year and were 16% above 2019 levels, driven by increased capital expenditure. We commissioned a major study to better understand the drivers of this underperformance and to find opportunities to course correct. We updated our Carbon Management Standard to set clearer requirements to improve data quality and embed carbon into decision-making for future capital projects. We also supported efforts to decarbonise the infrastructure industry, including signing an Advance Market Commitment to accelerate next generation low-carbon concretes.

Surface access and supply chain data improvements will give us a clearer understanding of our footprint and support more informed decisions about where our investments and actions can deliver the greatest benefit. These updates will be considered as part of a planned refresh of our Net Zero Plan.

A GREAT PLACE TO LIVE

Improving quality of life for our communities and colleagues is at the heart of our vision to be an extraordinary airport, fit for the future. We want to make a positive impact on their everyday lives.

CLEAN AIR AT AND AROUND THE AIRPORT

We are taking action to reduce polluting emissions from road transport, airport vehicles and aircraft to help improve air quality for local communities. In 2025:

- We maintained extensive monitoring of air quality at and around the airport and developed a detailed Air Quality Action Plan to support progress towards our goals.
- 46.3% of passengers used public transport in 2025, up from 45.2% in 2024¹, and we invested further in Heathrow's Sustainable Travel Zone.
- We continued to incentivise cleaner flights and introduced a Clean Vehicle Policy that sets emissions standards for airport vehicles and mandates their transition to electric vehicles or biofuels.

QUIETER NIGHTS, QUIETER FLIGHTS

We are implementing our Noise Action Plan to reduce impacts on our neighbours by incentivising use of quieter planes, reducing night flights and insulating homes. In 2025:

- Use of quieter Chapter 14 aircraft², incentivised through our landing charges and airline league table, comprised 87.1% of aircraft movements at Heathrow, up from 85.6% in 2024.
- We achieved 207 nights without flights between 23:30 and 04:30, up from 189 in 2024.
- Our residential insulation scheme completed its first full year, a total of 2,109 properties in 7 local areas are now registered, with works completed at 370 properties.

¹ Based on Heathrow Profiler Survey data

² Chapter 14 aircraft meet the most stringent noise certification standards set by the International Civil Aviation Organization (ICAO) under Annex 16, Volume I.

³ Previous year's report incorrectly stated that 2024 was the 16th consecutive year.

⁴ Includes all waste managed by our waste contractor on behalf of Heathrow - from terminals, airside locations,

SPOTLIGHT:

Electric buses for zero-emissions transport around the airport



In 2025, we opened our first fully electric coach park with cutting-edge infrastructure that can charge a bus from 20% to full in just an hour. The park is now home to our transport partner TransDev's new fleet of 17 electric buses that provide zero-emissions transport around the airport for around 8,000 colleagues and passengers a day, including from terminals to carparks and to our Compass Centre main office.

NATURE POSITIVE AIRPORT

We are committed to safeguarding nature by protecting and enhancing biodiversity at and around the airport, and by partnering with others to deliver wider positive impacts across our value chain. We have published our first Taskforce for Nature-related Financial Disclosures ('TNFD') disclosure, covering the 2025 reporting year, making us one of the first European airports to do so. In 2025:

- While nature is not currently classified as a material principal risk for our business, we recognise that our operations and value chains both depend on and impact nature. We further assessed the airport's impacts and dependencies on nature as part of preparations for our TNFD disclosure and began implementing our Nature Positive Plan to address these.
- We retained The Wildlife Trusts Biodiversity Benchmark Award for the 18th³ consecutive year for ten of our biodiversity sites, expanded one site by four acres and built a 'nature traffic control tower' for local birdwatchers.

ZERO WASTE AIRPORT

We aim to drive waste reduction across the airport, even as passenger numbers continue to grow, through measures to avoid material use and maximise reuse, recycling and recovery. In 2025:

- We published a new Resources and Waste Strategy that sets goals to address waste from airport operations, airlines and construction, including quantitative targets to reduce waste and increase recycling by 2035.
- We began to decouple waste from passenger numbers, achieving a 3% year-on-year reduction in operational airport waste to 21,361 tonnes⁴ despite record passenger numbers. Nearly half (49%) of this waste was recycled.

including aircraft cabin waste, and engineering activities. Excludes waste from some airport activities where Team Heathrow partners have separate waste management contracts.

OUR STRATEGY (CONTINUED)

THRIVING SUSTAINABLE SUPPLY CHAIN

We embed sustainability into every stage of a supplier's journey with us, work together with strategic suppliers towards our sustainability goals, and boost opportunities for small and local businesses. In 2025:

- 97% of strategic suppliers achieved gold, the highest standard, for one or more sustainability measures on our updated Balanced Scorecard, used to drive supplier best practice, and the total number of gold awards increased by 37% year on year.
- We continued our support for small businesses, which made up 63% of our direct suppliers, up from 60% in 2024, through our Business Summit, our CompeteFor platform, our Lift Off programme and our new SME Academy that offers training and mentoring.

BETTER QUALITY OF LIFE IN HEATHROW'S NEIGHBOURING COMMUNITIES

We give back to our neighbours through projects, partnerships and colleague volunteering to support schools, nature and communities. Our goal is to give back to more than 1 million local people by 2030. In 2025:

Our Giving Back programme benefited over 172,000 people, bringing the total to more than 391,000 since 2022, and colleagues volunteered 6,807 hours to support community activities, representing an increase across both areas from 2024.

- In 2025, overall contributions to the independent Heathrow Community Trust increased by 5% to a total of £868,010, comprising donations of £633,461 and raising £234,549 from sources such as passenger and colleague donations, Team Heathrow initiatives and noise fines.

INCLUSIVE EMPLOYER OF CHOICE FOR LOCAL DIVERSE TALENT

A highly diverse workforce helps us provide the best possible service for our passengers. We are building an inclusive culture where all our colleagues can thrive with us and feel they belong. See page 16 for more information.

ACCESS FOR LOCAL PEOPLE TO DEVELOP CAREERS AT HEATHROW

Achieving Heathrow's vision to be an extraordinary airport fit for the future requires a talented workforce. We believe this talent is on our doorstep and we help local people unlock opportunities at the airport and beyond. See page 16 for more information.

RESPONSIBLE BUSINESS FOUNDATIONS

Our Responsible Business Foundations underpin our Connecting People and Planet strategy and our business strategy by addressing material sustainability risks and impacts.

Policies and procedures in these areas also help mitigate several of Heathrow's principal business risks, including a safe and secure operating environment, cyber and information security, and resource and talent.



For more information on our Responsible Business Foundation see our [Sustainability Report](#).

SPOTLIGHT: Heathrow Community Trust



The Heathrow Community Trust has served our neighbours across nine boroughs for nearly three decades by funding projects designed to elevate local people's aspirations, enhance quality of life and foster community spirit.

Highlights in 2025 included supporting improved wellbeing for 510 children with mental health challenges through Sport in Mind's programme of physical activities, boosting creativity and self-confidence among 900 local children through the Delight in Art visual arts project, and encouraging over 10,000 people of all ages to stay active through St John's Egham Church's weekly 5km parkrun.



OUR STRATEGY (CONTINUED)

Our beacons in action: Creating Capacity

In 2025, Heathrow made significant strides in delivering the Creating Capacity beacon, responding to record demand whilst operating close to the limits of our current infrastructure.

INCREASING CAPACITY

Although Heathrow remains subject to an air traffic movements ('ATM') cap of 480,000 movements per year, passenger growth has continued. In 2025, the airport served 84.5 million passengers driven by increases in seats per movement and higher seat factors. However, further growth through larger or fuller aircraft is now significantly limited by terminal capacity. Without additional terminal capacity, we are unable to fully meet consumer demand, service quality is affected, and operational resilience is reduced.

We have increased our capacity by unlocking efficiencies across terminals and key passenger touchpoints and have updated our declared annual capacity to 85 million passengers for 2025, representing a 3 million uplift from the previously declared 82 million. This uplift was achieved through a combination of targeted capital investments, process-improvement methodologies, a data-driven approach to diagnosing and addressing bottlenecks and inefficiencies, and close collaboration with our airline partners.

Key successes included:

- Terminal 2 Check-In Optimisation: Improvements in the use of automation, increasing throughput by 15% and reducing congestion at peak times.
- Terminal 4 Baggage Upgrades: Early delivery of new Hold Baggage Screening machines,

doubling screening capacity and restoring resilience.

- Terminal 3 and 5 Process Improvements: Enhancements in passenger flow in departure lounges reduced crowding and improved passenger satisfaction during our busy summer months.

These actions have enabled Heathrow to accommodate record passenger volumes operating at 99% of runway capacity while maintaining service and resilience. Capacity increases have been realised across all terminals and we are on a strong trajectory to reach our target of 86.5 million passengers per annum capacity by 2027.

EXPANSION

In February 2025, we announced a multi-billion-pound investment into Heathrow, laying the foundations for the third runway to expand the UK's Gateway to Growth.

In July, we submitted a proposal for Heathrow expansion to Government, which set out the plan to secure long-term capacity growth, the investment programme and what we need from Government to meet their ambition to receive planning permission by the end of this Parliament.

In the autumn, the Government announced the formal review of the ANPS, the policy which underpins airport expansion. Government also confirmed Heathrow's proposal had been selected as the basis to inform the ANPS' review, noting they expect a planning application to be brought forward by Heathrow.

In January this year, Heathrow's Board approved new investment to begin work on a planning application for a third runway. This decision aligns with the Government's ambitious timeline for Heathrow to secure planning permission by 2029 and a third runway could be operational in a decade. This decision reflects Heathrow shareholders' and Ministers' renewed

commitment to realise the benefits of expanding the UK's hub airport as fast as possible.

Heathrow has always been clear the right policy and regulatory framework need to be in place in order to deliver the largest private investment project in Europe. Decisions on these key issues are expected throughout 2026. In spring, clarity is required from the CAA on how early costs can be recovered. Over the summer, the Department for Transport will publish the draft ANPS and the CAA will decide on the long-term regulatory model which will determine if private investment will be forthcoming. In the autumn, Parliament will be asked to decide on the final ANPS, a decision which will set the framework for the project to secure Development Consent Order ('DCO') by 2029. The first flights from a third runway could be in a decade.

POLICY AND REGULATORY SUPPORT

In parallel to Government's endorsement of Heathrow's expansion proposal as a resilient and efficient basis to inform the review of the Airports National Policy Statement, the CAA is considering how early expansion costs (2025-2026) should be funded and recovered. Heathrow supports a clear, predictable framework that enables early investment, RAB-based cost recovery and appropriate protections against risks outside of Heathrow's control to support delivery and investor confidence. The CAA is also reviewing the wider regulatory framework for expansion, with Heathrow advocating targeted enhancements to the existing single-RAB model rather than structural change, which could risk timely and efficient delivery. For further detail, please see section on Regulatory Developments on page 10.

RECOVERABILITY OF EXISTING LONG-TERM GROWTH RELATED ASSETS

As at 31 December 2025, £551 million of Long-term Growth related assets in the course of construction, consisting primarily of costs directly associated with, and incurred solely for the purpose of, seeking planning permission, are recognised on the balance sheet. In addition, there are £114 million of investment properties representing properties purchased within the footprint of a third runway. Refer to page 132 for the critical accounting judgements that management has applied in recognising these assets, including related to future passenger demand, climate change risk on long-term passenger numbers, the legislative and regulatory environment, and any likely financeability risks.



FINANCIAL REVIEW



Record passenger numbers of 84.5 million supported revenue growth of 1.9% to £3.5 billion in 2025. Adjusted EBITDA remained stable at £2.0 billion reflecting the lower airport charges set by the CAA, a greater relative amount of costs associated with supporting higher passenger volumes and a greater spend on asset maintenance.

We invested £1.3 billion and our continued access to global capital markets enabled us to raise £1.5 billion in new funding, bolstering our strong liquidity position.”

SALLY DING
Chief Financial Officer



	Year ended 31 December 2025	Year ended 31 December 2024
	£m	£m
Revenue ⁽¹⁾	3,547	3,482
Adjusted operating costs ⁽²⁾	(1,578)	(1,514)
Adjusted EBITDA⁽³⁾	1,969	1,968
Depreciation and amortisation	(648)	(623)
Adjusted operating profit⁽⁴⁾	1,321	1,345
Net finance costs before certain re-measurements and exceptional items	(607)	(443)
Dividend income	106	-
Adjusted profit before tax⁽⁵⁾	820	902
Tax charge on profit before certain re-measurements and exceptional items	(224)	(281)
Adjusted profit after tax⁽⁵⁾	596	621
<i>Including certain re-measurements⁽⁶⁾ and exceptional items:</i>		
Fair value (loss)/gain on investment properties	(93)	147
Fair value gain on financial instruments	391	352
Exceptional items ⁽⁷⁾	-	(22)
Tax charge on certain re-measurements	(82)	(137)
Profit after tax	812	961

(1) Revenue does not contain any adjustments for non-GAAP items.

(2) Adjusted operating costs exclude depreciation, amortisation, fair value gains and losses on investment properties and exceptional items (if any), which are explained further in note 2 in the financial statements.

(3) Adjusted EBITDA is profit before interest (net finance costs), taxation, depreciation, amortisation, fair value gains and losses on investment properties and exceptional items (if any).

(4) Adjusted operating profit excludes fair value gains and losses on investment properties and exceptional items (if any).

(5) Adjusted profit before and after tax excludes fair value gains and losses on investment properties and financial instruments, exceptional items (if any) and the associated tax impact of these.

(6) Certain re-measurements consist of: fair value gains and losses on investment property revaluations, gains and losses arising on the re-measurement of financial instruments, together with the associated fair value gains and losses on any underlying hedged items that are part of a cash flow, fair value and economic hedging relationship and the associated tax impact on these.

(7) Exceptional items are irregular material write-off charges that result from a review conducted of existing Long-term Growth related assets in the course of construction for obsolescence.

FINANCIAL REVIEW (CONTINUED)

BASIS OF PRESENTATION OF FINANCIAL RESULTS

Heathrow Airport Limited (the 'Company') has prepared its financial statements and financial review in accordance with United Kingdom accounting standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

The financial information presented within these financial statements has been prepared on a going concern basis. More detail can be found in the going concern statement on page 122.

Management uses Alternative Performance Measures ('APMs') to monitor performance as it believes this more appropriately reflects the underlying financial performance of the Company's operations. A reconciliation of our APMs has been included from page 156.

SUMMARY PERFORMANCE

For the year ended 31 December 2025, the Company's revenue increased by 1.9% to £3,547 million (2024: £3,482 million). Adjusted EBITDA was stable at £1,969 million (2024: £1,968 million) due to higher aeronautical revenue from traffic uplift and travel mix offset by lower airport charges set by the CAA, greater relative amount of costs to support higher passenger volumes and a greater spend on asset maintenance. The Company recorded an £812 million profit after tax (2024: £961 million).

REVENUE

For the year ended 31 December 2025, revenue increased to £3,547 million (2024: £3,482 million), a 1.9% increase compared to the year ended 31 December 2024.

	Year ended 31 December 2025	Year ended 31 December 2024	Var.
	£m	£m	%
Aeronautical	2,258	2,229	1.3
Retail	791	772	2.5
Other	498	481	3.5
Total revenue⁽¹⁾	3,547	3,482	1.9

(1) Revenue does not contain any adjustments for non-GAAP items

Growth in 2025 aeronautical revenue was supported by the traffic uplift and more long-haul travel offset by lower airport charges set by the CAA.

Higher traffic numbers boosted retail revenues with notable improvements in Food & Beverage sales due to extended opening hours. Car parking income increased with the higher passenger volume and Premium services also benefitted from the skew in long haul travel. These gains were offset by decline in Advertising income due to reduced screen-availability and a global downward trend in Bureau de Change demand that saw these revenues decline.

Growth in other revenue came from increased rental income from rent reviews and new lets alongside higher rail revenues.

More details can be found in note 1 of the financial statement.

ADJUSTED OPERATING COSTS

Adjusted operating costs increased 4.2% to £1,578 million (2024: £1,514 million).

	Year ended 31 December 2025	Year ended 31 December 2024	Var.
	£m	£m	%
Employment	465	474	(1.9)
Operational	474	444	6.8
Maintenance	258	235	9.8
Rates	114	114	0.0
Utilities and other	267	247	8.1
Adjusted operating costs⁽¹⁾	1,578	1,514	4.2

(1) Unadjusted operating costs for the year were £2,318 million (2024: £2,012 million). This included depreciation and amortisation of £648 million (2024: £623 million), fair value loss on investment properties of £93 million (2024: £147 million gain) and a loss in exceptional items of £nil (2024: £22 million).

FINANCIAL REVIEW (CONTINUED)

ADJUSTED OPERATING COSTS (CONTINUED)

Employment costs decreased in 2025 due to improved workforce planning and company-wide efficiency initiatives that offset higher wages and increased National Insurance costs.

Operational costs rose driven by higher security expenditure to support resilience and the transition to Next Generation Security as well as increased bag screening costs from higher passenger volumes. Passengers Requiring Support costs also increased to meet higher demand in 2025 as well as contractual changes. Operational technology costs rose, reflecting continued investment in digital transformation and increased spend with key IT suppliers. This was partially offset by lower Measures, Targets and Incentives penalties because of better operational performance.

Maintenance costs increased as we invested to keep our ageing asset base reliable and operational. Cost increases were also linked to consultancy charges for digital transformation as well as marketing and research.

Lower utility costs reflecting favourable pricing and management initiatives helped mitigate overall 'other cost' growth during the year.

NET FINANCE COSTS

Net finance costs before certain re-measurements increased to £607 million (2024: £443 million). The RPI annual growth rate has increased year on year from 3.6% to 3.8%, resulting in a higher principal accretion on inflation-linked liabilities.

DIVIDEND INCOME

During the year ended 31 December 2025, the Company received £106 million in dividends from its subsidiary, Heathrow Express Operating Company Limited (2024: £nil).

FAIR VALUE GAIN ON FINANCIAL INSTRUMENTS

Fair value movements on financial instruments are measured with reference to market expectations of inflation and interest rates. The inflation forward and interest rate forward curves decreased by an average of 73bps and 30bps, respectively. Collectively, these resulted in a non-cash, fair value gain of £391 million (2024: £352 million).

TAXATION

It is important to us that the right amount of tax is paid at the right time. We operate within the UK's tax legislation and seek to adhere to its spirit. Our operations, whilst large, are conducted entirely from the UK with no overseas operations. All profits are within the scope of UK corporation tax and no profits are routed through tax havens. We have no investments outside the UK that are not subject to UK tax.

Our tax strategy is published on the Heathrow corporate website and confirms:

- Our approach to risk management and governance arrangements in relation to UK taxation.
- Our attitude towards tax planning (so far as affecting UK taxation).
- The level of risk in relation to UK taxation that we are prepared to accept.
- Our approach towards dealings with HM Revenue and Customs ('HMRC').



Our 2025 tax strategy can be found [here](#).

The effective tax rate on profit before tax, certain re-measurements and exceptional items was 27.3% (2024: 31.2%), based on a tax charge of £224 million (2024: £281 million). This was higher than the statutory rate of 25%, primarily because of depreciation, which is partly non-deductible. In addition, a tax charge of £82 million (2024: £137 million) was recognised on certain re-measurements. The total tax charge for the year was, therefore, £306 million (2024: £418 million).

In the year, the Company paid £59 million of Corporation Tax (2024: £51 million).

CASH POSITION

At 31 December 2025, the Company had £1,114 million (2024: £1,556 million) of cash and cash equivalents and term deposits, of which cash and cash equivalents were £298 million (2024: £1,131 million).

This equated to an £833 million decrease in cash and cash equivalents for the year, compared with a £942 million increase in the year ended 31 December 2024 in part due to an increase in term deposits and a lower overall liquidity requirement.

FINANCIAL REVIEW (CONTINUED)

CAPITAL EXPENDITURE

In 2025, £1,274 million (2024: £1,122 million) of capital expenditure was incurred, including £59 million in capital creditors movements (2024: £58 million).

We continue to make strong progress on our H7 capital plan, with over £3.4 billion invested across the portfolio of over 550 projects, transforming our customers airport experience across 6 core programmes.

The Next Generation Security Programme has been completed, delivering 74 new lanes with state-of-the-art CT scanners, achieving full passenger compliance and enabling 18 additional staff search areas, with all lanes now fully handed over to Operations.

Within the T2 Baggage Programme, the future system design has been agreed with five multidisciplinary partners to protect T2 baggage operations and improve reliability. The new design is supported by five transitional projects to maintain service performance and capacity.

The Carbon & Sustainability Programme delivered key decarbonisation infrastructure, including operational airside electric vehicle charging in T2 and the T5 Coach Park, alongside the installation of pre-conditioned air systems across stands in T3 and T5.

Commercial revenue initiatives progressed with an expanded food and beverage offer in T5, continued development of the Eastern Business Park, rollout of Digital Click & Collect retail, and refurbishment of VIP lounges within the Windsor Suite.

In Asset Management & Compliance, major infrastructure upgrades were completed to improve safety, resilience and the passenger experience. High-tech runway temperature and icing sensors were installed on the Southern Runway, while resurfacing works commenced on the Northern Airfield. The cargo tunnel refurbishment was completed, improving transfer efficiency, and new track transit vehicles in T5 increased capacity for connecting passengers. Additional resilience and capacity were delivered to T4's baggage system and in T3, a new airbridge has been installed.

The Efficient Airport Programme introduced a range of operational and passenger-focused enhancements to improve efficiency and journey quality. Enhanced flight data integration is enabling additional airspace capacity and contributing to reduced delays across Europe. In T5, a new network of AI-enabled cameras is improving aircraft turnaround performance and supporting more punctual departures. These operational improvements are complemented by passenger experience upgrades, including enhanced device charging, expanded seating and improved wayfinding, creating a more comfortable and seamless journey.

RECENT FINANCING ACTIVITY

In 2025, the Heathrow Group continued to demonstrate strong access to both public and private debt markets through successfully raising £1.5 billion. In January, we issued a €600 million 11-year Class A Sustainability Linked Bond. In May, the Heathrow Group priced £139 million of Class B debt through the US private placement market with maturities across 2035 and 2045. Also in July, we drew down on the £50 million Class B term debt that was priced in December 2024. In August, we successfully returned to the Canadian market after a four-year absence with the issuance of a C\$600 million 12-year Class A bond. Also in the same month, the Heathrow Group priced a £100 million 15-year Class A US private placement. In September, we issued a £300 million 17-year Class A bond, marking our first GBP Class A issuance since October 2020. Finally, in December, we priced £150 million of Class A term debt which is yet to be drawn.

Redemptions during 2025 comprised of the repayment of a Heathrow Finance bond of £250 million in March, a CAD Class A bond of C\$500 million in May, Class A £100 million term facility in July and a EUR Class A bond of €750 million in October.

In 2025, The Heathrow Group made early paydown of accretion on our inflation swaps, totalling £157 million (2024: £660 million) to support prudent management of our financial position and reinforce our covenant resilience.

PENSION SCHEME

We operate a defined benefit pension scheme (the 'BAA Pension Scheme'), which closed to new members in June 2008. As at 31 December 2025, the defined benefit pension scheme, as measured under IAS 19, was funded at 100.6% (2024: 96.2%). This translated into a surplus of £16 million (2024: £99 million deficit). This surplus is driven by actuarial gains of £99 million (attributable to a 0.05% increase in the discount rate), past service credit of £15 million (2024: £3 million cost) and contributions paid into the defined benefit pension scheme in the year of £15 million (2024: £14 million) offset by service costs of £5 million, admin expenses of £4 million and a finance charge of £5 million.

In addition, the triennial funding valuation of the BAA Pension Scheme, completed by the Trustees in December 2025 and based on the position as at 30 September 2024, confirmed a £7 million surplus. As a result, no deficit repair contributions are required. The previous valuation as at 30 September 2021 also reported a surplus (£119 million), with no deficit contributions needed at that time. The Directors believe that the scheme has no significant plan-specific or concentration risks.

Further details can be found in note 17.

FINANCIAL REVIEW (CONTINUED)

CLIMATE CHANGE

Climate change will have a significant impact on the aviation industry and Heathrow in the years to come, and we have both a responsibility to continue to be ambitious in our endeavours to take carbon out of flying, as well as a responsibility to minimise risk to the business in the long-term. As part of our work over Climate-related Financial Disclosures ('CFD') as described from page 38, we have considered both transition and physical risks and have ensured that they are factored fully and consistently into our future financial long-term forecasts for those areas of the statement of financial position whose recoverability is assessed based on expected future cash flows, including property, plant and equipment, intangible assets, investment properties and deferred tax assets. In addition, we have ensured that the useful economic lives of our existing assets are appropriate, particularly with regard to the physical risks identified in the CFD as well as with regard to our net zero sustainability strategy as described on page 21.

SALLY DING

Chief Financial Officer

24 February 2026

OUR APPROACH TO RISK MANAGEMENT



MINE HIFZI
General Counsel and Company Secretary

Identifying, understanding and managing risk is fundamental to our strategy and future success.

ENTERPRISE RISK MANAGEMENT POLICY AND FRAMEWORK

The Heathrow Risk and Assurance Management Framework is a Group-wide enterprise risk management system designed to oversee key risks and monitor current, upcoming and emerging risks. It guides how risks are identified, mitigated, reviewed and reported.

This year, we evolved our risk processes and enhanced reporting to provide greater management insight. The HAHL Board¹ holds overall responsibility for the framework and its effectiveness.

There are two HAHL Board sub-committees which are responsible for risk:

- The Audit Committee reviews the effectiveness of systems for internal financial and operational control.
- The Sustainability and Operational Risk Committee ('SORC') reviews the effectiveness of operational reporting and performs an

oversight review of performance against sustainability goals and operational targets.

To achieve a balanced view of our risk landscape in line with wider company objectives, risks are evaluated against defined risk appetite levels, captured in a formal risk appetite statement and reviewed annually.

The most significant risks are reported quarterly to the Risk and Assurance Committee, a sub-committee of the Executive Committee, then reviewed by the Executive Committee before submission to a Joint Session of the Audit and SORC Committees for independent challenge. The final Risk Outlook report is approved quarterly by the HAHL Board¹.

PRINCIPAL AND EMERGING RISKS

Principal Risks are those identified by the HAHL Board, its formal Committees, the Executive Committee or the Risk and Assurance Committee, as materially affecting Heathrow's ability to meet its overarching objectives ensuring a comprehensive top-down approach to risk identification and management. They are assessed according to likelihood, impact, and velocity and are assigned to a responsible Director and accountable Executive, with documented mitigation strategies.

Emerging and functional-level risks are reviewed quarterly through bottom-up assessments. Those warranting senior visibility are summarised in the Risk Outlook Report.

RISK LANDSCAPE

It is important to acknowledge the dynamic, interdependent and challenging risk landscape that Heathrow operates within, and the high level of external dependency. This landscape encompasses a range of factors, such as operational risks from the ever-increasing

exposure to cyber attacks, our transition to net zero and physical risks linked to climate change, and broader geopolitical uncertainty. Throughout all our decision making and assessment of risk, our commitment to the security, health and safety of colleagues and passengers remains at the core.

Significant geopolitical risk has continued to characterise the risk landscape over the last 12 months with ongoing unrest in the Middle East, tensions with China, the continuing war in Ukraine, a changed UK political landscape and weak global and UK economic growth. Although passenger demand for air travel has held up strongly in 2025, the continuation of these headwinds alongside the continued uncertainties of the United States administration, could further restrict access to airspace. Airspace restrictions continue to prove both challenging for us operationally and for our airline customers.

The sub-station fire on 21 March 2025 reinforced our reliance on critical utility suppliers and associated interdependencies. Implementation of the recommendations from the Kelly Report are progressing and support an elevated understanding of the complex risk landscape we operate within. For more detail see pages 85 and 93.

We have continued to invest during the H7 period to mitigate risks across our risk landscape – including significant investments in next-generation security, a new T2 baggage system to drive improved resilience, and investments that will enable us to reduce our carbon emissions. We have also consulted stakeholders and submitted our business plan to the Civil Aviation Authority for further investments for the upcoming H8 regulatory period.

Climate change remains one of the most significant long-term risks for both Heathrow and the global aviation sector. We continue to take a leadership role in seeking to reduce carbon emissions from aviation at both national and global levels. The growing manifestation of

physical climate risks from extreme weather events, such as surface water flooding, which has disrupted multiple airports globally, underscores the urgency of action. In 2024, we published our climate change risk assessment and on 27 February we will publish our Climate Adaptation Strategy to set a clear direction to adapt the airport to a changing climate. Our comprehensive Climate-related Financial Disclosures ('CFD') sets out our understanding of climate risk, informed by scenario analysis, and how we are responding.

We continue to manage the risks of operating at full capacity at Heathrow. We are working to maximise capacity, through enhancing our processes and ways of working, to meet growing passenger demand while operating at our 480,000 air traffic movement ('ATM') cap. Following the Government's announcement in January 2025 in support of expansion at Heathrow we submitted a proposal to Government in July. Our expansion proposals support the UK Government's economic growth agenda whilst managing the risks as well as uncertainties within a rapidly evolving and volatile external context. This is discussed further on page 24.

We are committed to proactive risk management, ensuring organisational resilience and adaptability in navigating potential risks. This remains a focus at all levels within Heathrow.

¹ The HAHL Board is the Board of Directors of Heathrow Airport Holdings Limited as defined on page 74.

OUR APPROACH TO RISK MANAGEMENT (CONTINUED)

OUR RISK APPETITE STATEMENT

'Heathrow Airport has no appetite for safety risk exposure that could result in injury or loss of life to the public, passengers and colleagues.

Similarly, robust controls and contingency measures are in place to contain any potential security, environmental or legal breach within minimal levels of impact.

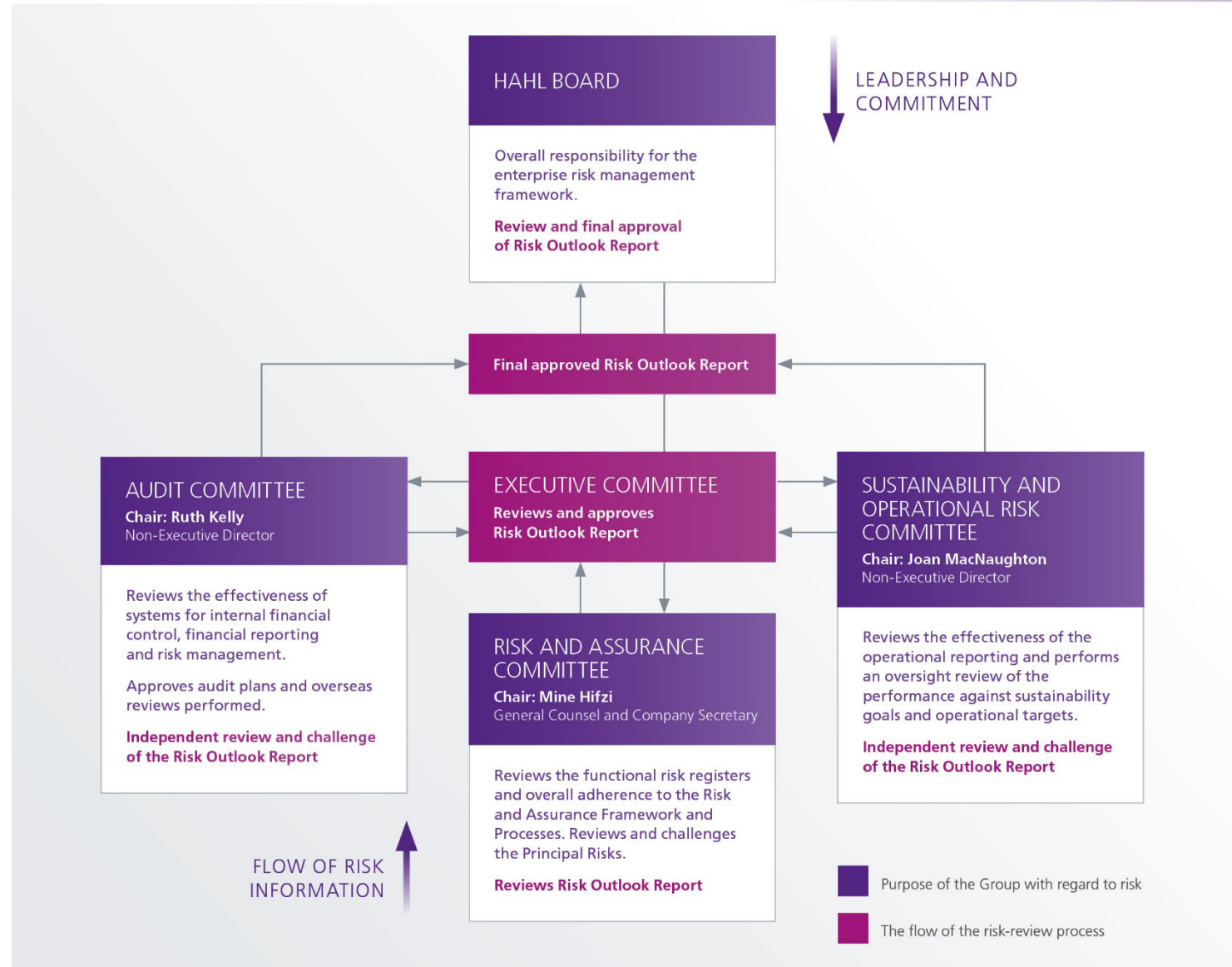
To this extent, risks that are emerging or that could cause critical harm to the business are subject to enhanced executive oversight.

In a dynamic and evolving environment our appetite and tolerance of risk must be progressive, and it should be defined in a proportionate and calibrated way.

The business accepts that absolute operational, system and infrastructure resilience is impossible. It will work proactively to mitigate the impacts on the business within the risk/return balance set by the company.

In the pursuit of its objectives, Heathrow Airport is willing to accept, in some circumstances, risks that may result in some financial loss or reputational exposure. Heathrow Airport will always comply with legislative and regulatory requirements.'

RISK MANAGEMENT



OUR PRINCIPAL RISKS

The risks outlined are the principal strategic, corporate and operational risks identified. This is a current point-in-time assessment of the risk profile that the Company faces as at 31 December 2025. As the risk environment evolves these risks are continually reviewed and updated.

A SAFE AND SECURE OPERATING ENVIRONMENT

Context:

Our focus on fire, health, safety and wellbeing ('FHSW') and security is driven by our values. It is not only the right thing to do; but by delivering uncompromising standards, we aim to ensure a smooth running and safe airport and enable everyone to go home safe and well. If we do not, Heathrow risks causing harm to our colleagues and stakeholders, and risks compromising our service to passengers and damaging our reputation. Ultimately, this will affect our business performance.

Heathrow is a complex and complicated safety and security critical environment. We are the UK's largest single site of employment, with over 400 operating companies. We are an ecosystem reliant on each other to ensure the safe and secure operation of the airport. Increasing passenger numbers, delivering volume and scale of change, the spread of accountability for FHSW and security is now wider across our ecosystem. We are responsible for ensuring that we provide a framework to facilitate a Safe and Healthy Place, Work, Teams and Decisions across our own operations, and we influence those across Team Heathrow organisations, ultimately to provide a working environment that enables colleagues to thrive and work safely every day.

The current UK terrorism threat level is substantial, indicating that an attack is likely. Terrorism is just one of many threats facing global aviation and they are constantly evolving and can

change at short notice, driven by significant geopolitical events. We are responsible for ensuring that our key assets, people, infrastructure and information are appropriately designed, risk assessed and protected to meet all applicable regulations and guidance. This includes aviation security, fire safety, and health and safety regulations. Consequently, we aim to deliver high security standards and build confidence with regulators, airlines and passengers. Additionally, we must ensure our colleagues are adequately trained and supported in their work environments to maintain these standards.

Causes:

FIRE, HEALTH, SAFETY AND WELLBEING

TREND: Stable

- Emerging social, political, environmental, and technological developments create the risk that Heathrow's safety management systems may not update quickly enough to address emerging evolving challenges.
- Heathrow's complex safety critical environment and the high volume of contractor and third-party activity introduce reciprocal risks during joint operations such as aerodrome work, asset maintenance and modernisation. As operations evolve rapidly, the mechanisms for coordination and communication may not adapt at the same speed, creating misalignment and governance gaps across stakeholder groups.
- Increasing passenger and airline activity impacts spans of control for the people, technology and service resources needed to support FHSW activities and meet management system requirements. Roles, responsibilities, and accountabilities may not evolve quickly enough to maintain consistent application of FHSW standards and agile risk-based decision making.
- Work related ill health remains a principal regulatory focus, with emerging guidance in relation to psychosocial risks increasingly recognised as impacting decision making and behaviour.

SECURITY

TREND: Increased

- Security threats can emanate from a variety of sources and continue to evolve. Aviation remains an attractive, high-profile target for groups seeking to disrupt operations and damage UK interests.
- Geopolitical events are increasingly challenging established systems of international governance and security. Although the terrorism threat level has remained stable, the general security threat landscape is diversifying with emerging risks, including serious and organised crime, protest activity and state actors trending upwards.
- The volume and profile of customers passing through security and airside areas within which we operate contribute to the safety risk profile and therefore the hazards and injuries sustained. Verbal and physical abuse from airport users, along with the manual handling of cabin baggage remain key contributors within terminal security areas and around our perimeter. Occupational driving and working at height, when screening high-sided vehicles, are high consequence risks.

Key controls and mitigations:

FIRE, HEALTH, SAFETY AND WELLBEING

- We operate an ISO45001 certified Safety Management System, with compliance evidenced through the recent surveillance audit, closure of non-conformities, and auditor feedback highlighting industry leading standards.
- Heathrow maintains strong internal and external collaboration by actively participating in technical and industry partner groups, including Airport UK Health and Safety Working Group, the Airport Benchmarking Group, the NFCC, and a range of local Team Heathrow forums such as 'The Safety Stack', incident learning groups and engagement platforms.
- Colleague engagement is embedded through the Joint Safety Forum, a Unite the Union led initiative bringing together Trade Union

representatives across Team Heathrow, supporting alignment.

- Fire safety governance is strengthened through ongoing assessment of the Grenfell Tower Inquiry recommendations and associated government response, supported by a cross functional representative working group that identifies the implications and implements compliant, viable solutions.
- We deliver targeted health and wellbeing programmes, supported by:
 - An updated Occupational Health, Safety and Wellbeing Policy with a clear definition for wellbeing.
 - A comprehensive range of support services for colleagues.
 - A Proactive Wellbeing Programme delivered to over 70% of senior leaders, driving individual and team level behavioural change.
 - Job Demands Analysis to understand physical and cognitive load requirements and endorse improvement recommendations.

SECURITY

- Promotion of an effective security culture and governance across the organisation and our supply chain, with emphasis on insider threat awareness and reporting.
- Heathrow operates to the Aviation Security baseline, as defined by the Department for Transport under the National Aviation Security Programme ('NASP') and overseen by Heathrow's Risk Advisory Group and Security Executive Group, as required under UK Airport Security Planning Guidance. Our compliance is monitored through Civil Aviation Authority observations, testing, inspections and audits throughout the year.
- Heathrow maintains a mature and comprehensive risk management framework and works closely with law enforcement and other agencies to design proportionate mitigations to counteract potential risks.

OUR PRINCIPAL RISKS (CONTINUED)

A SAFE AND SECURE OPERATING ENVIRONMENT (CONTINUED)

- Competent safety resources are embedded within the Security function to identify and manage operational hazards effectively. As a key part of UK Critical National Infrastructure, Heathrow invests heavily in building relationships with international partners, across several aviation and non-aviation security thematic areas, to ensure operational resilience and strengthen preparedness for emerging threats.

Link to strategic foundations or beacons



CYBER AND INFORMATION SECURITY

TREND: Increased ↗

Context:

Cyber and Information security continues to be a significant risk for Heathrow, primarily concerning our systems, information and the data they contain. There has been an escalation in the risk level due to an increase in malicious activities, motivated both geopolitically and criminally.

Causes:

The year 2025 marked a continued rise in incidents affecting Critical National Infrastructure, including Distributed Denial of Service attacks targeting transportation services and associated third-party suppliers. Phishing and ransomware persist as the prevalent attack vectors in the majority of incidents impacting the aviation industry.

Key controls and mitigations:

- Heathrow has adopted the 'Cyber Security Oversight Process for Aviation' (CAP 1753), as outlined by the CAA, which is based on the National Cyber Security Centre's 'Cyber Assessment Framework'. A strategic, incremental improvement program has been established to enable compliance with CAP1753 via the ASSURE audit process.

Confidence in the security of technology, personnel, and processes relevant to essential functions has been bolstered through rigorous assurance activities.

- Cyber and Information Security is a regular item on the Executive Committee's agenda, with frequent updates on the Cyber Delivery Programme, current security posture, and upcoming initiatives. Furthermore, discussions include emerging cyber risks and measures for enhancement. A robust cyber security risk management framework has been instituted to ensure comprehensive understanding and management of system, supplier, and departmental risks. Promoting a culture of cyber security within Heathrow and our supply chain remains a top priority. This is achieved through cyber assurance with third parties, mandatory annual training for all colleagues and privileged users, alongside regular campaigns to enhance cyber hygiene and inform about policy updates. Innovative and realistic phishing simulations are also employed.
- Heathrow maintains a resilient process for managing and responding to threats through regular threat intelligence, robust vulnerability management, and a dedicated Security Operating Centre. This is complemented by close collaboration with business resilience teams. To maintain cutting-edge knowledge and expertise, we collaborate with governing bodies to safeguard the Critical National Infrastructure status of the airport.

Link to strategic foundations or beacons



REGULATION REQUIREMENTS

TREND: Stable =

Context:

We are subject to economic regulatory review. Changes to economic regulation could materially impact the performance of the business. Failure to comply with laws and regulations could result in loss of licence, penalties, claims and litigation, reputational damage, and loss of stakeholder confidence.

Causes:

- Inadequate submissions by Heathrow to the CAA.
- Unfavourable CAA decisions on price limits.
- Unfavourable CAA decisions on regulatory framework.
- Failure to comply with licence requirements including compliance and reporting.

Key controls and mitigations:

- The risk of an adverse outcome from economic regulatory review is mitigated as far as possible by a dedicated regulatory team together with governance and oversight by the Executive Committee and the HAHL Board.
- The Regulatory team acts to ensure that all submissions to the CAA are accurate and consistent with the wider Heathrow strategy. The team engages regularly with the CAA to ensure good understanding and to be able to provide the CAA with the right form of information.
- The Regulatory team is currently focusing on the price review process for H8, 2027 to 2031, including constructive engagement sessions with airlines, following the H8 Business Plan submission in July.
- The Regulatory Team is also responsible for supporting the expansion process, engaging directly with the CAA and Government to ensure a third runway is delivered timely and efficiently in a way that supports Heathrow's strategy.

- The Regulatory team ensures full compliance with regulatory requirements, establishes a sound relationship with the CAA and advises the Executive Committee and HAHL Board on regulatory matters.
- We engage closely with internal and external legal advisors to ensure that relevant and appropriate advice is received and that our response to reviews, and our actions to ensure compliance with regulatory requirements, reflect such advice.

Link to strategic foundations or beacons



LEGAL STATUS OF AIRPORTS NATIONAL POLICY STATEMENT ('ANPS')

TREND: Stable =

Context:

In June 2018, Parliament approved the Airports National Policy Statement ('ANPS') which sets out the policy framework for expansion at Heathrow Airport and is the primary basis for decision making on any Development Consent application for a new northwest runway.

Heathrow was making considerable progress towards developing its Development Consent Order application to deliver a sustainable, affordable and financeable expanded Heathrow, including holding multiple consultations to seek feedback on its proposals. However, on 27 February 2020, the Court of Appeal concluded that the UK Government was required but had failed to take into consideration the Paris Climate Agreement when preparing the ANPS. The Court declared that the ANPS had no legal effect until the UK Government carried out a review of the policy.

OUR PRINCIPAL RISKS (CONTINUED)

LEGAL STATUS OF AIRPORTS NATIONAL POLICY STATEMENT ('ANPS') (CONTINUED)

Heathrow appealed against this decision and in December 2020, the Supreme Court unanimously held that the UK Government had acted lawfully when making the ANPS, overturning the Court of Appeal's decision. The judgment confirmed that the UK Government had properly exercised its discretion and had taken into consideration the Paris Climate agreement by having regard to the Climate Change Act 2008 in the ANPS.

On 6 September 2021, the Secretary of State for Transport decided that it was not appropriate to review the ANPS at this time. Further confirmation of the status of the ANPS has been made through the May 2022 publication of 'Flightpath to the Future' and the July 2022 publication of 'Jet Zero Strategy'. The Government's ANPS continues to provide policy support for Heathrow's plans for a third runway and the related infrastructure required to support an expanded airport.

In late January 2025, the Chancellor of the Exchequer specifically called for a third runway at Heathrow to support the Government's growth agenda. Heathrow submitted its proposals for a third runway to the DfT in July 2025. Following further engagement with the DfT, a subsequent submission was made in November 2025 with the DfT choosing Heathrow's proposal for a third runway to progress the project.

Causes:

- The ANPS, put in place in June 2018, is currently being reviewed by the Labour Government, elected in July 2024. The Labour Government has stated that Heathrow's proposal for a third runway will shape the review of the ANPS and it is expected that a draft for consultation will be received in July 2026 with a final version laid before parliament by the end of 2026.

Key controls and mitigations:

- Since the Supreme Court overturned the Court of Appeal's decision and the ANPS was restored, we have positively reiterated the case for expanding Heathrow in line with Government policy.
- We continue to engage with the Government, the CAA and other stakeholders on the next

steps to progress our plans and to ensure that Heathrow's position in relation to airport expansion is protected.

- Heathrow remains committed to the Long-term Growth programme.
- The DfT has chosen Heathrow's proposal for a third runway as the basis for review of the ANPS.

Link to strategic foundations or beacons



VOLATILITY IN GLOBAL DEMAND AND REVENUES

TREND: Stable

Context:

Revenue growth may be inhibited by the lack of certainty over global consumer demand in 2025, driven by volatile inflation, potential slowdowns in economic growth, ongoing pressure on consumer spending, geopolitical tensions and supply chain challenges impacting aircraft availability. A limited capacity for growth dependent on slot trading, combined with the highest aviation taxes in Europe ('Air Passenger Duty'), continue to put pressure on airports and hub airlines.

There is significant revenue risk relating to the continued absence of VAT-free shopping and lack of competitive parity with EU airports.

Causes:

- Market volatility.
- Cost inflation.

Key controls and mitigations:

AVIATION

- A Network Strategy is in place to target new routes, grow market share and increase competition in key markets.

- An Aviation Strategy is in place to optimise revenues generated from aviation, with the goal of delivering sustainable growth, increased hub connectivity both globally and domestically, and diversifying revenue.
- Industry monitoring via daily updates from the Centre for Aviation ('CAPA') which is a market intelligence provider for the aviation and travel industry, media stories and other industry events, as well as attendance at Routes (network) and International Air Transport Association (slots and cargo) conferences.
- Continuous improvement of forecasting models and methodology to produce a more detailed view of the future, allowing monitoring to be more targeted and to enable scenario testing.
- Senior engagement and account plans are in place with key airlines to continue collaboration in order to drive passenger growth.
- There is close alignment internally with the Space, Retail and Property teams to optimise commercial opportunities.

RETAIL

- Close monitoring and balance of assessed debt and contractual fixed income guarantees to maximise overall retail revenue.
- Targeted scouting of the market to identify potential new entrants with the ability to enter into a commercial deal with minimal disruption and delay (e.g., tendering locations to businesses that could make immediate use of the structure 'as is').
- Continued dialogue with officials in HM Treasury around the impact and pitching of an alternative solution for the reintroduction of VAT-free shopping for departing passengers and the opportunity to introduce duty free shopping for arriving passengers.

Link to strategic foundations or beacons



ABILITY TO ACCESS FINANCIAL MARKETS

TREND: Stable

Context:

We need to maintain access to sources of finance to fund our current operations.

Causes:

A more challenging H7 regulatory settlement and the realisation of principal risks such as volatility in global demand and revenues, could impact financial performance and lead to a deterioration in our credit rating.

Key controls and mitigations:

- Long-term forecasting including downside sensitivity analysis, to enable management to assess credit metrics against covenant levels and rating agency thresholds, identifying mitigating actions as necessary, and ensuring protection against minimum thresholds as well as continued access to financial markets.
- We have invested in a suitably skilled Business Planning and Treasury team who have robust procedures in place to ensure that the best quality investment decisions are made and can be appropriately financed.

Link to strategic foundations or beacons



OUR PRINCIPAL RISKS (CONTINUED)

ORGANISATIONAL RESILIENCE

TREND: Stable **Context:**

Operating an airport at the scale of Heathrow in an increasingly complex, volatile and uncertain external risk landscape means risks to resilience continue to move at pace and present both known and unforeseen challenges. The purpose of organisational resilience is to ensure a level of preparedness to disruptive events. Following a cycle of activities (Prevent, Mitigate, Prepare, Respond, Recover), Operational and Business Resilience teams develop Heathrow's incident response and business continuity capability.

Causes:

A major critical event, leading to significant operational and business impact, as well as resulting in significant disruption and potential closure of the airport. This could be as a result of one or many internal causes, including critical infrastructure or asset failures, loss of resource, and mass congestion due to inadequate planning, or external causes, including extreme adverse weather, terrorism or security threat, and loss of a critical supplier or service.

Key controls and mitigations:

- Adherence to CAA licence requirement; to secure the availability and continuity of airport operations services, particularly in times of disruption, and to further the interests of users of air transport services in accordance with best practice and in a timely, efficient and economical manner.
- Risk identification and avoidance with systematic reviews of operational as well as non-operational risks and associated control measures and their efficacy.
- Asset management lifecycle, certified to ISO55001, to mitigate the likelihood of asset failures and to support longer term capital replacement programmes.
- Mitigation and contingency planning with development of a series of plans that can be deployed in the event of a disruption.

- Exercising and post incident review which supports increased preparedness and continuous improvement of our incident response.
- Command and Control aligned to the UK standard of Integrated Emergency Management for disruptive events and aligns with industry best practice by adopting the UK Joint Emergency Services Interoperability Principles.
- Collaboration with key partners to develop joint contingency plans.
- The Airport Operations Centre ('APOC') is a 24/7 facility which brings together the operational planning, monitoring and day to day oversight of Heathrow with our service partners. Providing support to frontline teams to ensure the smooth running of the airport is the foundation for command-and-control structures during periods of disruption.
- End to end understanding by taking a holistic approach to resilience, considering the upstream and downstream impacts of a disruption to support wider organisational resilience.

Link to strategic foundations or beacons

 Service and Operations  Safety, Security and Compliance

 Governance and Financial Resilience

RESOURCE AND TALENT

TREND: Decreased **Context:**

Our people ensure that we can operate the airport effectively and efficiently. Following the rebuild in 2023, our recruitment volumes have normalised. Recruitment is driven by business-as-usual activities such as growth, organisational change, backfilling attrition and internal mobility.

Aligned to our Winning Team beacon, we are focused on providing opportunities for colleagues to grow and develop their careers through

delivering leadership development and career support programmes. These activities ensure that we provide a compelling colleague proposition that enables us to attract and retain talent.

Causes:

After growing back at pace, our focus is on ensuring that we continue to be an attractive place to work so that we can retain talent and drive a performance culture where our colleagues can be at their best and achieve their full potential. Whilst the external labour market demand is continuing to slow, we will continue to monitor attrition levels and focus on delivering our colleague proposition.

Key controls and mitigations:

- Introduced a newly formed Future Skills team in 2025 that is focused on delivering impactful recruitment, learning, training and career growth opportunities to build capability, drive performance, and ensure a safe, inclusive, and future-ready workforce.
- We will deliver a comprehensive Talent & Learning strategy that spans the full colleague lifecycle, as part of our 2026 – 2028 Future Skills Strategy. Plans for 2026 include several refreshed and new initiatives ensuring Heathrow grows future skills, strengthens leadership pipelines, and embeds essential capabilities to meet evolving business and industry challenges.
- Design and implementation of a range of colleague development and upskilling programmes through 2023 and 2025, as well as providing Professional and Essential Skills through our BAU learning catalogue, including mandatory learning and professional qualifications.
- A dedicated Talent Acquisition team, supported by external partners to ensure flexible and scalable expert reach into the external marketplace.
- Continuation of the 'No Place Like Heathrow' social media campaign, which clearly communicates the Heathrow colleague value proposition through authentic colleague-generated content targeted at the passive candidate market.
- Continuation of our early careers programmes with annual intakes of graduates and apprentices.
- A focus on career mobility for existing colleagues who can access all available vacancies.
- Career plans have included:
 - Embedding performance management and talent management frameworks, focused on colleague engagement through wellbeing, capability, aligning opportunities to aspirations and readiness to progress careers.
 - Regular review of talent and attrition data to ensure stretch opportunities are provided when colleagues are ready to grow.
 - A careers support offering which includes a dedicated internal Careers Hub which gives access to online learning, advice and support. In 2025:
 - We hosted careers roadshows across our terminals, giving colleagues the opportunity to learn about the wide range of development opportunities available.
 - Our mentoring programme continued to grow, with 104 mentors, 254 mentees, and an additional 134 colleagues who took on both roles, building powerful relationships to share knowledge and learn from others.
 - Our network of 130 trained Careers Champions delivered personalised career conversations to our colleagues, helping them identify next steps and build confidence in their development plans.

Link to strategic foundations or beacons

OUR PRINCIPAL RISKS (CONTINUED)

POLITICAL ENVIRONMENT

TREND: Stable 

Context:

Our ability to meet passenger and cargo demand, as the UK's gateway to growth, relies on government support.

The UK Government's agenda for change focuses on five key missions, including growing the economy and the clean energy transition, both of which partly rely on Heathrow's international connectivity and work on sustainable aviation fuel.

We have seen a range of policy changes introduced by the UK Government that will impact the business, the aviation sector and the wider economy. Some of these changes have been positive, such as the Government's support for Heathrow's scheme to expand the airport and the exemption of airside transit passengers in the Electronic Travel Authorisation Scheme, however, the aviation industry continues to face a significant taxation burden.

Causes:

- Challenging fiscal situation for the UK Government.
- Government developing its policy platform and prioritisation.
- Cross-cutting issues which affect the business.

Key controls and mitigations:

- We continue to make a strong case for Heathrow's place in the wider economy and the part we play in delivering the Government's missions, including economic growth.
- We continue to build strong relationships with Ministers across many different departments and have positive engagement and acknowledgement of our role in supporting the Government.
- Working with key Departments on specific policy areas to ensure understanding of our positions and recommendations on specific policy areas.

- We have a cross functional Policy Coordination Group, reporting to the Executive Committee and HAHL Board, which has implemented a structured approach to the identification and management of all risks related to Government policy.

Link to strategic foundations or beacons



COMPETITION

TREND: Stable 

Context:

We compete against many other airports within the UK, Europe and across the world for both passengers and cargo. Some of our passengers, particularly those who connect between flights, make marginal choices about which route they will fly, while forwarders choose airports based on the time sensitive nature of their cargo. This means an airport's geographical location, proposition, performance and route network offered are key.

Heathrow's aeronautical charges are higher than other London airports and European hub competitors; this potentially impacts on our competitive position and ability to attract new business. We will need to continue to deliver great value, operational excellence and service quality to our airlines, passengers and cargo stakeholders to retain them as well as keep Heathrow attractive for new customers.

Causes:

- Lack of new air traffic movements ('ATM') or infrastructure capacity.
- Costs and inflation.
- Regulated framework and pricing.

Key controls and mitigations:

- Ensure the continuity and continued improvement of safe, secure, efficient and value for money airport operations in the interests of all air transport users.

- A network strategy is in place to maintain and grow connectivity, increasing the attractiveness of flying into Heathrow and improving connection opportunities for passengers.
- Work is ongoing to improve the connections experience and reduce Minimum Connection Times (MCTs), to increase the opportunities for passengers to connect.
- Strategic investment and decision-making across the business on improving proposition, service quality and demonstrating value for both passengers and cargo.
- In 2025, we continued to take steps to become more competitive relative to other hub airports by increasing discounts for domestic transfer passengers, to further promote regional connectivity and ensure we can compete with other European hubs for domestic transfers.
- We continue to develop and maintain commercial strategies to deliver great value for money to airlines, cargo customers and consumers.

Link to strategic foundations or beacons



CLIMATE CHANGE AND NET ZERO CARBON

TREND: Stable 

Context:

Climate change remains one of the most significant mid to long-term risks facing the aviation sector and Heathrow as it directly affects our ability to operate and grow.

At the start of 2020, the UK aviation sector led the global industry by committing to net zero emissions by 2050. By 2021, the International Air Transport Association, aligned with this ambitious goal. This was followed closely by the International Civil Aviation Organisation in 2022, representing 193 member states, which formally committed to net zero carbon emissions for

international civil aviation by 2050. In alignment with these industry wide objectives, we published our comprehensive Net Zero Plan in 2022, which outlines our strategic approach to decarbonisation. This plan, in line with the broader UK sector decarbonisation roadmap, establishes our concrete goals and targets to achieve net zero by 2050, reaffirming our commitment to sustainable aviation. We are planning to publish an update to our Net Zero Plan.

Causes:

Heathrow considers climate-related risks under the following categories:

- Transitional risks – Potential financial, operational, and reputational risks facing Heathrow and the aviation sector, associated with the shift to a low carbon economy that could threaten our ability to operate and grow.
- Physical risks – Climate change driven extreme weather events and environmental shifts that can disrupt operations, damage infrastructure, and require significant adaptation measures to maintain safety and reliability.

These risks are presented in greater detail in the Climate-related Financial Disclosures ('CFD') section on page 38.

Key controls and mitigations:

- The significant priority is facilitating acceleration to net zero flying this decade by securing the right policies for sustainable aviation fuel ('SAF') production at scale in the UK and building a high ambition coalition globally for net zero aviation and SAF. We work with the broader aviation sector and the UK Government as part of the Jet Zero Taskforce to progress net zero aviation. We have also established a SAF incentive as part of our aeronautical charges to encourage airlines to uplift SAF at Heathrow and provide a market demand signal.

OUR PRINCIPAL RISKS (CONTINUED)

CLIMATE CHANGE AND NET ZERO CARBON (CONTINUED)

- We have established a strategic Carbon and Sustainability delivery programme in our H7 regulatory settlement period which ends in 2026. The programme aims to invest around £141 million of capital investment, to support carbon emissions reductions outlined in our Net Zero Plan throughout this regulatory settlement period. Capital investment projects include works at Heathrow to enable airspace modernisation and improve the efficiency of aircraft movements on the ground, replacing and expanding the provision of preconditioned air to heat and cool aircraft on the ground, avoiding engine use, delivering electric vehicle charging and design work on our future zero carbon heating and cooling solution.
- To guide and support the delivery of our Net Zero Plan, climate change has been embedded into our governance structures, business planning development and operational processes and is supported by employee training and targets.
- We complete a physical climate risk assessment every five years, which informs our overall approach to adapting our airport to future climate conditions which is incorporated into our overall risk management framework. Our five-yearly risk assessment informs our submission to the UK Government under the Adaptation Reporting Power and is published on our website. The risk assessment guides our approach to understanding the nature of impacts and the effectiveness of our mitigation measures, as well as informing improvements including updating our asset standards and identifying infrastructure improvements. The risk assessment includes interdependency risks including utilities, transport and supply chain.
- We will publish a Climate Adaptation Strategy which sets out our long-term approach to adapting the airport to respond to a changing climate. This strategy also strengthens our risk mitigation where necessary to protect airport operations. Additionally, following updates to UK Government requirements, we will continue our assessment and disclosure of physical and transition risks including the impact on passenger demand via annual CFD.

[Link to strategic foundations or beacons](#)



CLIMATE-RELATED FINANCIAL DISCLOSURE ('CFD')

On 6 April 2022, the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 amended the Companies Act 2006 to mandate that large UK companies include Climate-related Financial Disclosures ('CFD') as a part of their strategic reporting. These CFD requirements closely align with the recommendations of the Taskforce on Climate-related Financial Disclosures ('TCFD'). We continue to align our climate risk analysis and disclosures to comply with these requirements.

AT A GLANCE

Climate change remains one of the most significant risks facing the aviation sector and Heathrow as it could impact our ability to operate and grow in the future. Our commitment to the environment and tackling climate change is embedded in our strategy through our People and Planet beacon. More information on our strategy and our beacons can be found on page 12. Central to our People and Planet beacon is our sustainability strategy, entitled Connecting People and Planet which explains our plans to achieve net zero, our Net Zero Plan published in 2022.

Our CFD explains the opportunities and the risks of climate change on Heathrow with the aim of helping our investors and stakeholders understand the potential future impacts on the business. It meets the minimum requirements outlined within the TCFD framework. In the table on the following page, we have aligned the CFD's specific requirements with the TCFD pillars of Governance, Strategy, Risk Management, and Metrics and Targets.

Whilst the CFD focuses on the significant risks associated with climate change, as part of our Net Zero Plan ambitions, Heathrow leverages climate-related opportunities that align with our net zero ambitions. These opportunities include, collaborating with airlines on sustainable aviation fuel ('SAF') uptake, strategic infrastructure investment, and industry leadership.

As part of our commitment to CFD, we are continually evolving as we learn more about the long-term impacts of climate change and how the aviation industry is adapting to achieving net zero. The most significant changes made this year have been:

- Passenger demand analysis now extends from 2025 to 2055 across all three climate scenarios and replaces the range-based approach used in the 2024 CFD and providing a clearer long-term view.
- This year, we introduced a transparent view of our progress in quantifying climate-related financial risks, highlighting both quantified and unquantified risks. The financial impact assessment aligns with our enterprise risk management framework.
- In July 2025, we submitted our H8 regulatory business plan covering the period 2027 to 2031 outlining our proposed investment strategy. This included capital investments to support climate-related risks which we have included in this year's CFD scenario analysis. This reflects our commitment to integrating climate considerations into financial decision making.

We believe our governance over climate change is appropriate and has the necessary skills and expertise to understand, plan for and respond to climate change risks and opportunities.

We have clearly identified climate change as one of Heathrow's principal risks and our understanding of what it means to our operation, our assets, our customers and our network is ongoing. We continue to integrate climate-related risks into our passenger demand model, allowing for a deeper understanding of how climate transition affects our market and business to inform our scenario forecasting and better support

our strategic decisions. Our climate scenario analysis indicates that passenger demand continues to grow through to 2055, which supports the carrying value of our existing assets. We continue to work and build on financially quantifying the transition to net zero and the investments required to respond to the physical effects of climate change.

Aviation is a force for good, connecting people and creating economic growth. The only way we can protect these benefits for future generations is by taking ambitious action to address the sustainability challenges that we face.

CLIMATE-RELATED FINANCIAL DISCLOSURE ('CFD') (CONTINUED)

Disclosure recommendation	Section Reference	Page	Key highlights
Governance			
Description of the company's governance arrangements in relation to assessing and managing climate-related risks and opportunities.	Our approach to risk management Our principal risks Climate-related Financial Disclosures	30 32 38	The HAML Board has overall accountability for setting and overseeing the implementation of Heathrow's strategy, including climate-related matters. For climate-related risks, in fulfilling its duties, the HAML Board either delegates responsibilities or is supported by the following Committees: <ul style="list-style-type: none"> • Sustainability and Operational Risk • Audit • Remuneration • Nominations
Strategy			
Description of: <ul style="list-style-type: none"> • The principal climate-related risks and opportunities arising in connection with the company's operations. • The time periods by reference to which those risks and opportunities are assessed. 	Climate-related Financial Disclosures	38	This year, we continue to use three climate scenarios tailored to Heathrow's market and business model to assess the impacts of climate change by 2050: <ul style="list-style-type: none"> • Net Zero 1.6°C • Announced Policy 1.9° • Climate Catastrophe 2.3°C
Description of the actual and potential impacts of the principal climate-related risks and opportunities on the company's business model and strategy.	Our Beacons in action: People and Planet Climate-related Financial Disclosures	20 38	For our passenger demand assessment, the timeframe has been extended out to 2055. According to our evaluation, the three climate scenarios ranging from 1.6°C to 2.3°C, by 2055, indicate a compound annual growth rate in passenger demand ranging from higher 2% to 1% respectively until 2055 compared to a 2025 baseline.
Analysis of the resilience of the company's business model and strategy, taking into account consideration of different climate-related scenarios.	Climate-related Financial Disclosures	38	Given the projected growth in demand for travel through the airport, we consider our business to be resilient in the short, medium, and long term under both Net Zero and Announced Policy, including on an expanded basis with a third runway.
Risk management			
Description of how the company identifies, assesses and manages climate-related risks and opportunities.	Our approach to risk management Climate-related Financial Disclosures	30 38	Climate risk management is embedded within our overall enterprise risk management framework. We consider both transition and physical risks.
Description of how processes for identifying, assessing and managing climate-related risks are integrated into the company's overall risk management process.	Our approach to risk management Climate-related Financial Disclosures	30 38	Climate-related risks are managed and reported in our functional risk registers, which is consistent across the business.
Metrics and targets			
Description of key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and a description of the calculations on which those key performance indicators are based.	Climate-related Financial Disclosures Our Beacons in action: People and Planet	38 20	Our Net Zero Plan sets a carbon reduction trajectory to 2050 and covers all the emissions in our carbon footprint 'In the Air' and 'On the Ground', including cruise emissions from departing flights, as well as the landing and take-off emissions from flights in our immediate airspace up to 3,000 feet. Our plan includes two 2030 goals to focus on cutting carbon emissions this decade which are supported by science-based targets: <ol style="list-style-type: none"> 1. Up to 15% cut in carbon emissions 'In the Air' using a 2019 baseline. 2. At least 45% cut in carbon emissions 'On the Ground' using a 2019 baseline.
Description of the targets used by the company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets.	Our Beacons in action: People and Planet Climate-related Financial Disclosures	20 38	

CLIMATE-RELATED FINANCIAL DISCLOSURE ('CFD') (CONTINUED)

GOVERNANCE

Board oversight

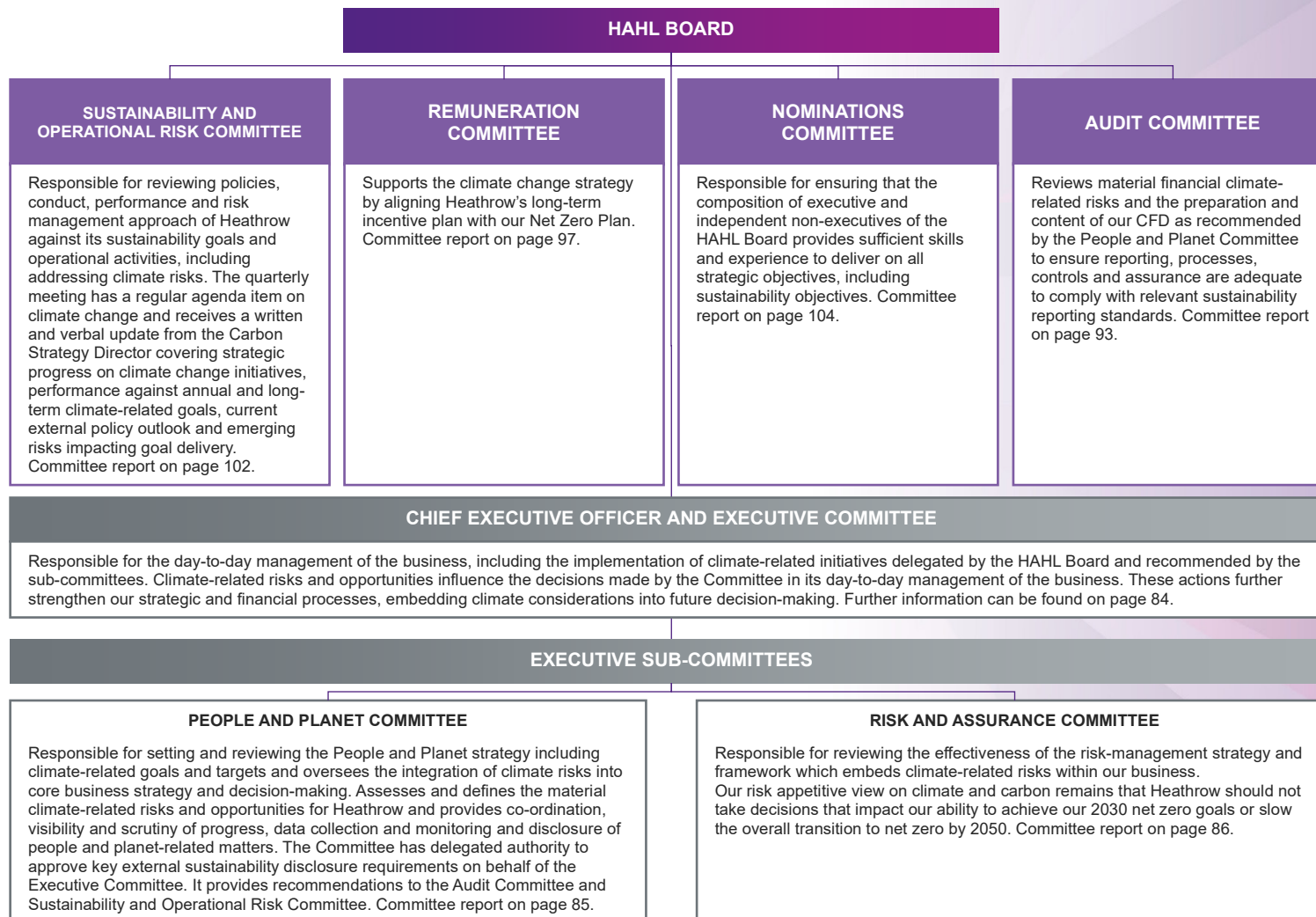
The HAHL Board¹ has overall accountability for setting and overseeing the implementation of Heathrow's strategy, including climate-related matters. The HAHL Board has shaped, reviewed, and endorsed our Net Zero Plan, a comprehensive strategy addressing climate-related transition and physical risks respectively confronting our business. Climate-related risks, similarly to all our principal risks, influence the HAHL Board's decisions in fulfilling its duties to promote the long-term success of Heathrow and the interests of its stakeholders.

The HAHL Board-level responsibilities were reviewed, and Joan MacNaughton, as Chair of the Sustainability and Operational Risk Committee, oversees the sustainability elements, with a particular focus on non-financial risks. The Audit Committee continues to manage financial risks.

Previously, People and Planet topics were covered by two executive sub-committees: the Environmental, Social and Governance ('ESG') Committee and the Charities and Communities Committee. In May 2025, these were combined to form a single People and Planet Committee. See Governance Structure on page 84 for further detail.

In fulfilling its duties, the HAHL Board either delegates responsibilities or is supported by the following committees.

Governance structure



¹The HAHL Board is the Board of Directors of Heathrow Airport Holdings Limited as defined on page 74.

CLIMATE-RELATED FINANCIAL DISCLOSURE ('CFD') (CONTINUED)

GOVERNANCE (CONTINUED)

Management structure and approach

The CEO has ultimate responsibility for delivering the climate change agenda and briefs the Board on climate-related developments as needed. Our overall approach to climate change and strategy is led by our Chief Communications and Sustainability Officer who sits on the Executive Committee. The Chief Communications and Sustainability Officer is supported by a dedicated carbon strategy team to provide clear direction and internal capability to shape and drive the climate agenda throughout Heathrow.

We have established a strategic Carbon and Sustainability programme to deliver the solutions required to meet our net zero goals. The Carbon and Sustainability Programme Committee comprises key Directors, who sponsor carbon reduction projects and are responsible for governing the activities in the programme and the associated carbon reduction benefits.

Our management team also partners with important external bodies:

- The Jet Zero Taskforce is a partnership between industry, academia, and government to bring together ministers and chief executive officer-level stakeholders, with the aim of delivering SAF in the UK fuel mix and enabling the introduction of zero emissions aircraft. We work with the UK aviation sector and the UK Government through the Jet Zero Taskforce as it represents a real opportunity to make progress in the UK.
- Our CFO supports Accounting for Sustainability's UK CFO Leadership Network and is heavily involved in inspiring and coaching future climate leaders.

We continue to work with the Cambridge Institute for Sustainability Leadership an impact-led institute within the University of Cambridge that activates leadership globally for people, nature and climate. In 2024, they provided a leadership programme session to the People and Planet Committee, and we worked with them to deliver spotlight sustainability sessions for the wider executive members and senior management team. Future plans include expanding on this

training to equip leaders to embed sustainability knowledge, commitment and inspiration to turn sustainability trends into strategic business decisions.

STRATEGY**Introduction**

Climate change remains one of the most significant risks facing Heathrow and the wider aviation sector, as identified in our principal risks on page 32. As society navigates the journey toward a net zero economy we are exposed to risks and opportunities of the transition, as well as the physical impacts from a changing climate on our operations. As a result, understanding how climate change could affect our business and strategy is critical to safeguarding our long-term resilience and also identifying and capturing opportunities that support sustainable growth. Our People and Planet beacon, described on page 20, highlights our Net Zero Plan published in 2022 and the steps we are taking to ensure progress on this critical issue. We are working on an update to our Net Zero Plan, in line with our five-year regulatory planning cycle, that will reinforce Heathrow's commitment to long-term value creation through climate resilience and alignment with the UK's net zero objectives. This update will include a review of key assumptions such as SAF uptake at Heathrow.

There are two key strategic considerations underpinning our climate-related risks and opportunities:

1. The impact on passenger demand from the net zero transition and physical effects of climate change. Passenger numbers drive our revenue streams, which in turn dictate our ability to support the necessary capital investments to achieve net zero. Factors such as evolving government policy, how air fares will vary as a result of our airline customers transitioning to net zero and how climate impacts on the markets and network destinations we serve could influence future demand.

2. The impact of climate change on our existing assets. We must assess whether our existing assets are fit for purpose or need to be replaced earlier than originally expected. In addition, we need to consider the need for investment in new infrastructure to ensure operational continuity in a changing climate, or to adapt to demands for new aviation technologies from our airline customers.

To successfully adapt to these two key strategic considerations, we must work closely with our airline customers, as well as the Civil Aviation Authority ('CAA'). We are subject to economic regulation by the CAA, which is designed to allow us to generate revenues sufficient to finance operating and capital expenditure requirements and to provide a fair rate of return to shareholders, and so we must make investment decisions that are in the best interest of passengers. For further details of how we are economically regulated by the CAA see Regulatory Environment on page 9.

Since all capital expenditure proposals are subject to approval by the CAA in consultation with our airline customers, we must ensure that we balance non-climate and climate-related capital expenditure between now and 2050, whilst ensuring we achieve our net zero goals and adapt our airport for a changing climate. Future support from the CAA to deliver our Net Zero Plan while providing a fair rate of return to shareholders is a critical assumption and supports our scenario analysis on page 43. We assume that capital and operating expenses, will be incorporated into future airport charges set by the CAA and, therefore, climate-related impacts would be able to be mitigated through our Regulatory settlement.

We consider our assumption to be appropriate based on the support we have received from the CAA to date, which includes the approval of capital for net zero projects and a traffic risk sharing mechanism which provides some protection against underperformance on traffic volumes and sharing of outperformance.

Scenario analysis

We use scenario analysis to stress test resilience under relevant climate pathways and to adapt our strategy as risks and opportunities evolve. This ongoing evaluation ensures we can adapt to evolving risks and opportunities posed by climate change. Scenarios are illustrative demand pathways, not forecasts or predictions of future outcomes. The results of our analysis must be treated with caution since each scenario is necessarily dependent on numerous assumptions and methodological choices, and each has its own limitations.

Our scenario analysis is informed by both qualitative and quantitative assessments we have developed of transition and physical risks on the impact of passenger demand and our infrastructure. Our current scenario approach serves our internal decision-making needs and aligns with the disclosure requirements of the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022. We continue to work towards a more advanced quantitative scenario method as our understanding of climate risks deepens and the quality of available data improves.

CLIMATE-RELATED FINANCIAL DISCLOSURE ('CFD') (CONTINUED)

STRATEGY (CONTINUED)

A SUMMARY OF THE SCENARIO ANALYSIS PROCESS UNDERTAKEN

Step 1: Select the climate scenarios	<p>Our chosen scenarios were selected from Oxford Economics catalogue of scenarios; these are as follows:</p> <ul style="list-style-type: none"> • Net Zero: This scenario represents our strategic pathway to decarbonisation as defined in our Net Zero Plan. • Announced Policy: This scenario acts as a reference point, illustrating the climate pathway under individual country government and global policies as of March 2025. It includes only those commitments that are sufficiently detailed to be realised and assumes no future policy changes. • Climate Catastrophe: This scenario assumes international government failure to meet climate policy pledges, leading to intensified impacts from greenhouse gases ('GHG') in the atmosphere.
Step 2: Tailor the climate scenarios in collaboration with Oxford Economics	<p>To refine these scenarios, we collaborate with Oxford Economics using their Global Economic Model to integrate climate, energy systems and the global economy. This includes the refinement of aviation sector assumptions including energy mix, energy efficiency, and SAF prices, allowing for a deeper understanding of how climate transition affects our market and business.</p> <p>Our scenario analysis closely aligns to Representative Concentration Pathways ('RCPs') and Shared Socioeconomic Pathways ('SSPs'). RCPs are climate change scenarios to project future GHG concentrations and the physical drivers of climate change and SSPs describe a range of possible futures based on factors such as population growth, economic development, technological advancement and governance, that have been adopted by the United Nations Intergovernmental Panel on Climate Change.</p>
Step 3: Passenger demand scenarios	<p>Our dedicated passenger forecasting team models future passenger demand scenarios at Heathrow, factoring in climate change. Key drivers of long-term passenger demand, such as economic growth and changes in cost of travel now include the predicted macroeconomic impacts of the net zero transition and climate-related physical risks for individual regions. This includes outputs from the Oxford Economics Global Economic Model for predicted country level GDP trends, and carbon price forecasts.</p>
Step 4: Scenario analysis	<p>Our scenario analysis outlines current projections for potential future passenger demand and assesses the impact of climate change on our existing assets which is used for strategic and operational planning. All scenarios assume the operation of a third runway at Heathrow Airport and unconstrained terminal capacity.</p>

Our Climate scenarios






The following table outlines the key assumptions used in each climate scenario. Since last year, we have made an update to our assumption on SAF pricing.

- SAF prices were based on regulatory demand and assumed SAF price would be equivalent to jet fuel and carbon costs by 2035. This year, prices reflect supply, demand, and production costs without a revenue mechanism, resulting in prices that are lower under Climate Catastrophe and higher under Net Zero.

CLIMATE-RELATED FINANCIAL DISCLOSURE ('CFD') (CONTINUED)

STRATEGY (CONTINUED)

CLIMATE SCENARIOS: KEY COMPONENTS AND ASSUMPTIONS

	Net Zero	Announced Policy	Climate Catastrophe
2050	1.6°C	1.9°C	2.3°C
2100	N/A ¹	N/A ¹	4.4°C
Most similar to SSP-RCP climate scenario	SSP-RCP 1-1.9	SSP-RCP 2-4.5	SSP-RCP 5-8.5
Climate and temperature 	<ul style="list-style-type: none"> Global net zero is achieved and warming is limited to 1.6°C by 2050. This aligns with the scientific opinion including findings by the United Nations Intergovernmental Panel on Climate Change of a slight overshoot of 1.5°C by 2050. 	<ul style="list-style-type: none"> Global emissions decline but fall short of net zero, with warming of 1.9°C by 2050. 	<ul style="list-style-type: none"> Global net zero is not achieved, with warming of 2.3°C by 2050. Global warming continues to 2100.
Economy 	<ul style="list-style-type: none"> As a result of carbon pricing on fossil fuel inputs, companies and markets initially face higher prices, driving inflation and slowing GDP growth. However, as renewables become more competitive, price pressures begin to ease, leading to lower inflation. Over time, robust investments in green technologies support economic recovery and ultimately boost GDP growth by 2050. Government and private sector investment and government policies support economic growth to recover and boost market stability. 	<ul style="list-style-type: none"> GDP growth is initially in line with existing trends, however, in the longer term economic growth softens from multiple factors including, unfavourable demographics, weaker trade linkages and climate change. 	<ul style="list-style-type: none"> Rising global temperatures cause significant economic damage, with world GDP projected to be 20% below Announced Policy levels by 2050. Disruption of global value chains and operations challenge economic stability.
Policy and Regulation 	<ul style="list-style-type: none"> Implementation of aggressive, coordinated carbon pricing and stringent policies to achieve global net zero. Meeting net zero targets will create strong SAF demand, which will require both major investment and higher supply. Strong SAF policy and intervention lowers prices, but the market ultimately still sees higher prices than Announced Policy. Global enforcement of ambitious SAF uptake. Emissions Trading System ('ETS') and Carbon Offsetting and Reduction Scheme for International Aviation ('CORSIA') align with net zero targets. 	<ul style="list-style-type: none"> Global carbon prices fall short of the cost needed to achieve net zero. Global uptake of SAF follows existing policy commitments with no further policy development. ETS and CORSIA are not aligned with net zero targets. 	<ul style="list-style-type: none"> Global governments fail to implement policies to facilitate a transition to a net zero economy or meet nationally determined contributions. Increased reliance on carbon intensive fossil fuels and emissions beyond Announced Policy levels. Minimal transition risks due to limited policy action.
Technological and energy transition 	<ul style="list-style-type: none"> Strong investment in cleaner, efficient energy sources: SAF, hydrogen, low carbon electricity, and energy system innovations. Introduction of e-SAF with near 100% life cycle efficiency. Early investment in high quality carbon removals supports scaling of the GHG removals market. Significant progress in hydrogen powered aircraft and more energy efficient aircraft development. 	<ul style="list-style-type: none"> Some investment in clean energy, including SAF, hydrogen, low carbon electricity, and energy system innovations, however, global energy remains heavily reliant on coal, oil and gas by 2050. Hydrogen powered aircraft enter the market later than in the net zero scenario. 	<ul style="list-style-type: none"> Slower expansion of renewables compared to Announced Policy, low electricity production from low carbon sources and lower energy efficiency improvements resulting in expanding demand for fossil fuels. The share of SAF within the aviation energy mix falls as jet demand grows to meet the higher demand. Key technologies such as hydrogen, fail to scale.
Physical impacts 	<ul style="list-style-type: none"> Frequency and severity of extreme weather events slightly increase over time. Physical impacts are lesser relative to other scenarios, but uncertainty remains. 	<ul style="list-style-type: none"> Frequency and severity of extreme weather events increase. Physical impacts increase and uncertainty is heightened. 	<ul style="list-style-type: none"> Higher global warming levels, volatile temperatures, and frequent extreme heat events. Increasing physical damage from extreme weather events. Threats to the geographical location, hub operations, and network diversity of the airport.

(1) Our scenario analysis primarily extends to 2050. However, for Climate Catastrophe scenario we extend this analysis to 2100 to evaluate the physical risks to our asset base, as the impacts of climate change are expected to be more severe beyond 2050

CLIMATE-RELATED FINANCIAL DISCLOSURE ('CFD') (CONTINUED)

STRATEGY (CONTINUED)

Climate-related risks and opportunities

The following time horizons have been used which map to our typical financial, operational, investing and strategic planning cycles:

Impact time horizon	From (years)	To (years)	Aligned to
Short term	1	5	Aligned to our financial planning processes, economic regulatory cycle and 2030 net zero goals to reduce carbon emissions, by up to 15% 'In the Air' and at least 45% 'On the Ground', from our 2019 baseline
Medium term	5	10	Asset management processes
Long term	10	10+	Master planning process – the airport of the future

Table 1 provides a qualitative assessment of the climate-related risks and opportunities to support our scenario analysis, which informs our strategy and business model. In addition to summarising the risks and opportunities identified, the potential financial impacts and action we are taking are outlined.

Table 1 Qualitative assessment of the climate-related risks and opportunities

Risk Category	Risk Description	Potential Financial Impact	Time Horizon	Action We Are Taking	Opportunities
Transition: Market and Policy	<p>Slower growth rates in passenger demand due to the costs of transitioning to net zero, market shifts and climate policies. If the sector is perceived as lagging in decarbonisation efforts, this may restrict future growth.</p> <p>The UK Government concludes that it is not possible to sufficiently decarbonise flying in line with the UK's net zero targets, and implements additional measures which limit demand for aviation, including raising the cost of air travel or limiting airport capacity. At this stage, limiting airport capacity has been ruled out by the UK Government, nevertheless this position could be reversed in the future.</p>	<p>Impact area: Revenue loss Loss of revenue from reduced passenger demand.</p>	Medium–Long term	<p>Net Zero Plan implementation</p> <ul style="list-style-type: none"> Strategic Carbon and Sustainability capital programme in place to deliver carbon reduction solutions. Our 2022 published Net Zero Plan aims for 11% SAF utilisation rate at Heathrow by 2030 surpassing UK Government target of 10%, increasing to a 90% uptake at Heathrow by 2050. We are reviewing these assumptions in line with current SAF market outlook in the UK and Globally. Further information will be published in our updated Net Zero Plan. The UK SAF mandate targets fuel suppliers, not Heathrow or airlines. Our SAF incentive supports 2% above mandate in the UK, which combined with the mandate in 2026 (around 3.6%) has the potential to reach around 5.6% SAF of total jet fuel uptake. <p>SAF policy</p> <ul style="list-style-type: none"> We fully support the UK SAF mandate and the implementation of the revenue certainty mechanism at pace to unlock investment in SAF production in the UK. <p>Passenger scenarios</p> <ul style="list-style-type: none"> Continuously refining passenger scenario models and modelling methodologies to assess climate change impacts in passenger demand. 	Collaborating and supporting airline partners with decarbonisation through the uptake of SAF using our incentive scheme, electrification, low emission fuels infrastructure, planning the infrastructure for the use of fuel efficient aircraft and solutions to improve industry emissions.

CLIMATE-RELATED FINANCIAL DISCLOSURE ('CFD') (CONTINUED)

STRATEGY (CONTINUED)

Risk Category	Risk Description	Potential Financial Impact	Time Horizon	Action We Are Taking	Opportunities
Transition: Technology	The adoption of new technologies required to decarbonise aviation needs investment by Heathrow to gradually upgrade airport infrastructure and introduce operational changes that can increase costs compared to our current business models.	Impact areas: Capital and operational expenditure increase Increase in capital expenditure to adopt technologies required to decarbonise aviation and ongoing operational costs.	Medium–Long term	<p>Long term capital plans</p> <ul style="list-style-type: none"> Developing an energy strategy to meet the airport's needs through to 2050 including electricity capacity, distribution upgrades and a hydrogen delivery roadmap to support the introduction of zero carbon aircraft from the late 2030s. <p>Hydrogen infrastructure development</p> <ul style="list-style-type: none"> Heathrow is a partner in the Liquid Hydrogen Gas Turbine project, which explores infrastructure requirements for hydrogen adoption at the airport. 	<p>By investing in green infrastructure, demonstrating we support the UK Government's Jet Zero strategy and are pushing the industry, it improves Heathrow's reputation as a responsible airport committed to decarbonisation efforts.</p> <p>SAF is central to aviation's net zero roadmap. Working with our airline partners, Heathrow is driving a rapid scale up to cut emissions over the next decade by prioritising technologies like SAF that require minimal airport infrastructure changes.</p>
Transition: Reputation	Investors prioritise investment in businesses that have smaller climate impacts, affecting access to finance at affordable rates. Increased scrutiny from investors for not meeting our Net Zero Plan targets.	Impact area: Finance costs Increase in borrowing costs as access to affordable finance and growth expectations are contingent on aligning with debt investors' and customers' decarbonisation expectations.	Short–Medium term	<p>Reputational risk management</p> <ul style="list-style-type: none"> Ongoing reputational risk assessment through regular engagement with investors and credit rating agencies. Continued dialogue with the investor community on the delivery and performance of the Net Zero Plan. <p>Sustainability-Linked Bonds ('SLB')</p> <ul style="list-style-type: none"> Issued SLBs linked to our scope 1, scope 2 and scope 3 emissions commitments set out in our Net Zero Plan. 	Heathrow manages financing risks through a commitment to decarbonisation, enhancing Heathrow's reputation in sustainable aviation, attracting new routes, partnerships and increased passenger preference.
Physical: Property and Operations	Chronic and acute changes to the weather and climate may affect airport infrastructure and operations.	Impact areas: Revenue loss, and capital and operating expenditure increase Loss of revenue and increased costs from flight delays, cancellations, increased maintenance, capital expenditure and operational shutdowns.	Medium–Long term	<p>Climate risk assessment</p> <ul style="list-style-type: none"> Conducted every five years to evaluate climate change impacts on Heathrow under the three climate scenarios. Engaging and planning with key stakeholders to understand interdependency risks that we cannot directly control and could impact our operation. <p>Asset standards and infrastructure</p> <ul style="list-style-type: none"> Continually updating asset standards to ensure asset and infrastructure replacement meets the level of adaptation necessary for future expected climate conditions. 	By integrating climate risk into our enterprise risk management framework, we can better anticipate and mitigate potential physical risks associated with climate change, such as flooding or extreme weather events. This enables improved planning and resource allocation enhancing our operational resilience.

CLIMATE-RELATED FINANCIAL DISCLOSURE ('CFD') (CONTINUED)

STRATEGY (CONTINUED)

Risk Category	Risk Description	Potential Financial Impact	Time Horizon	Action We Are Taking	Opportunities
				<ul style="list-style-type: none"> We will publish a Climate Adaptation Strategy to set a clear direction for mitigating physical risks. 	
Physical: Network and Destinations	Climate change may result in physical, social and economic changes that cause permanent changes to the global aviation network and the destinations that Heathrow serves. Heathrow's business model cannot respond to market changes in more extreme climate change scenarios.	Impact area: Revenue loss Loss of revenue from reduced passenger demand due to reduced demand for routes affected by climate change impacts.	Long term	Sector collaboration <ul style="list-style-type: none"> Working with the wider aviation sector to understand the effects of climate change on the aviation network. Evaluating and monitoring consumer trends on how climate change could influence markets that drive passenger demand. Route and growth assessment <ul style="list-style-type: none"> Continuing to assess how climate change could impact our route network and passenger growth. 	We can leverage Heathrow's hub model to maximise economic value which reduces reliance on any single market or location.

Scenario analysis continues to be a valuable tool in assessing the potential impact of climate-related risks and opportunities. Our scenario analysis is underpinned by the CAA H7 regulatory framework, which governs our operations from January 2022 to December 2026. While we do not anticipate significant changes to this framework in the near term, we will reassess our scenario analysis in line with future regulatory submissions and updates to the price control regime.

Quantitative scenario analysis

In evaluating the financial impacts associated with transition and physical climate risks, we have introduced a summary of the climate-related risks that have been financially quantified and outlined the risks that we have not yet quantified as set out in Table 3. Our intention is to complete the financial quantification of the material risks in the future as our understanding and analysis mature. For transition risks we chose to use the Net Zero transition scenario (average global temperature increases of 1.6°C due to climate change by 2050) and a physical climate impact Climate Catastrophe scenario (average global temperature increases of 2.3°C due to climate change by 2050). These scenarios were chosen to show the impact of both a high level of transition risk using the 1.6°C pathway, or physical risk using the 2.3°C pathway. The financial impact criteria have been aligned to our enterprise risk management impact assessment as set out in Table 2.

Table 2 Impact on the net of operating and investing cash flows

No impact	Minor	Moderate	Major	Critical
0%	<2%	2-5%	5-10%	>10%

Our primary measure of business resilience is projected future cash flows, given the significant capital investment required to operate and our reliance on external debt financing. For the financial impact criteria, we use impact on the net of operating and investing cash flows, calculated as net cash from operating activities minus capital expenditures and investment properties for the year ended 31 December 2024, expressed in today's prices. This scenario analysis focuses on the relative risk impact, not absolute values. The risks are assessed separately, and no attempt is made to assess and rate combined impacts. If a third runway is built, absolute cash flows would rise, however, the percentage impact of risks would remain consistent.

CLIMATE-RELATED FINANCIAL DISCLOSURE ('CFD') (CONTINUED)

STRATEGY (CONTINUED)

Table 3

Climate Scenario	Type of risk	Risk modelled	Impact area	Impact on the net of operating and investing cash flows in 2030 ¹	Impact on the net of operating and investing cash flows in 2050 ¹	Capital mitigation spends expected in H7	Proposed mitigation capital investment in H8
Net Zero 1.6°C Transition risks	Market and Policy	Revenue loss from reduced passenger demand compared to the declared capacity today.	Aeronautical and Retail revenue	No impact Passenger demand is above supply.	No impact Passenger demand is above supply.	£nil	
	Technology	Increased operational costs due to reliance on carbon offsets and removals to reach net zero targets for residual emissions.	Operational costs	Minor We currently use carbon offsetting to address residual scope 1 and scope 2 emissions and limited scope 3 emissions from business travel. Ongoing investment in 'Carbon on the Ground' initiatives is designed to reduce these emissions and progressively lower near-term reliance on offsets. However, Heathrow's Net Zero Plan identifies that residual carbon emissions will need to be removed from the atmosphere in the long-term for 'In the Air' scope 3 emissions. See page 54 for further details.	Not yet quantified Even with ambitious decarbonisation, national and sectoral pathways particularly for aviation, we may require some use of high quality offsets and removals. The market is still developing and will need further policy support and price clarity. We will continue to monitor progress.	£141 million	£520 million
		Increased operational costs due to the adoption of new technologies required to decarbonise aviation at Heathrow.	Operational costs, including other regulated charges	No impact Heathrow's regulatory framework is incentive-based and designed to promote efficiency while enabling recovery of efficient costs. A critical assumption in our planning is that most increased operational costs from decarbonisation, directly used by our customers will be recovered through the Other Regulated Charges ² ('ORC') mechanism. For example, during H7 we delivered preconditioned air infrastructure ³ , with ongoing costs recovered through ORC's. This assumption is a critical judgement in our planning and will be addressed as part of our ongoing review.			
	Reputation	Increased finance cost from failure to meet to our current SLB 2030 targets for both 'In the Air' and 'On the Ground'.	Finance costs	Minor See page 53 for further information.	N/A As our current SLBs go out to 2030.	£nil	
Increased borrowing costs due to failure to decarbonise as a business.		Not yet quantified As the market evolves for sustainably-linked financing, we will be reviewing the market appetite and the impact to our borrowing costs.					

CLIMATE-RELATED FINANCIAL DISCLOSURE ('CFD') (CONTINUED)

STRATEGY (CONTINUED)

Climate Scenario	Type of risk	Risk modelled	Impact area	Impact on the net of operating and investing cash flows in 2030 ¹	Impact on the net of operating and investing cash flows in 2050 ¹	Capital mitigation spends expected in H7	Proposed mitigation capital investment in H8
Climate Catastrophe 2.3°C Physical risks	Property and Operations	Loss of revenue and increased operational costs from daily priority weather events at Heathrow causing disruptions.	Aeronautical and Retail Revenue Operational costs	Not yet quantified We are evaluating the financial implications of acute physical risks from significant weather-related events. Recent disruptions, including partial airport closures caused 1,273 flight cancellations and resulted in disruption to approximately 200,000 passengers, provided insights into operational and financial impacts. Recent data also shows that leisure passengers demonstrated greater resilience compared to business travellers, for example, if a flight is cancelled at the last minute, a passenger travelling to a business conference on that day will not rebook, whereas a passenger going on holiday or to see their family is more likely to accept a delay and still travel. Therefore, minimising our financial impact. Additionally, reputational risks and public trust remain key considerations. While recent short-term daily closure has shown minor impact, we aim to improve risk quantification by analysing the frequency and severity of future events.		£nil	£63 million
		Increased operational costs from a climate event triggering a Measures Targets and Incentives ('MTI') penalty.	Operational costs	No impact The 2025 Heathrow Conditions of Use include provisions for performance alleviations under the MTI Scheme in response to events beyond Heathrow's control, such as severe weather. These events are assessed on a case-by-case basis, requiring Heathrow to demonstrate reasonable mitigation efforts. Alleviations may adjust service quality rebates or penalties, ensuring fair performance evaluation within the regulatory framework. As with all regulated licence conditions, these are subject to change in the future.			
	Network and Destinations	Lost passenger demand for routes affected by climate change impacts.	Aeronautical and Retail Revenue	Not quantified We will continue to monitor the sensitivity of major routes. However, Heathrow's large global network of destinations provides a level of resilience to events at individual destinations.		£nil	

(1) The impact assessments assume no further mitigation actions are taken.

(2) ORCs are fees Heathrow Airport applies for specific services that are regulated by the UK Civil Aviation Authority. These charges are designed to recover costs, not generate profit, and are subject to transparency and oversight.

(3) The delivery of pre-conditioned air is expected to continue into H8.

Qualitative scenario analysis

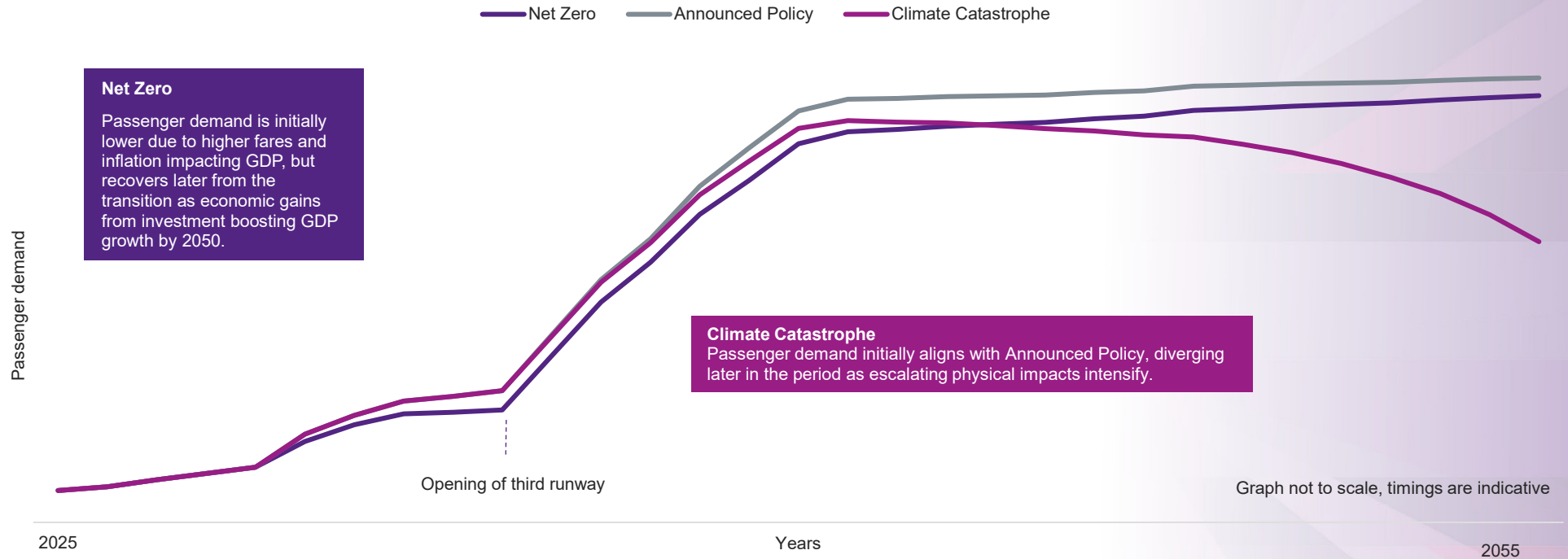
We have updated our qualitative scenario analysis to reflect both transition and physical risks across three temperature pathways, 1.6°C to 2.3°C, primarily through to 2050. However, for Market and Policy, we have extended the passenger demand scenarios out to 2055 to assess future passenger demand post 2050. In addition, for the Climate Catastrophe scenario we extend this analysis to 2100 to evaluate the physical risks to our asset base, as the impacts of climate change are expected to be more severe beyond 2050.

Market and Policy and Network and Destinations

Heathrow's passenger demand is closely tied to economic growth in the UK and the destinations it serves, with passenger numbers being the primary driver of revenue. Long-term fluctuations in demand could significantly affect future passenger charges. Figure 1 outlines the passenger demand scenarios under each of the climate scenarios out to 2055. The below qualitative scenario analysis provides further information on the key drivers within the climate scenarios impacting passenger demand.

CLIMATE-RELATED FINANCIAL DISCLOSURE ('CFD') (CONTINUED)
STRATEGY (CONTINUED)

Figure 1 Passenger demand scenarios



Net Zero
Passenger demand is initially lower due to higher fares and inflation impacting GDP, but recovers later from the transition as economic gains from investment boosting GDP growth by 2050.

Climate Catastrophe
Passenger demand initially aligns with Announced Policy, diverging later in the period as escalating physical impacts intensify.

		Net Zero	Announced Policy	Climate Catastrophe
Transition risk impacts	GDP	<p>The UK's early net zero transition causes a temporary dip in GDP growth due to inflationary pressures.</p> <p>Carbon prices rise significantly, leading to significant increases in air fares.</p> <p>From the early 2030s, the transition is expected to boost the economy through productivity gains from higher investment and by avoiding the more severe climate impacts projected in Announced Policy. By 2050, UK GDP is projected to be 1% higher than the Announced Policy scenario. This economic uplift is expected to positively influence long-term passenger demand at Heathrow.</p>	<p>Rising fuel costs and exposure to carbon pricing are expected to drive up airfares over time, leading to a softening in passenger demand, marking a shift from the pre-2020 trend of decreasing real term airfares.</p> <p>While initial economic growth aligns with long-term trends, increasing global temperatures will result in escalating climate-related economic damages, ultimately weakening both economic growth and passenger demand.</p>	<p>In the early stages, climate change has relatively minor economic impacts.</p> <p>The economic damage from climate change accelerates from the late 2030s. By 2050, the global economy is in recession and the UK's GDP could be up to 14% below the Announced Policy Scenario, significantly suppressing passenger demand.</p>

CLIMATE-RELATED FINANCIAL DISCLOSURE ('CFD') (CONTINUED)

STRATEGY (CONTINUED)

		Net Zero	Announced Policy	Climate Catastrophe
	SAF	<p>In this ambitious climate scenario, the adoption of SAF at Heathrow is projected to reach an 11% utilisation rate by 2030, surpassing UK Government target of 10% and increasing to a 90% uplift at Heathrow by 2050.</p> <p>The high costs associated with SAF are likely to dampen passenger demand, leading to a conservative outlook.</p>	<p>The government mandate started in 2025, and the projected uptake of SAF at Heathrow aligns with government targets for 2030 and 2040.</p> <p>While there is no official UK mandate for SAF in 2050, penetration is anticipated to increase to 30%, indicating a potential risk of non-compliance in the interim years.</p> <p>Globally SAF adoption varies significantly, and regional disparities may create transition risks for Heathrow driven by the variations in compliance costs and competitive pressures across different markets.</p>	<p>SAF uptake is initially assumed to be in line with Announced Policy, achieving the UK 2030 mandate. However, SAF policy is assumed to fail and the share of SAF as a proportion of total jet fuel significantly falls. As demand for fossil fuels increases in this scenario, the price of jet fuel increases significantly resulting in higher fares than Announced Policy suppressing demand.</p>
Physical risk impact	Network and destinations	<p>Shifts in travel patterns would be expected as the market responds to changes in economic growth and extreme weather events. These changes would be reflected in our network over the long-term and are consistent with the level of change Heathrow's network has seen historically.</p>		<p>The economic impact is most pronounced in Europe and North America where temperature anomalies are forecast to be greatest.</p> <p>More frequent extreme weather events will impact operations and route viability. This will require significant structural changes to the global aviation market over the long term, which will need to adapt to the effects of significant climate change. Proactive changes to our current route network and flight routing would be expected to follow changes to the market.</p>

Technology

Net Zero	Announced Policy	Climate catastrophe
<p>This scenario hinges on the successful achievement of the UK's net zero objectives, driven by technological advancements and robust supportive policies across the UK, US, EU and other regions, coupled with sustained public backing.</p> <p>Additionally, we expect ongoing investment in lower carbon technologies, including renewables, hydrogen, nuclear power and grid infrastructure to further facilitate the transition.</p>	<p>This scenario describes a world in which only current and announced UK and global policy is delivering the net zero transition and no further policy or technological development is anticipated.</p> <p>We project a gradual development of hydrogen powered aircraft, with turboprop models expected to enter service by the late 2030s and larger regional aircraft by the late 2040s. Delays in these technologies could impede our ability to meet emission reduction targets leading to increased reliance on carbon offsets.</p>	<p>Governments fail to meet their green pledges.</p> <p>With SAF production levels remaining unchanged and lack of investment into hydrogen and other low carbon alternative technologies, infrastructure requirements are uncertain. Whilst this means less transition costs in updating infrastructure, this increases costs significantly for Heathrow on offsetting.</p>

CLIMATE-RELATED FINANCIAL DISCLOSURE ('CFD') (CONTINUED)

STRATEGY (CONTINUED)

Investments to support decarbonisation

The H7 Carbon and Sustainability Capital Programme is a strategic investment supporting Heathrow's net zero ambition by 2050 and wider People and Planet objectives. The programme is expected to continue and the decarbonisation will focus on surface access, energy, operations, heat decarbonisation, and data transformation driving near-term carbon reductions and enabling long-term emissions goals both 'In the Air' and 'On the Ground'.

From 1st January 2022 to 31st December 2025, we invested £96 million, through the H7 Carbon and Sustainability Capital Programme contributing towards an achievement of 8% reduction of our total carbon footprint¹ by the end of 2025 compared to a 2019 baseline². By the end of H7, we expect to have invested around £141 million in decarbonisation initiatives,

prioritising actions that deliver the greatest benefits and support our 2030 net zero goals.

Investments to date have set a strong foundation for continued progress in H8. The H8 business plan 2027 to 2031 submitted to the CAA in July 2025 outlines a further £520 million of capital investments toward decarbonisation initiatives to maintain progress toward net zero. These investments are expected to deliver a reduction of 1% of 'In the Air' and 5% of 'On the Ground' in 2032 compared to a 2019 baseline².

Our plan to continue to reduce emissions 'In the Air' and 'On the Ground' in H8

'In the Air' scope 3 emissions originating from our customers fuel burn, accounting for approximately 95% of Heathrow's carbon footprint, are largely outside Heathrow's direct control. However, through targeted capital and

non-capital initiatives, Heathrow aims to support reductions through delivering preconditioned air across all terminals to reduce jet fuel use on stand, and modernising airspace to improve operational efficiency and lower emissions. Progress in this area depends on factors beyond Heathrow's control, including SAF availability, airline fleet renewal, national airspace reform and SAF uptake³.

'On the Ground' emissions are being addressed through investments in designing a zero carbon energy hub at the Terminal 5 Energy Centre that uses heat pumps to generate heating and cooling, expanded electric vehicle charging for ground support equipment, and a commitment to maintain 100% renewable electricity in H8. Achieving these goals will require upgraded grid connections to ensure reliable power for electrified airport operations.

We have assumed that any significant investments required to achieve net zero in our scope 1 and scope 2 emissions, whether capital or operating expenses, will be incorporated into future airport charges. This assumption is a critical judgement in our planning. Given the nature of our long-term capital programme, investments to support the net zero transition will require backing from our economic regulator, the CAA. Although these investments will be initiated at the request of and for the benefit of our airline customers, they cannot be guaranteed. We will continuously evaluate the associated infrastructure needs, which will inform our ongoing assessment of the required investment magnitude and carbon savings.

Reputation

Net Zero	Announced Policy	Climate Catastrophe
Net zero is achieved and our current bond commitments are met. Heathrow is seen as market leading from reputational perspective.	Failure to meet our net zero targets, may result in changed investor priorities and reduced trust in Heathrow's forward looking targets. Potential for increased costs of borrowing.	Failure to meet our net zero targets, may result in reduced access to borrowing and increased costs of borrowing leading to threat on covenants and increased risk of default.

Property and Operations

Net Zero	Announced Policy	Climate Catastrophe
As emissions fall to zero, climate damages are largely avoided. However, the climate will take time to respond, and risks remain around flooding, maximum temperatures and storms which pose risks to our infrastructure operations.	Rising global temperatures lead to an increase in the frequency and severity of extreme weather events and physical impacts from surface water and groundwater flooding, storms, and maximum temperatures on infrastructure.	The level of warming increases the likelihood, frequency and severity of extreme weather in both the medium and long-term, requiring significant adaptation to our airport infrastructure and operations.

¹ Excluding savings from SAF

² Additional carbon reductions are expected outside of these investments, as detailed in our Net Zero Plan

³ Savings from SAF are currently reported separately to our scope 3 emissions. We will continue to review this as further guidance on SAF accounting emerges.

CLIMATE-RELATED FINANCIAL DISCLOSURE ('CFD') (CONTINUED)
STRATEGY (CONTINUED)

Climate change risk assessment

Figure 2 Risk assessment matrix

		Consequence				
		1 Minimal	2 Minor	3 Moderate	4 Major	5 Catastrophic
Likelihood	5 Highly probable	10	10	15	20	25
	4 More than likely	4	8	12	16	20
	3 Less than likely	3	6	9	12	15
	2 Unlikely	2	4	6	8	10
	1 Improbable	1	2	3	4	5

Heathrow has embedded Climate Change Risk Assessment ('CCRA') into its enterprise risk management framework and reports on physical climate risks every five years in accordance with UK Government requirements for Critical National Infrastructure. This assessment evaluates physical climate risks and informs where existing mitigations should be strengthened. It also guides updates to asset strategies and standards, enabling climate adaptation through routine asset replacement and supporting the case for capital investment as part of standard business planning.

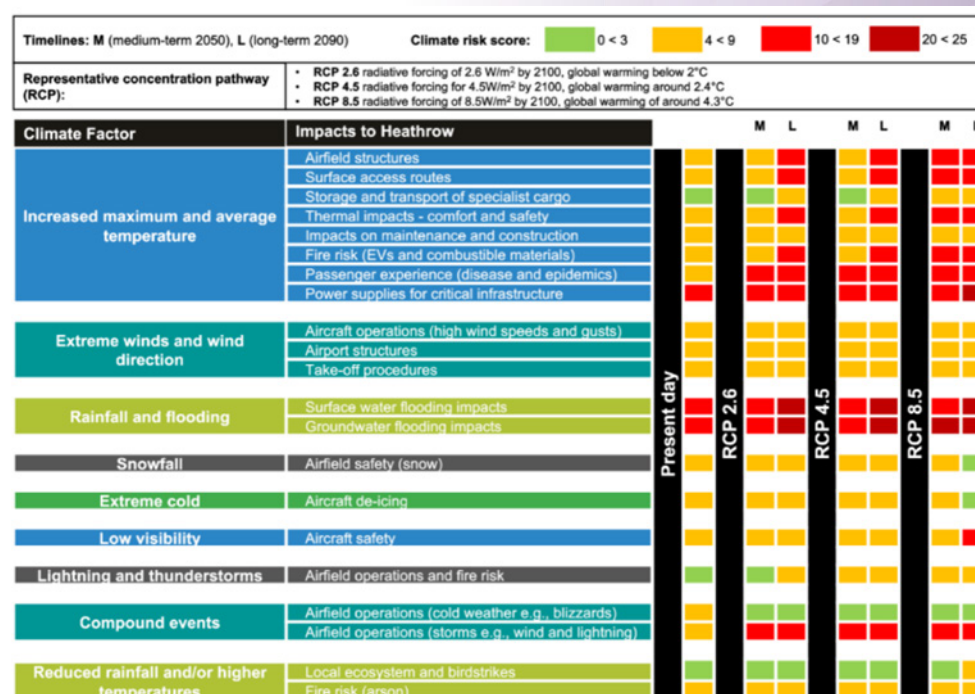
As part of the fourth round of Adaptation Reporting published in December 2024, Heathrow updated its CCRA using a structured and evidence-based approach to develop our understanding of physical risks to our infrastructure and operations under a range of climate scenarios.

In alignment with our CFD climate scenarios, our CCRA assesses physical risks under the three closely aligned RCP emissions scenarios and for three time horizons, present-day, 2050s and 2090s. This long-term assessment reflects the potential 100-year lifespan of our assets, ensuring that climate-related risks are understood over the full lifecycle of investments.

The CCRA scoring was conducted using the 5x5 risk matrix, see Figure 2, which is aligned to our enterprise risk management framework, to evaluate likelihood and consequence, incorporating current control measures and updated evidence from recent weather events and asset performance.

Figure 3 provides a summary of the CCRA findings for our direct risks, showing the different risk trends across medium-term and long-term horizons for all three climate scenarios (RCP 2.6, 4.5 and 8.5). The CCRA highlighted the top three priority risks as flooding, compound storm events and heat, which could significantly impact infrastructure, operations, and passenger experience at Heathrow under each of the climate scenarios.

Figure 3 Summary of climate risk scores



Flooding risks arising from surface water, river overflow, sewer system capacity and groundwater infiltration each posing threats to critical assets such as buildings, data centres, and airfield operations. Preliminary modelling has identified surface water and groundwater flooding as a priority complex physical risk. These form part of our proposed H8 capital investment plan to provide the first steps in reducing the impact of these as set out in the next section. This complex risk will also be further addressed through the implementation of our masterplan.

CLIMATE-RELATED FINANCIAL DISCLOSURE ('CFD') (CONTINUED)

STRATEGY (CONTINUED)

Compound storm events, where lightning, wind, and intense rainfall coincide, present high disruption potential. A June 2023 event led to 730 flight delays and 78 cancellations, highlighting the operational and safety risks to staff.

Heat, where sustained heatwaves increase fire risk and can negatively affect passenger experience, airfield structures and surface access routes. Rising temperatures that exceed the 40°C threshold more frequently can impact critical assets such as power and electrical systems supporting data centres and cold storage, with potential disruption to cooling supplies as well as affecting the performance of aircraft which are likely to require additional runway length for take-off runs in high temperatures.

Our CCRA can be found [here](#).

Adapting our airport to climate effects

We will publish our Climate Adaptation Strategy outlining how climate change may impact our operations now and in the future. The roadmap prioritises actions across the next two regulatory periods, H8 2027 to 2031 and H9 2032 to 2037, recognising adaptation as an ongoing process. The Strategy will be reviewed in line with updates to our physical CCRA and will guide long-term infrastructure planning.

The H8 Business Plan sets out the capital investment required to maintain operational resilience and support reliable passenger journeys, by planning to invest £63 million during H8 to enhance flood protection by the mid-2030s. This investment will improve drainage infrastructure and safeguard critical assets including buildings and subsurface systems from major surface water flooding. It also supports the development of a long-term risk mitigation strategy, marking a vital first step in addressing broader climate-related challenges, but further action will be needed to address the wider and growing climate-related risks we face.

The nature of our long-term capital programme means that investing in the necessary equipment and infrastructure needs to be supported through our economic regulation by the CAA. While any such investment would be at the request and to

the benefit of our airline customers, it is not guaranteed. We are continuing to develop and refine our assessment of physical risks which will inform our ongoing assessment of their financial materiality.

Impacts of climate considerations on our financial processes

We utilise our regular short-term financial planning process and five-year business plan as part of our regulatory framework subject to CAA approval to include carbon reduction initiatives and climate adaptation measures. By doing so, spend associated with certain projects linked to climate-related risks and opportunities is incorporated into the 2026 budget and regulatory five-year financial planning process, both approved by the Board. We have included the capital expenditure required to manage the impact of our climate-related risks in our operations, for example, capital investment in preconditioned air across all terminals. This financial planning process forms the cash flow projections within our going concern and impairment assessments, see page 122 for more details).

There is growing emphasis from investors on sustainability impacts, capital availability and costs. In 2023, we issued our first SLB, to embed sustainability into our financial strategy and demonstrate leadership in climate action within the aviation sector. We have built on this commitment, having issued four SLBs across three currency markets, equating to a total notional of £1.6 billion, of which all share the same 'In the Air' and 'On the Ground' targets set out on page 54. The maximum estimated premium for not meeting emissions targets in 2030 is £16.3 million, approx. 1% of bond notional value, for SLB and related hedging. We view this as indicative of potential climate-related costs linked to our SLBs and associated hedging arrangements.

In May 2024, we priced our first use of proceeds green issuance through the private placement market. These proceeds have been fully allocated to pre-agreed projects in accordance with the Loan Market Association Green Loan Principles.

Our Treasury Policy continues to include a requirement that a minimum of 5% of the total of all Heathrow investments must be in ESG investment products, for example but not limited to Money Market deposits and on-call bank accounts.

Business resilience

The primary measure of our business resilience is potential future cashflows due to the significant capital investment required to operate and our reliance on external debt investment. In assessing potential future cashflows, we consider passenger demand at our airport as the fundamental driver, alongside airport charges regulated by the CAA, our economic regulator.

As part of our scenario analysis modelling to evaluate our resilience, we assessed Heathrow passenger demand incorporating assumptions and impacts from our three climate scenarios. According to our evaluation, the three climate scenarios ranging from 1.6°C to 2.3°C, by 2055, indicate a Compound Annual Growth Rate ('CAGR') in passenger demand ranging from higher 2% to 1% respectively until 2055 compared to a 2025 baseline.

The strategic case for the third runway remains strong and has been further strengthened by the Board's recent approval of funding and mobilisation activities to obtain Development Planning Consent by 2029.

Given the projected growth in demand for travel through the airport, we consider our business to be resilient in the short, medium, and long term under both Net Zero and Announced Policy scenarios, including on an expanded basis with a third runway.

In Climate Catastrophe, the highest emissions pathway, we have considered the medium and long-term frame in assessing our businesses resilience to physical risks, particularly those associated with potential extreme weather impacts on our infrastructure and operations. Our evaluation highlighted that passenger demand CAGR is positive, albeit with the lowest growth through to 2055.

Despite challenges in evaluating such risks, due to the uncertainty linked with extended timelines beyond 2055, our assessment offers valuable insights. Considering our airport's location, we are confident in our business's relative resilience. We are positioned as a global hub with a diverse route network providing a platform to mitigate exposure risks. Our mitigation measures are designed to reduce the impact of the transition and physical risks under the three presented scenarios.

We maintain ongoing engagement with the CAA, emphasising the necessity of making investments that contribute to climate adaptation and mitigation. We anticipate that such initiatives will continue to receive support as part of the regulatory settlement process.

Finally, while scenario analysis is not conducted primarily for asset valuation purposes, given that scenarios inherently depict hypothetical future conditions, we have integrated pertinent key assumptions in evaluating the recoverability of existing assets.

The consideration of these climate change assumptions in our asset valuation does not suggest any issues regarding the recoverability of these assets.

CLIMATE-RELATED FINANCIAL DISCLOSURE ('CFD') (CONTINUED)

RISK MANAGEMENT

Climate risk management is embedded within our overall enterprise risk management framework. We consider both transition and physical risks. We have adopted similar terminology, clarified our approach to both transition and physical risks and report using a consistent format. Our functional risk registers are aligned in the same way, ensuring that climate-related risks are managed and reported in a consistent way and making it easier for us to assess climate-related risks thematically.

See our approach to Risk Management on page 30.

METRICS AND TARGETS

People and Planet, one of our guiding strategic beacons, ensures that sustainability sits at the heart of how we operate the airport. Connecting People and Planet strategy is the umbrella strategy that consolidates our People and Planet commitments together in one place, including our Net Zero Plan which explains how we will cut carbon emissions working with the wider aviation industry to reach net zero emissions by 2050. We continue to develop and refine our approach based on the latest research, trends and evidence, and delivering our plan and measuring performance.

Our Net Zero Plan and targets

Our Net Zero Plan sets a carbon reduction trajectory to 2050 and covers all the emissions in our carbon footprint 'In the Air' and 'On the Ground', including cruise emissions from departing flights, as well as the Landing and Take-off emissions from flights in our immediate airspace up to 3,000 feet. Our plan includes two 2030 goals to focus on cutting carbon emissions this decade:

1. Up to 15% cut in carbon emissions 'In the Air' using a 2019 baseline.
2. At least 45% cut in carbon emissions 'On the Ground' using a 2019 baseline.

Our plan is designed to meet or surpass the carbon emissions trajectory set out in the Climate Change Committee's ('CCC') Net Zero Balanced Pathway underpinning its recommendations to the UK Government for the Sixth Carbon Budget. This approach aligns with, and supports, the aviation sector's commitment to achieve net zero emissions by 2050.

The following table provides a summary of the goals, targets and metrics that guide our assessment of progress towards meeting our 2030 goals, along with an update on the status of our progress.

Table 4

Goals	Targets ²	Metrics used	Status in 2025
Cut at least 45% carbon emissions 'On the Ground' by 2030 using a 2019 baseline. Associated with our SLBs ¹	Cut 49% by 2030 from surface access.	Total scope 1,2 and 3 GHG, see page 56 for further details.	More work to do
	Cut 87% by 2030 from airport vehicles.		On track
	Cut 35% by 2030 from our supply chain.		More work to do
	Cut 39% by 2030 from buildings and infrastructure ³ .		More work to do
Cut up to 15% carbon emissions from flying (or carbon 'In the Air') by 2030 using a 2019 baseline. Associated with our SLBs.	Cut up to 1% by 2030 through more efficient operations and modernising airspace.	Total scope 3 GHG, see page 56 for further details.	On track
	Cut up to 8% by 2030 through improvements to conventional aircraft.		On track
	Cut up to 7% by 2030 through use of SAF.	Tonnes of SAF uplifted, see page 56 for further details.	On track

(1) For the purposes of our SLB Framework, the Sustainability Performance Target ('SPT') is 46.2% reduction.

(2) Represents solutions to achieve SPTs and KPIs for the purposes of our SLB Framework.

(3) Energy usage in megawatt hours ('MWh'). This metric is associated with Streamlined Energy and Carbon Reporting.

CLIMATE-RELATED FINANCIAL DISCLOSURE ('CFD') (CONTINUED)

METRICS AND TARGETS (CONTINUED)



For further information on our progress the 2025 Annual Sustainability report can be found [here](#)

Measuring carbon performance

Heathrow has set ambitious targets to cut carbon emissions and a plan to deliver these. We track and report our performance, in reducing absolute carbon emissions each year, through our carbon footprint. Our carbon footprint, including scope 1, 2 and 3 emissions and further information on our methodology can be found on page 56.

Our selected carbon emissions metrics have been subjected to independent limited assurance procedures by a third party applying the International Standard on Assurance Engagements ('ISAE') 3000 (Revised) and ISAE 3410.



Our Carbon Footprint Methodology Document can be found [here](#).

Carbon offsets and removals

Achieving zero gross emissions for all sources of emissions is unrealistic for aviation in any of our scenarios, there will be some residual emissions. This is because in a small number of cases solutions are not yet available or are lacking in maturity. Further information can be found in our Net Zero Plan.



Our Net Zero Plan can be found [here](#).

The carbon credits we use are verified under UK Government-backed standards. Specifically, credits from the Woodland Carbon Code and Peatland Code are independently verified by the Soil Association and Organic Farmers and Growers, both of which are UKAS-accredited bodies.

Our approach includes a mix of nature-based and technological carbon solutions:

- We have already acquired nature-based credits in the form of Pending Issuance Units under the Woodland Carbon Code and Peatland Code. Woodland Carbon Code units are classified as carbon removal credits,

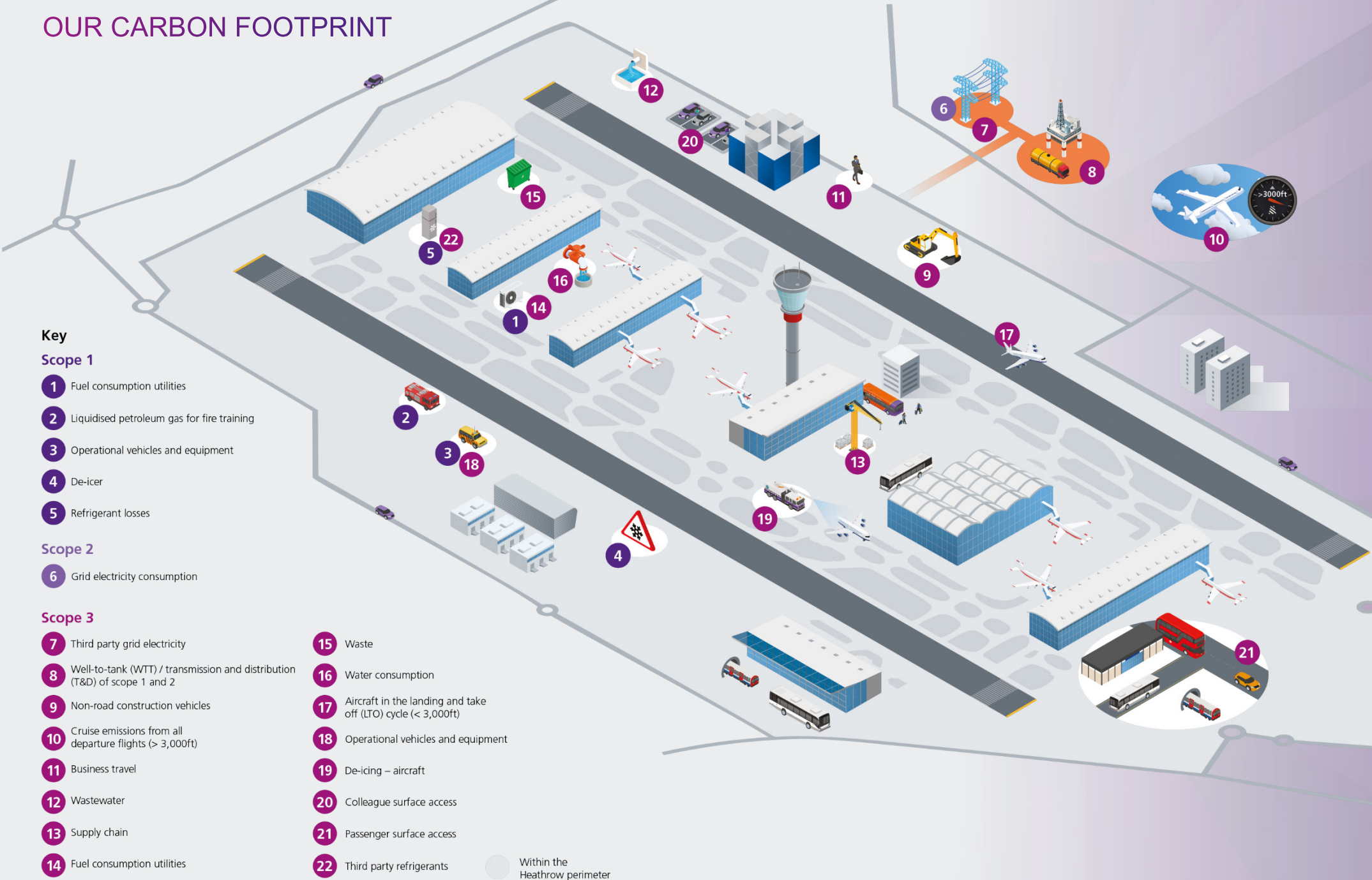
representing future CO₂ sequestration through afforestation. Peatland Code units are classified as carbon reduction credits, reflecting avoided emissions from restored peatlands.

- Looking ahead, we plan to purchase carbon removal credits from technology-based solutions such as those derived from Direct Air Capture and biochar. These credits are classified as carbon removal, as they are based on engineered processes that extract CO₂ directly from the atmosphere. Our strategy prioritises high-integrity credits aligned with UK Government standards and science-based net zero principles.

Management remuneration reward

To empower our workforce and give our colleagues a stake in delivering our Net Zero Plan, we have incorporated carbon performance in our Share in Success ('SIS') long-term incentive plans performance metrics, with the objective to reduce carbon emissions at the airport. For further information, please refer to page 98.

OUR CARBON FOOTPRINT



Key

Scope 1

- 1 Fuel consumption utilities
- 2 Liquidised petroleum gas for fire training
- 3 Operational vehicles and equipment
- 4 De-icer
- 5 Refrigerant losses

Scope 2

- 6 Grid electricity consumption

Scope 3

- 7 Third party grid electricity
- 8 Well-to-tank (WTT) / transmission and distribution (T&D) of scope 1 and 2
- 9 Non-road construction vehicles
- 10 Cruise emissions from all departure flights (> 3,000ft)
- 11 Business travel
- 12 Wastewater
- 13 Supply chain
- 14 Fuel consumption utilities
- 15 Waste
- 16 Water consumption
- 17 Aircraft in the landing and take off (LTO) cycle (< 3,000ft)
- 18 Operational vehicles and equipment
- 19 De-icing – aircraft
- 20 Colleague surface access
- 21 Passenger surface access
- 22 Third party refrigerants

○ Within the Heathrow perimeter

OUR CARBON FOOTPRINT (CONTINUED)

CALCULATING OUR CARBON FOOTPRINT

We monitor our carbon footprint and report on our GHG emissions annually to track progress against our net zero targets and identify opportunities for improvement.

Our methodology for carbon reporting is reported in accordance with the Greenhouse Gas Protocol ('GHGP') and the Airport Carbon Accreditation ('ACA') Level 4+ standards.

Our footprint mainly covers:

- Scope 1 and 2 emissions, which account for less than 1% of Heathrow's footprint, including emissions associated with Heathrow buildings and infrastructure and Heathrow owned vehicles.
- Scope 3 emissions accounts for 99% of Heathrow's total emissions, including aircraft, surface access, supply chain and Team Heathrow vehicles, with aircraft accounting for 95% of total emissions.

The ACA requirements were updated in December 2023 to include an expanded scope 3 inventory in line with the GHGP. We are reviewing our data availability and calculation methodologies to account for surface access related emissions to cargo.

Each annual carbon footprint includes our baseline year 2019, the current reporting year, and two previous years for comparison. Following the publication of our Net Zero Plan in February 2022, we have mapped its eight goals to cut carbon 'In the Air' and 'On the Ground' to the GHGP scopes. Further information on our Net Zero Plan can be found [here](#). Refer to page 21 for more on our Net Zero Plan.

We are continuously improving the quality of our carbon footprint data to provide more frequent, accurate, and accessible carbon reporting.

Since 2022, SAF has been regularly uplifted at Heathrow and forms part of our aeronautical charge's incentive scheme. Guidance from professional bodies and standard setters on how

to account for SAF is emerging and we are reviewing our reporting methods. We continue to report the savings from using SAF compared to regular jet fuel in our 'separately from the scopes' table until further guidance is available.

In 2025, as part of our supply chain methodology, we have introduced two new data sources. The first is supplier specific intensity factors from the balanced scorecard, where suppliers have provided evidence of third-party assurance. The second is project-specific carbon lifecycle assessments. These data sources now supersede spend-based intensity factors where available.

Scope 2 market-based emissions are close to zero as our electricity is sourced using a Renewable Energy Guarantee of Origin ('REGO') backed contract. The REGO certificate covers Heathrow Airport Limited ('HAL') and the Business Support Centre ('BSC') in Glasgow, all of which fall under scope 2 electricity. However, in 2025, following an office relocation of the BSC, a small amount of scope 2 market-based emissions were recorded for the period before the energy consumption switched to a zero-emissions tariff. These emissions are not expected to occur from 2026 onwards.

PricewaterhouseCoopers LLP ('PwC') has performed independent limited assurance procedures over selected sustainability performance metrics for the year ended 31 December 2025. For the results of that assurance process, see PwC's assurance report in our 2025 Sustainability Report, alongside our methodology document to which it relates.



Download our methodology document: Heathrow's GHG Emissions Principles and Methodologies 2025 [here](#).

Our published methodology document contains information on the context, scope, reporting period, boundaries, calculations, and emission factors of the 2025 carbon footprint. This includes a list of all emissions by scope with detailed information on data sources and core assumptions used for calculation.

CARBON FOOTPRINT SUPPORTING NOTES:

The notes below provide key explanations that support the carbon footprint tables on the following pages.

We continue to apply the same footprint boundaries to reflect our operational control both at the airport and offsite – including our Business Support Centre ('BSC').

Scope 1 – All direct GHG emissions from activities at Heathrow Airport under our direct control, such as our own vehicles, fuel required to heat our terminals and non-carbon emissions, including refrigerant gases.

Scope 2 – Indirect greenhouse gas emissions from grid electricity consumption. This includes all grid electricity consumed by all owned and operated activities onsite at Heathrow Airport, and offsite. Any use which relates to third parties, not within HAL's operational control is sub-metered and included within scope 3.

Energy related emissions:

- Market-based grid electricity and utilities consumption: market-based emissions have been used to calculate total emissions. Carbon intensity metrics, including scope 2, only include market-based scope 2 emissions.
- Location-based grid electricity and utilities: location-based emissions are based on the emissions intensity of the grid and natural gas and do not take into account the procurement of renewable energy from the market, hence are not counted in Heathrow's total market-based emissions.

All scope 1 and 2 emissions are UK based.

Scope 3 – All other indirect GHG emissions from activities in relation to Heathrow Airport, occurring from sources that we do not own or control. We know that getting our own house in order is only the first step and that we must support decarbonisation across the whole industry, including flights.

Well-to-tank and Transmission & Distribution

Well-to-tank ('WTT') emissions are "upstream" emissions related to the production and transportation of fuel to where it will be combusted. Transmission and Distribution ('T&D') are emissions from the transmission and distribution of energy to site. Although we track WTT and T&D emissions of our scope 3, we do not currently include these within our reporting. The industry standards we follow are still developing regarding the inclusion of WTT emissions, determining which aviation stakeholders should report them, and how they relate to attributing the benefits of SAF.

OUR CARBON FOOTPRINT (CONTINUED)

CALCULATING OUR CARBON FOOTPRINT (CONTINUED)

Net Zero Plan		Emission Source		Greenhouse Gas Emissions (tonnes CO ₂ e)				
Objective	Goal	Greenhouse Gas Protocol Category	Emission Source	2019	2023	2024	2025	
Net zero on the ground	Total scope 1 greenhouse gas emissions ⁽¹⁾			26,998	32,116	28,054	26,681	
	8	Stationary sources	Fuel consumption utilities (Market based)	21,942	22,588	24,612	20,325	
			Fuel consumption utilities (Location based)	24,335	25,326	24,612	20,325	
			LPG for fire training	35	1	-	1	
	7	Mobile sources	Operational vehicles and equipment	1,668	622	523	427	
	8	Process emissions	Refrigerant losses	2,871	8,695	2,586	5,080	
	6		De-icer	482	210	333	848	
	Total scope 2 greenhouse gas emissions ⁽¹⁾			-	-	-	3	
	8	Electricity	Grid electricity consumption (Market based)	-	-	-	3	
			Grid electricity consumption (Location based)	71,163	56,134	56,339	48,368	
	Total scope 3 greenhouse gas emissions ⁽¹⁾			21,013,718	18,742,184	19,374,834	19,401,547	
	6	Category 1: Purchased goods and services and Category 2: Capital goods		Supply chain	229,606	198,440	262,892	266,303
		Category 1: Purchased goods and services		Water consumption	739	378	383	464
	7 to 8	Category 3: Fuel- and energy-related activities (not in scope 1 or 2)		Non-road construction vehicles	1,362	1,763	3,105	1,469
				WTT/T&D of scope 1 and 2 (Market based)	Not reported	Not reported	13,131	12,355
				WTT/T&D of scope 1 and 2 (Location based)	Not reported	Not reported	25,621	24,897
	6	Category 5: Waste generated in operations		Waste	563	502	167	214
				Wastewater	1,329	270	286	340
				Category 6: Business travel		Business travel	1,070	1,133
	5	Category 7: Employee commuting and home office		Colleague surface access	115,531	125,133	134,085	135,588
	5	Category 11: Use of sold products		Passenger surface access	632,348	436,100	429,043	398,154
	1			De-icing – aircraft ⁽²⁾	4,584	3,167	1,789	3,540
	7			Operational vehicles and equipment	33,015	26,808	17,642	9,144
	8			Third party refrigerants ⁽³⁾	N/A	N/A	N/A	8
	Net zero in the air			1 to 4		Aircraft in the LTO cycle	1,250,648	1,267,909
		Cruise emissions from all departure flights	18,742,505			16,680,512	17,219,805	17,356,313
	Net zero on the ground	6		Category 12: End-of-life treatment of sold products	Decommissioning of Cardiff Pod Test Track	N/A	N/A	10
8		Category 13: Downstream leased assets		Third party grid electricity (Market based)	146	-	-	-
				Third party grid electricity (Location based)	43,706	28,630	28,207	22,906
				Fuel consumption utilities	272	69	61	64
Total Footprint - Market-Based				21,040,716	18,774,300	19,402,888	19,428,231	
Total Footprint - Market-Based (excludes WTT and T&D from category 3)				21,040,716	18,774,300	19,389,757	19,415,876	

(1) Scope 1, scope 2 and scope 3 totals only include market-based totals.

(2) De-icing -aircraft has been moved to our 'On the Ground' objective to align with our Net Zero Plan.

(3) Third party refrigerants has now been included in scope 3.

OUR CARBON FOOTPRINT (CONTINUED)

CALCULATING OUR CARBON FOOTPRINT (CONTINUED)

Separately from the Scopes		Greenhouse Gas Emissions (tonnes CO ₂ e)			
		2019	2023	2024	2025
Sustainable Aviation Fuel ('SAF')	Savings from SAF on lifecycle aircraft emissions	-	(260,203)	(634,962)	(621,428)
	Colleague surface access			35,584	36,267
WTT and T&D of scope 3	Passenger surface access	182,957	146,205	110,417	103,090
	Non-road construction vehicles			887	496
	Business travel	8,200	7,453	125	129
	Third party operational vehicles and equipment			6,710	5,590
	Aircraft LTO and cruise emissions	4,139,566	3,733,589	3,854,312	3,867,249
	Third party grid electricity (Market based) WTT	27,426	20,414	541	514
	Third party grid electricity (Location based) WTT	27,426	20,414	6,794	6,454
	Third party grid electricity (Market based) T&D	Not reported	Not reported	2,493	2,398
	Third party grid electricity (Location based) T&D	Not reported	Not reported	2,493	2,398
	Fuel consumption utilities	3,950	5,577	10	11
	Total WTT and T&D of scope 3 (Market based)	4,362,099	3,913,238	4,011,079	4,015,744
Outside of scope (biofuels)	Fuel consumption utilities	Not reported	Not reported	33,681	35,632
	Operational vehicles and equipment	Not reported	Not reported	671	792
	Grid electricity consumption (Location based only)	Not reported	Not reported	31,311	31,445
	Non-road construction vehicles	Not reported	Not reported	769	718
	Third party operational vehicles and equipment	Not reported	Not reported	11,551	15,195
	Third party grid electricity (Location based only)	Not reported	Not reported	15,676	14,892
Total outside of scope - biofuels (Market based)	Not reported	Not reported	46,672	52,337	
Total Footprint including SAF, WTT, T&D and outside of scopes (Market based)		25,402,815	22,427,335	22,825,677	22,874,884
Energy		Energy (MWh)			
		2019	2023	2024	2025
Scope 1	Fuel consumption utilities	134,289	176,633	230,790	104,366
	Operational vehicles and equipment	6,732	4,988	4,806	4,895
Scope 2	LPG for fire training	5	3	-	4
	Grid electricity consumption	283,229	271,080	272,103	273,266
Carbon Intensity Metrics		Carbon Intensity (kg CO ₂ e/passenger)			
		2019	2023	2024	2025
Greenhouse Gas Protocol	Scope 1 and 2 carbon intensity	0.3	0.4	0.3	0.3
	Scope 3 carbon intensity (excludes WTT and T&D from category 3)	259.7	236.6	230.9	231.2
	All scopes carbon intensity	260.0	237.0	231.2	231.5
Net Zero Plan	'On the Ground' carbon intensity (scope 1, 2 and 3 excluding aircraft emissions) (excludes WTT and T&D from category 3)	12.9	10.4	10.5	10.1
	'In the Air' carbon intensity (scope 3 aircraft emissions only)	247.1	226.6	220.8	221.5

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

Pursuant to the provisions outlined in sections 414CA and 414CB of the Companies Act 2006, which specify the criteria for non-financial and sustainability reporting, the following table summarises Heathrow's alignment with the required reporting:

Reporting requirement	Where to find in the Annual Report	Page
Environmental matters	Our beacons in action: People and Planet	20
	Our carbon footprint	56
	Nature Positive Airport	22
Climate-related financial disclosures	Climate-related financial disclosures	38
Colleagues	Employment policies	107
	Health and safety	32, 68
	Equality, diversity and inclusion	16, 68
Social matters	Our beacons in action: People and Planet	20
	Our beacons in action: Winning Team	16
	Engagement: Communities and the Environment	67
Human rights	Modern slavery statement	70
Anti-corruption and anti-bribery	Anti-bribery	87
	Whistleblowing policy	94
Description of our business model	Our business	8
Principal risks and uncertainties	Our principal risks	32
Non-financial key performance indicators	Chief Executive's review	5
	Our carbon footprint	56
	Our beacons in action: People and Planet	20
	Alternative performance measures ('APMs')	156

SECTION 172(1) STATEMENT

Section 172 of the Companies Act 2006 requires a Director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing so, they must have regard to the range of factors set out in section 172(1)(a) – (f) in the Companies Act 2006.

In discharging our section 172 duty we, the Directors have regard to the factors listed in the Companies Act 2006 and any other matters relevant to the decision at hand. We recognise that outcomes will not always benefit every stakeholder equally. By applying the Company's purpose, values and strategic foundations in a consistent decision-making process (see Strategic Framework on page 12), we seek to ensure decisions are balanced, evidence-based and predictable. In reaching decisions, the Directors considered: (a) the likely long-term consequences; (b) the interests of employees; (c) relationships with suppliers, customers and others; (d) the impact on the community and the environment; (e) the desirability of maintaining a reputation for high standards of business conduct; and (f) the need to act fairly between members of the Company. Cross-references to examples are set out in Key Decisions and Stakeholder Engagement below.

As is typical for large companies, we delegate authority for the day-to-day management of the Company and its subsidiaries to the Executive Committee and then engage management in setting, approving and overseeing execution of the business strategy and related policies. The corporate governance structure and group policies are set by the HAHL Board¹. Group

policies set by the HAHL Board are communicated to all group companies and we ensure that, when we are applying these group policies, we have due regard to our fiduciary duties and responsibilities as Directors of the Company. The HAHL Board also reviews health and safety, financial and operational performance, legal and regulatory compliance, business strategy, key risks, stakeholder-related matters, diversity and inclusivity, environmental matters and corporate responsibility.

The Directors of the Company includes two members of the HAHL Board and all of the members of the Executive Committee, which enables the dissemination of core information about the business of the Heathrow Airport Holdings Limited Group (the 'HAHL Group'¹). There are also Directors of the Company that attend the Audit Committee, Sustainability and Operational Risk Committee, and Risk and Assurance Committee, which helps to provide foresight of the principal risks affecting the HAHL Group and specifically those affecting the Company.

The Company's key stakeholders are its passengers, communities and the environment, Team Heathrow colleagues, airlines, investors, suppliers and commercial partner organisations, regulators and government. The views of, and the impact of the Company's activities on, those stakeholders are an important consideration for the Directors when making relevant decisions. While there are cases where the Board itself judges that it should engage directly with certain stakeholder groups on certain issues, the size and spread of both our stakeholders and the HAHL Group means that generally our stakeholder engagement takes place best at an operational or HAHL Group level. We find that, as well as being a more efficient and effective approach, this also helps us achieve a greater positive impact on environmental, social and other issues than by working alone as an individual company. For details of some of the engagement that takes place at an operational or

HAHL Group level with the Company's stakeholders, so as to encourage the Directors to understand the issues to which they must have regard, please see the HAHL stakeholder engagement table starting on page 67.

During the period we received information to help us understand the interests and views of the Company's key stakeholders and other relevant factors when making decisions. This information was distributed in a range of different formats, including in reports and presentations on our financial and operational performance, non-financial KPIs, risk, environmental, social and corporate governance ('ESG') matters, and the outcomes of specific pieces of engagement, for example, the results of customer and supplier surveys and focus groups. As a result of this we have had an overview of engagement with stakeholders and other relevant factors which allows us to understand the nature of the stakeholders' concerns and to comply with our section 172 duty to promote the success of the Company.

We set out below some examples of how we have had regard to the matters set out in section 172(1)(a) - (f) when discharging our section 172 duty and the effect of that on decisions taken by us.

¹The HAHL Board is the Board of Directors of Heathrow Airport Holdings Limited as defined on page 74.

SECTION 172(1) STATEMENT (CONTINUED)

KEY DECISIONS MADE BY THE DIRECTORS OF THE COMPANY

Board Decision	Stakeholders	Considerations	Outcome
Capital Allocation	Investors Passengers Airlines	<p>The Directors of the Company consider the HAHL Group's capital structure and distributable reserves before proposing dividends.</p> <p>The key considerations to ensure efficient deployment of capital are:</p> <ul style="list-style-type: none"> • Maintaining a strong balance sheet to ensure that we can comply with debt covenant and regulatory requirements, as well as being able to insulate us against external economic risks. • Investing in our business to grow and improve Heathrow airport. • Providing a fair return to our ultimate shareholders, who have invested billions into our business, to ensure they receive a fair return on their investment. <p>Where we have met our balance sheet requirements and have concluded we have suitable capital to meet our investment plans, the Directors seek to provide our ultimate shareholders with a fair return through a dividend payment, while delivering our commitment to maintain our current investment grade credit rating.</p> <p>In making this decision the Board takes into account the long-term viability of the Company, its expected cash flow and financing requirements, the strength of the HAHL Group's balance sheet, the balance of current and forecast distributable reserves (including stress-testing to key risks), the potential impact on credit metrics, the common terms of financing agreements, including trigger events, as well as the ongoing need for the business to support the safe and efficient operations of the airport over the long term.</p>	No dividends were recommended by the Directors of the Company in 2025.
Borrowings	Investors Passengers Airlines	As required, the Directors of the Company review and approve the commercial terms for borrowing. In approving terms, the Directors seek to ensure that appropriate funds are available to continue to invest in airport services, at a minimal cost and for a suitable period of time.	In 2025, the Directors of the Company approved the commercial terms relating to £0.3 billion of funding.

SECTION 172(1) STATEMENT (CONTINUED)

KEY DECISIONS MADE BY THE H AHL BOARD

Board Decision	Stakeholders	Considerations	Outcome
Health, Safety and Wellbeing	Passengers Communities and the environment Team Heathrow Colleagues Airlines Investors Suppliers and Commercial Partners Trade Unions	<p>The H AHL Board's continued commitment to safety excellence and uncompromising standards is demonstrated through its endorsement of our 2025 safety excellence framework. The framework is positioned to remove complexity, enable a common safety language across our community and reinforce collective responsibilities, making clear what commitments we move toward. It ensures the activity is managed within risk appetite, and where performance is outside of risk appetite, it is scrutinised and challenged.</p> <p>The H AHL Board regularly considers fire, safety, health and wellbeing as part of its monthly "Safety Moment" and Sustainability and Operational Risk Committee ('SORC') discussions. Throughout the year specific areas of focus included:</p> <ul style="list-style-type: none"> • Learning from high-profile aviation incidents affecting other airport operators, ensuring the likelihoods, consequences and controls relevant to Heathrow are assessed and embedded as far as reasonably practicable. This includes the review of Heathrow's operational approaches, including runway safety, bird and habitat management strategies and helicopter crossing approaches. • Latest health trends: Led by our Occupational Health provider's Chief Medical Officer, the Board assessed Heathrow's performance against other industries and examined the effects of increased stress and burnout on Senior Managers. This also highlighted the importance of identifying colleague neurodiversity when planning welfare, conditions and policy. Long-term growth is impacting the volume of construction workers on site and the associated national mental health concerns. • "Inside Matters" Mental Health and Suicide Prevention: Heathrow focused on a holistic approach to wellbeing in order to understand the contributing factors, interventions and support required to influence recovery. Powerful colleague stories were shared as part of the learning process. • Technology in Design: Application of technology to enable safety in design for critical infrastructure projects across the Heathrow estate; highlighting the benefits across hazard identification, worker briefings, compliance management and enhancing the passenger journey and experience. • Asset safety and resilience: Monitored via SORC, which is particularly important for areas of the airport with ageing infrastructure and asset maintenance structures. 	<p>The H AHL Board monitored performance of key health and safety KPIs, deliverables and mitigation of risks via the SORC with the following key achievements in 2025:</p> <ul style="list-style-type: none"> • Endorsement of the new Occupational, Health, Safety and Wellbeing Policy, with defined 'Wellbeing' terminology for Heathrow, to elevate the commitment to psychosocial risks and colleague wellbeing. This included capital investment to accelerate development and delivery. • The H AHL Board reviewed the Safety excellence programme, measuring quantitatively the safety culture across Heathrow to ensure it remains on track with improvements in line with expectations. • Identification of psychosocial risks in the workplace, to inform targeted programmes such as: Violence and Aggression, Suicide Prevention, Proactive Senior Leader Wellbeing interventions and the pilot of Job Demands Analysis. • Recommendations and learnings considered by the Airport Safety Committee, particularly in the context of accountability and responsibility arrangements. • Increased awareness of the H AHL Board and identification of opportunities where technology can be used to act as an enabler to safety across Heathrow, such as 4D modelling for safety in design. • Some of the H AHL Board attended the award-winning Spring Airport Safety Week which provided an opportunity to interact with the airport community and understand opportunities and good practices.

SECTION 172(1) STATEMENT (CONTINUED)

KEY DECISIONS MADE BY THE H AHL BOARD (CONTINUED)

Board Decision	Stakeholders	Considerations	Outcome
People and Planet – Sustainability and Carbon	Passengers Communities and the environment Team Heathrow Colleagues Airlines Investors Suppliers and Commercial Partners Regulator Government Trade Unions	<p>During the year, the H AHL Board reviewed progress made in delivering Heathrow's sustainability strategy – Connecting People and Planet to ensure the business remains on track to deliver its environmental and community commitments. This supports the People and Planet beacon of Heathrow's business strategy. In doing so, the H AHL Board considered whether the targets remain sufficiently ambitious, address the material issues and stakeholder concerns and what steps, if any, are needed to maintain progress.</p> <p>In May, the H AHL Board reviewed and approved Heathrow's 2024 Modern Slavery Statement, which outlines the steps the business has taken to ensure there is no slavery or human trafficking within its supply chain or its own business.</p> <p>In July, the H AHL Board reviewed the carbon, noise and air quality assessments included in Heathrow's initial proposals to the Government for a third runway.</p> <p>In October, the H AHL Board received an update on progress relating to the delivery of Heathrow's noise insulation scheme as well as initial results from a survey to evaluate the effectiveness of the scheme in reducing annoyance and sleep disturbance from aircraft noise. The H AHL Board was updated on recent changes to UK waste policy guidance that impact waste disposal at the airport and the development of Heathrow's waste and resources strategy.</p> <p>Tracey Waltho, Chair of the Council for the Independent Scrutiny of Heathrow Airport (CISHA), which performs Heathrow's Airport Consultative Committee (ACC) role, presented an update on local community concerns at the same meeting. CISHA, an independent committee which facilitates constructive engagement between Heathrow, local communities and other stakeholders, reported on the environmental and social impacts felt in communities drawn from its engagement work, including testimonial from a local resident impacted by noise and vibration from airport operations. The H AHL Board considered how Heathrow could improve engagement with communities on key issues including airspace modernisation, noise footprint and Expanding Heathrow.</p> <p>In October, the H AHL Board was also updated on the challenges with Heathrow's on the ground carbon goal for 2030, particularly in relation to supply chain and the proposed actions to a) improve data to better capture improvements already being delivered and b) to specify lower carbon materials in future.</p>	<p>The 2024 Modern Slavery Statement is published on Heathrow's website.</p> <p>The H AHL Board was appraised of local community issues as context for discussions relating to Expanding Heathrow.</p> <p>The H AHL Board kept informed of the role, function and priorities of CISHA.</p>

SECTION 172(1) STATEMENT (CONTINUED)

KEY DECISIONS MADE BY THE H AHL BOARD (CONTINUED)

Board Decision	Stakeholders	Considerations	Outcome
Expanding Heathrow	<p>Passengers Communities and the environment Team Heathrow Colleagues Airlines Investors Suppliers and Commercial Partners Regulator Government Trade Unions</p>	<p>Throughout 2025 the H AHL Board has been engaged in the development of our response to the UK Government's request for proposals for a third runway at Heathrow. Key milestones in this effort have included a summer submission to Government and a further submission in November 2025 setting out why Heathrow's scheme should be the single scheme selected to inform the review of the Airport National Policy Statement (ANPS).</p> <p>As a transformational project for Heathrow and the UK economy, the stakeholders for Expanding Heathrow are extremely broad, encompassing all of our current stakeholders and all future users, local communities, employees, and suppliers of an expanded airport.</p> <p>The H AHL Board's strategic priority has been to secure the conditions for successful implementation of this long-term, transformational project. Ahead of the summer submission, the H AHL Board reviewed the programme scope, costs and business plan. In shaping the submission, the H AHL Board focused on delivering a robust and consentable proposal that aligns with the Government's timetable. The H AHL Board considered the likely long-term impacts on local communities and the measures required to mitigate them. The H AHL Board tested that the business plan supports affordable charges for consumers and remains investable and financeable for both debt and equity providers. The H AHL Board assessed environmental impacts and the adequacy of mitigation plans. The H AHL Board also considered Heathrow's reputation as a responsible developer and operator of critical national infrastructure and the standards expected of us.</p> <p>The following November submission to government considered the same issues, with increased focus on capacity, land acquisition, financeability, surface access and economic benefits, in response to direct Government requests for information on these topics.</p> <p>In addition to our submissions, the H AHL Board have overseen Government engagement to influence ongoing reforms designed to provide a clear commercial model and well-defined policy framework to create the conditions for the project's success. Key stakeholder considerations shaping this work were to ensure Heathrow's continued financial stability and continued ability to be an extraordinary airport fit for the future for our passengers, airlines, employees and passengers.</p>	<p>The Government announced the formal review of the ANPS, the policy which underpins airport expansion. Government also confirmed Heathrow's proposal had been selected as the basis to inform the ANPS' review, noting they expect a planning application to be brought forward by Heathrow.</p> <p>The Civil Aviation Authority is continuing to determine the long-term commercial model required to support Expansion. While this work is ongoing, Heathrow has mobilised to protect the option of securing a Development Consent Order for a third runway by 2029 and to maintain progress on a consentable, financeable and environmentally responsible scheme, as reinforced by the CEO's announcement of mobilisation in January 2026.</p>


SECTION 172(1) STATEMENT (CONTINUED)

KEY DECISIONS MADE BY THE H AHL BOARD (CONTINUED)




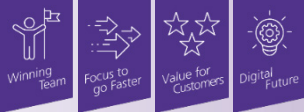


Board Decision	Stakeholders	Considerations	Outcome
H8 Business Plan	<p>Passengers Communities and the environment Team Heathrow Colleagues Airlines Investors Suppliers and Commercial Partners Regulator Government Trade Unions</p>	<p>The H AHL Board maintained close oversight and provided input throughout the development of the H8 Business Plan (the Plan), from approving the strategic priorities in January 2025 to reviewing the Plan submitted to the CAA in July. The H AHL Board regularly challenged Heathrow's Executive Committee and the H8 programme team to ensure the Plan delivers a resilient operation in the interests of all stakeholders.</p> <p>The H AHL Board is confident that the Plan represents a credible, high-quality and ambitious strategy that will enable the airport to achieve its objectives to deliver better service, better resilience, better capacity, better sustainability and value for money. It is supported by extensive consumer research and Constructive Engagement with the airline community and reflects current and future consumer preferences.</p> <p>The Plan is challenging but achievable, financeable, and underpinned by robust evidence, strong governance and a clear commitment to deliver for consumers, the local community, the airline community, our colleagues and our investors.</p> <p>The H AHL Board is satisfied that the Plan is materially consistent with the CAA's guidance and enables the CAA to meet their statutory duties.</p> <p>The H AHL Board oversaw the development of the Plan and its assurance process, which included:</p> <ul style="list-style-type: none"> • Independent challenge and external validation of key assumptions, financial projections, capital plans and consumer objectives. • Comprehensive risk assessment and scenario testing to ensure the Plan is resilient to future uncertainties. • Stakeholder engagement with airline community, passengers and the local community to ensure that the Plan is customer-focused and aligned with stakeholder expectations. • Internal governance reviews by the H AHL Board, Executive Committee and internal teams to ensure the Plan is ambitious yet deliverable and financeable. 	<p>The Plan:</p> <ul style="list-style-type: none"> • is efficient, resilient and affordable, supporting long-term financial sustainability; • includes ambitious and deliverable performance commitments that will drive improved outcomes for passengers and stakeholders; • is supported by a robust delivery plan and governance framework for effective implementation; and • is financeable, underpinned by robust evidence and targeted third-party analysis (consumer research, operating expenditure and revenues, capital expenditure and cost of capital). <p>Oversight from the H AHL Board has meant the Plan:</p> <ul style="list-style-type: none"> • is efficient, resilient and affordable, supporting long-term financial sustainability. • includes ambitious and deliverable performance commitments that will drive improved outcomes for passengers and stakeholders. • is supported by a robust delivery plan and governance framework for effective implementation. • is financeable, underpinned by robust evidence and targeted third-party analysis (consumer research, operating expenditure and revenues, capital expenditure and cost of capital). <p>The H AHL Board is satisfied that the Plan allows for efficient investment that addresses customer priorities, enhance customer experience and deliver consumer benefits, including:</p> <ul style="list-style-type: none"> • Resilience by investing in key maintenance and upgrades, enhancing the airport's ability to withstand and recover from disruptions, ensuring a predictable, reliable and efficient passenger and customer experience. • A high standard of service quality, with investments in baggage facilities, punctuality, security and passenger experience. • Accessibility enhancements for passengers requiring assistance. • Commercial growth through the expansion of retail, hospitality and service offerings that provide greater choice and value. • Value for money via a competitive end-to-end customer experience at an efficient cost. • Stretching performance targets, focused on outcomes that matter to the airline community and passengers (both current and future). • Creating capacity for growth by optimising existing infrastructure, targeting capacity enhancements and strengthening airline partnerships to enable sustainable route expansion, increased cargo capacity and greater connectivity. • Digital enablement through investments in technology, core systems and data. • People and Planet commitments, including progress to net-zero and strong environmental performance. • Making a positive contribution to our local communities through aircraft noise impact reduction and meaningful education, environment and funding initiatives.

STAKEHOLDER ENGAGEMENT





The table below, which forms part of the Section 172 Statement, sets out who the HAHL Board considers to be its key stakeholders and provides details of some of the engagement that takes place at an operational or HAHL Group level. Not all information is reported directly to the HAHL Board and not all engagement takes place directly with the HAHL Board. However, the output of this engagement informs business-level decisions, with an overview of developments and relevant feedback being reported to the HAHL Board and/or its committees.

Why we engage	How we engage	Strategic foundations or beacons
Passengers		
<p>Understanding our passengers' changing needs and behaviours helps us to continue to deliver our purpose of making every journey better.</p>	<p>Passenger interactions at the airport and satisfaction surveys drive Key Performance Indicators ('KPIs'), which measure how successful we are, and provide feedback on the impact of our decisions.</p> <p>Heathrow also undertakes a wide range of consumer research to inform how we can improve our services, obtaining qualitative and quantitative feedback from over 350,000 passengers per year. Heathrow receives feedback from over 2 million current consumers via real time channels such as social media, customer contact centre and real-time feedback devices. Heathrow uses its consumer engagement to inform investment and prioritise improvement initiatives. In addition, Heathrow has an online community (Horizon) consisting of current and potential Heathrow users which is used when developing new passenger solutions.</p> <p>We have several independent passenger groups whose role is to scrutinise and challenge the service we provide for our passengers. These include the Heathrow Passenger Forum, which is part of the Council for the Independent Scrutiny of Heathrow Airport, and the Heathrow Access Advisory Group who advise Heathrow on how to create an accessible and inclusive experience. In 2025 we also set-up the Heathrow Passenger Forum Sub-Committee to evaluate and challenge the Heathrow's plans for our next regulatory period (H8).</p>	 <p>Safety, Security and Compliance</p> <p>Service and Operations</p>
Communities and the Environment		
<p>Working with local communities enables us to deliver on the objectives of Connecting People and Planet, our sustainability strategy.</p>	<p>The Council for the Independent Scrutiny of Heathrow Airport ('CISHA') ensures independent oversight of how Heathrow engages with local stakeholders and surrounding communities. CISHA fulfils the statutory role of an Airport Consultative Committee ('ACC') under Section 35 of the Civil Aviation Act 1982 and works alongside Heathrow's community forums to facilitate a structured dialogue and strengthen engagement. It is independently chaired and includes forum chairs, local authority representatives, and stakeholders such as the CAA, DfT, and the Heathrow Strategic Planning Group ('HSPG').</p> <p>The Local Community Forum ('LCF') facilitates constructive engagement between Heathrow and local communities with the goal of building relationships and trust to make Heathrow a better neighbour. Through the LCF, Heathrow can better understand the concerns of communities living near the airport and works with them to help minimise local airport related impacts. It is independently chaired, and its members are made up of nominated representatives from community groups, and organisations, along with local ward councillors and nominated council representatives.</p> <p>The Heathrow Sustainable Economic Growth Taskforce is a stakeholder forum that aims to maximise the opportunities to enhance local economies through jobs and skills, supply chain, airport development and local decarbonisation. It is independently chaired, and its members are representatives of local councils, local enterprise partnerships, education and skills providers, business groups, chambers of commerce and Heathrow.</p> <p>The Noise and Airspace Community Forum engage on issues related to noise, airspace and runway operations at Heathrow, including updates on day-to-day operations and future changes. It is independently chaired, and its members are representatives of local authorities, community groups, the aviation industry and government bodies and Heathrow.</p> <p>The Heathrow Area Transport Forum is a partnership forum between organisations in the private and public sectors with a shared goal of improving accessibility and increasing public transport use to and from the airport and the surrounding area. It also provides input into ongoing Heathrow surface access initiatives. It is independently chaired, and its members are transport industry bodies, trade unions and Heathrow.</p> <p>The Heathrow Air Quality Working Group ('HAQWG') provides independent oversight, technical expertise, and constructive challenge on air quality issues. Working closely with CISHA, Heathrow, and key partners, HAQWG continues to help ensure transparency, accountability, and evidence-based improvement in Heathrow's air quality performance. It is independently chaired, and its members are representatives from local authorities, government agencies, and organisations.</p> <p>The Heathrow Strategic Planning Group ('HSPG') is an independent partnership of local authorities collaborating on strategic planning for land use, transport, environment, economic development and sustainable growth in the sub-region surrounding Heathrow. HSPG works constructively with</p>	










STAKEHOLDER ENGAGEMENT (CONTINUED)

Why we engage	How we engage	Strategic foundations or beacons
	<p>Heathrow and national stakeholders but retains independence in its governance. Its role is advisory and collaborative, helping align local plans and strategies to manage the impacts and opportunities of Heathrow’s operations and future development, including decarbonisation and infrastructure planning.</p> <p>We also use social media, our website and email communications to communicate directly with our communities.</p> <ul style="list-style-type: none">  More information on local community can be found here.  More information on Sustainability can be found here.  More details on our People and Planet beacon can be found in the section from page 20. 	
Team Heathrow Colleagues		
<p>Driving positive engagement with colleagues is pivotal to ensure that we continue to deliver excellent service to customers and stakeholders. Engaged individuals create high-performance, flexible and diverse teams and will support the achievement of Heathrow’s strategic objectives.</p>	<p>Heathrow Airport Limited Colleagues</p> <p>Pulse surveys are run twice a year across the whole Heathrow Colleague population, capturing data for the KPI of ‘Heathrow is a Great Place to Work’ and other key engagement metrics. This data is then analysed and used company-wide and locally to inform engagement strategies and activities.</p> <p>In all business areas, People Business Partners work with Leadership Teams to establish and support local engagement teams to create conversation platforms, ensure information sharing, and help create a team spirit and sense of belonging. There are team events and activities to keep colleagues informed and engaged. There are regular company, functional and team updates through Buzz, Hub+ and focus groups organised around relevant topics from specific engagement feedback.</p> <p>To ensure accountability and delivery on engagement every function now has an Engagement Director Sponsor and an Engagement Lead. They feed into our Engagement governance framework, including a robust Engagement Forum representing all functions to create a two-way feedback loop.</p> <p>Every thread of our Equality, Diversity and Inclusion (‘ED&I’) strategy, from the ‘Right Where I Belong’ campaign to our Inclusion and Wellbeing Survey, is woven with the voices of our colleagues, helping create a sense of belonging for all. We have five Diversity Networks (Altitude, en-haNCE, Proud, HAND and sPaCe) that use their platforms to promote an inclusive culture through online and in-person events, webinars and campaigns. We continue to build new methods of supporting colleague engagement from dedicated ED&I learning, our Heathrow Mentoring Platform and the recent launches of our ED&I Strategy Group and ED&I Comms Working Group.</p> <p>Colleague safety is a continued top priority and is monitored through business and colleague reporting. The ‘Close Call’ app enables proactive reporting by colleagues and Team Heathrow, in turn allowing the business to continuously improve the safety of working environments and prevent workplace accidents. Heathrow has a variety of Third parties, such as contractors, delivery partners, suppliers, concessionaires and licensees, and utilise multiple communications platforms and approaches to engage on safety related items. These combine in-person engagement, such as Airport Safety Week, Ramp surgeries, joint team Heathrow forums, Team Heathrow Safety Network calls and documented information, including monthly safety six engagement sessions, operational advice notices and safety alerts.</p> <p>The Engagement team work closely with the Internal Communications team to share the right messages at the right time, keep colleagues informed and to continue to highlight the importance of the colleague voice.</p> <p>Team Heathrow Colleagues</p> <p>We actively engage with colleagues across Team Heathrow, which includes our suppliers and partner organisations. Our Heathrow values and service signatures underpin our plans and guide our approach and activities, ensuring consistent alignment. Additionally, our dedicated People Leadership Forum enables HR leaders from across Team Heathrow organisations to collaborate on trends impacting colleagues across Heathrow. Colleagues from across Team Heathrow can also engage with Heathrow on a range of activities, for example our Team Heathrow Equality, Diversity and Inclusion Platform which shares news, events and conferences that are open to all Heathrow colleagues including those from Team Heathrow.</p>	 <p> Safety, Security and Compliance</p> <p> Service and Operations</p>

STAKEHOLDER ENGAGEMENT (CONTINUED)

Why we engage	How we engage	Strategic foundations or beacons
	<p>Trade Unions</p> <p>We voluntarily recognise two trade unions, Unite and PCS, for all band G to E colleagues (the negotiated grades). We collectively bargain with our unions on all matters relating to terms and conditions of employment for the negotiated grade population. We have seven union representatives who are permanently off-line so they can dedicate their time to trade union matters. We actively engage through local, departmental and strategic information forums on a wide range of topics that may affect our colleagues. Our Chief Executive Officer, Chief Operating Officer and Chief People Officer meet our unions at least twice a year to discuss business performance and strategy. We work with our unions to co-create our People Policies and have recently engaged with them to draft a new Prevention of Sexual Harassment Policy as an example.</p>	
Airlines		
<p>Airlines and their customers are at the heart of the Heathrow proposition. It is important that we understand their needs and deliver the right operating and commercial environment for our airline partners.</p>	<p>The Heathrow Leadership Group works collaboratively to improve the end-to-end passenger experience at Heathrow. The group comprises the Chief Executives of Heathrow, British Airways, Virgin Atlantic, NATS and the Civil Aviation Authority. It meets quarterly under the Chairmanship of Heathrow's Chief Executive Officer.</p> <p>We engage formally with airlines throughout the year on key areas including operational and passenger experience, pricing, and regulatory governance connected to capital spend and other regulated charges. This engagement is overseen through a Joint Steering Board of senior airline and Heathrow stakeholders. This is augmented, as is necessary, by further bespoke engagement on a range of issues as an airline or as an airport community.</p> <p>Quarterly joint executive meetings and business review meetings take place with key airline customers. Our Chief Executive Officer regularly visits major current and potential international airlines.</p>	 <p>Safety, Security and Compliance</p> <p>Service and Operations</p>
Investors		
<p>Understanding the needs of investors helps us to access a cost-effective, stable, diversified financing base for the business and to make Heathrow an attractive global infrastructure investment.</p>	<p>Shareholders, being either individual investors or combined investors, controlling ten per cent or more of the issued ordinary shares of FGP Topco Limited are entitled to appoint one Non-Executive Shareholder Director to the HAHL Board for every ten per cent held.</p> <p>We provide quarterly financial updates, semi-annual investor reports and debt investor presentations. We provide an Annual Report which includes optional enhanced disclosures.</p> <p>In relation to Debt Investors, we perform investor roadshows and make prospectus documents available, and we have ongoing dialogue with current and potential investors.</p> <p>We liaise with credit rating agencies to ensure we understand the impact of our strategic decisions on their assessment.</p> <p>We provide ESG reporting which integrates our Connecting People and Planet KPIs into our future financing plans.</p> <p> More information on local community can be found here.</p>	 <p>Governance and Financial Resilience</p>
Suppliers and Commercial Partners		
<p>The service provided to passengers is the combination of a highly complex and interconnected system of services from different organisations. Heathrow works collaboratively and in partnership with all the</p>	<p>Heathrow is focused on building strong relationships with our strategic suppliers to fulfil our vision of being an extraordinary airport, fit for the future.</p> <p>We prioritise our community and our local recovery plans and, in order to meet our ambitions and commitments, we have several areas of engagement.</p> <p>Our Heathrow Business Summits aim to connect local Small to Medium Size Enterprises ('SMEs') with Heathrow's key suppliers and identify tangible opportunities to do business in the future.</p> <p>We procure our goods and manage our strategic partners and wider supply chain using a Balanced Scorecard approach in order to clearly communicate priorities and standards. Our Balanced Scorecard facilitates a method of working with strategic suppliers which hones them in on the</p>	 <p>Safety, Security and Compliance</p>

STAKEHOLDER ENGAGEMENT (CONTINUED)

Why we engage	How we engage	Strategic foundations or beacons
<p>organisations in this ecosystem to deliver our vision.</p>	<p>goals of Connecting People and Planet covering carbon, social value, local economy, innovation and cultural behaviours that we aspire to. This span of objectives attracts commitments from our partner organisations which are then contracted for measurement.</p> <p>CompeteFor is a platform that makes contract opportunities visible to other businesses, particularly SMEs. These include opportunities that are direct, within our supply chain, and across London with other clients.</p> <p>We attract innovation and micro-SME activity via our new Lift Off forum which was launched in 2023. Lift Off is a new concept which provides the chance for selected innovative SMEs to present their products and services to a panel made up of Heathrow and its largest supply chain partner organisations.</p> <p> Heathrow's Modern Slavery Statement was reviewed and approved by the Board. A copy of the statement is available here.</p>	<p> Service and Operations</p>
<p>Regulator</p> <p>Heathrow is subject to economic regulation by the CAA, which is the independent aviation regulator in the UK and is responsible for economic regulation, airspace policy, safety and consumer protection.</p>	<p>We meet regularly with the CAA at all levels from Chief Executive Officer to working level to discuss all issues relating to the economic regulation impacting Heathrow.</p> <p>We respond to various CAA publications related to the economic regulation of the airport. This includes regulatory price control reviews and expansion related matters. As part of our licence, we are required to publish various regulatory documents, including the annual Regulatory Accounts which provide a comparison of the airport's financial performance over the price control decision period with that on which the setting of price caps was predicted.</p>	<p> Value for Customers</p> <p> Creating Capacity</p> <p> Safety, Security and Compliance</p> <p> Service and Operations</p> <p> Governance and Financial Resilience</p>
<p>Government</p> <p>We engage with government to secure policy outcomes which enable us to better deliver as the UK's hub airport.</p>	<p>Heathrow engages with stakeholders across the political spectrum - including politicians, Ministers and civil servants. This engagement is focussed on achieving policy outcomes which enable Heathrow to better deliver for the UK as the country's only hub airport and largest cargo port by value.</p>	<p> Service and Operations</p> <p> Governance and Financial Resilience</p>

Governance

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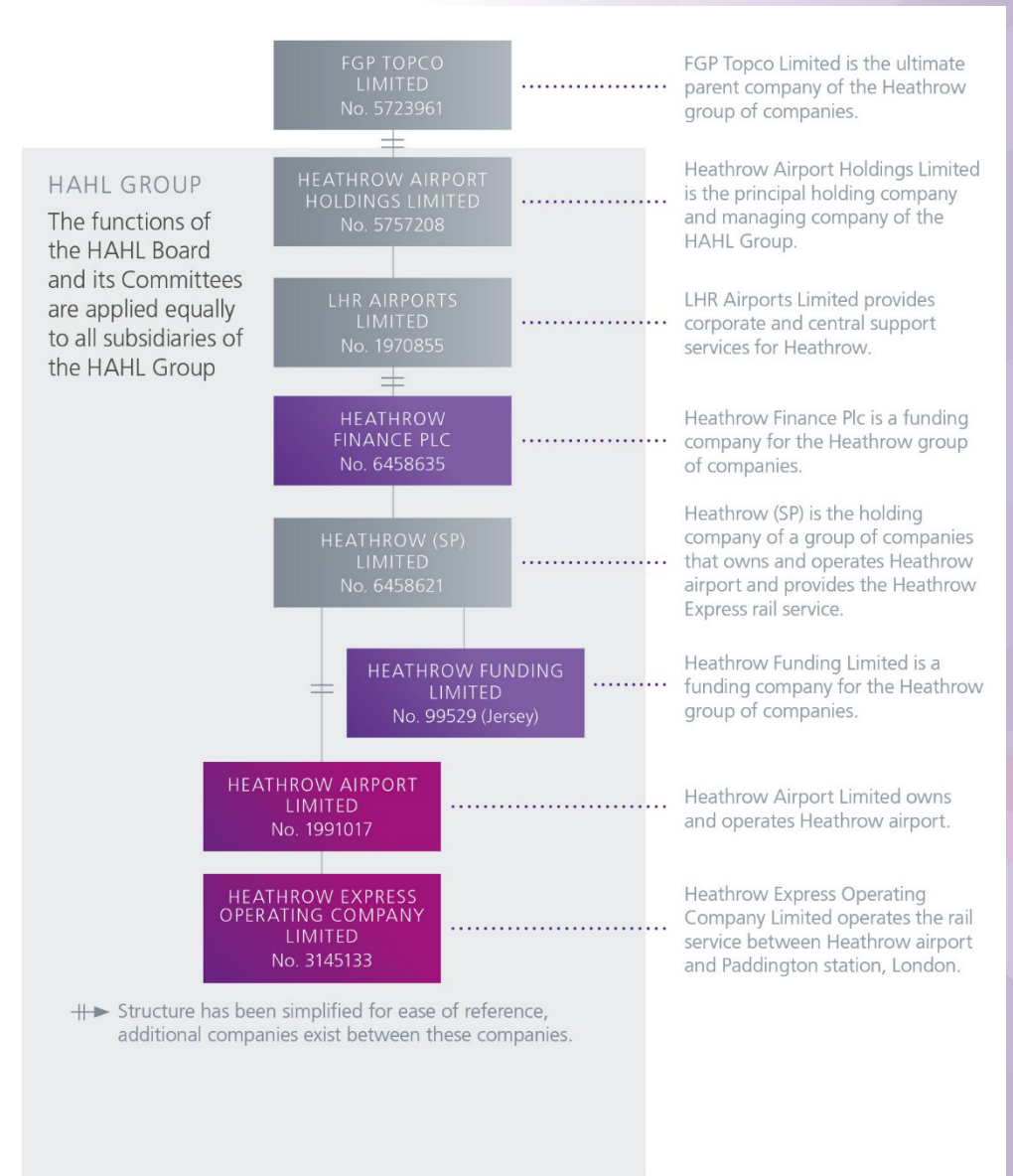
GROUP STRUCTURE

Heathrow Airport Limited (the 'Company') is an indirect subsidiary of Heathrow Airport Holdings Limited. The Company's financial activities are aligned with Heathrow Airport Holdings Limited and the wider Heathrow Airport Holdings Limited Group (the 'HAHL Group') and also with the Heathrow (SP) Limited Group, which is the intermediate parent undertaking of the smallest group to consolidate these financial statements.

The Board of Directors of Heathrow Airport Holdings Limited (the 'HAHL Board') determines the long-term strategy of the HAHL Group, ensuring that it acts ethically, has the necessary resources to meet its objectives, monitors performance, and meets its responsibilities as a major airport group.

As the functions of the HAHL Board and its Committees are applied equally to all subsidiaries of the HAHL Group, including the Company, the discussion in the Corporate Governance section relating to the governance structure and composition of the HAHL Board and its Committees has been extracted from the Annual Report of Heathrow Airport Holdings Limited.

The ultimate parent company of the HAHL Group is FGP Topco Limited. A simplified structure of FGP Topco Limited and its subsidiaries along with their principal activities within the HAHL Group is illustrated in the diagram to the right.



GROUP STRUCTURE (CONTINUED)

OUR OWNERS

The HAHL Group is owned by a consortium of investors (the 'Shareholders') who hold shares in FGP Topco Limited. Details of the Shareholders' equity interests, as at 31 December 2025, are shown in the table:

Shareholders ⁽¹⁾	% held	Non-Executive Shareholder Directors'
Ardian InfraEuropa SCA (an investment vehicle managed by InfraEuropa Management Sarl)	32.61%	3
Qatar Investment Authority ('QIA') Qatar Holding Aviation (a wholly owned subsidiary of Qatar Holding LLC)	20.00%	2
Saudi Arabia Public Investment Fund ('PIF') Alrahala First Investment Company (wholly owned by PIF)	15.01%	2
GIC Baker Street Investment Pte Ltd (an investment vehicle managed by GIC Special Investments Pte. Ltd)	11.20%	1
Australian Retirement Trust ('ART') QS Airports UK, LP (an investment vehicle managed by ART Asset Operations Limited)	11.18%	1
China Investment Corporation ('CIC') Stable Investment Corporation (an investment vehicle of the China Investment Corporation)	10.00%	1

(1) On 3 July 2025, Ferrovial, Caisse de depot et placement du Quebec (CDPQ) and Universities Superannuation Scheme (USS) completed a sale of their remaining 10.00% stake in the issued share capital of FGP Topco Limited to Ardian in the proportion shown above.

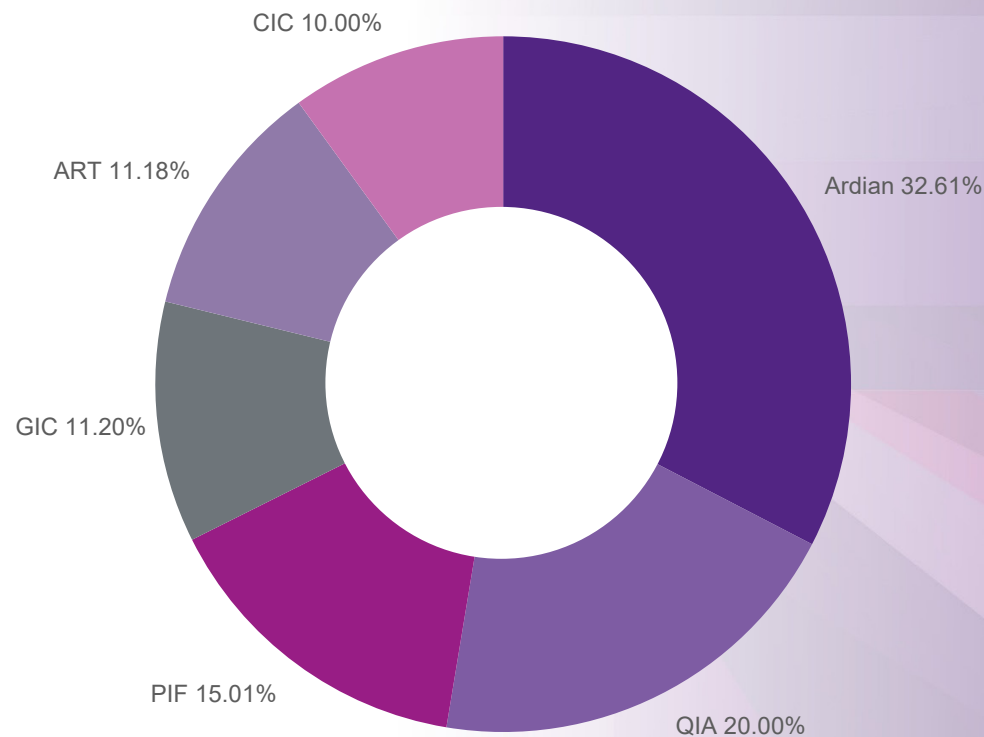
Shareholders' Agreement

All the Shareholders are party to a Shareholders' Agreement which determines their relationship as well as certain governance procedures in the HAHL Group. Under the terms of the Shareholders' Agreement, each Shareholder, controlling ten per cent or more of the issued ordinary shares of FGP Topco Limited, or specified combined group of Shareholders together controlling ten per cent or more, is entitled to appoint one Director to the HAHL Board for every ten per cent they hold. There are also a limited number of matters reserved for approval by the Shareholders. Although these matters are reserved for decision by the Shareholders, the HAHL Board would expect to express a view to the Shareholders before any decisions were taken.

Governance arrangements resulting from the Heathrow Group's secured financing platform

In 2008, a secured financing platform was put in place. As part of these arrangements, the Group entered into a Common Terms Agreement ('CTA') with its debt investors. The CTA sets out the terms and conditions of the Group's borrowing and the ongoing management of its secured financing platform. The CTA also sets out the financial and non-financial covenants that must be complied with in relation to the financing platform.

The governance measures put in place in 2008 are designed to ensure that the Group has the means to conduct its regulated business separately from other companies within the Heathrow Group, and that all dealings between other companies within the Heathrow Group are on an arm's length basis.



HAHL BOARD OF DIRECTORS

CHAIR AND EXECUTIVE DIRECTORS

(N)



PHILIP JANSEN
INDEPENDENT NON-EXECUTIVE CHAIR

Appointed 1 January 2026

Philip Jansen was appointed as Non-Executive Chair on 1 January 2026. He has a proven track record and brings with him more than 30 years of global leadership experience. Philip has had a distinguished career and is currently Chair of WPP plc, Chair of XPlor Technologies and previously held the Chief Executive roles at BT Group, Worldpay Group, Brakes and COO of Sodexo. His significant experience working with private investors as well as successfully leading a business within a highly regulated environment means that he is ideally placed to help prepare the airport for its next phase of modernisation and oversee the airport's future strategy. His extensive business insight and strong commercial awareness will help guide the airport through its next chapter, supporting Heathrow's vision of being an extraordinary airport, fit for the future.

(S) (F)



THOMAS WOLDBYE
CHIEF EXECUTIVE OFFICER

Appointed 18 October 2023

Thomas joined Heathrow in October 2023, and commenced by developing a new comprehensive, more customer focussed strategy for Heathrow which focuses on innovation in passenger service, value for customers, sustainability and growth at the UK's Hub airport. He is also overseeing a multi-billion-pound investment plan to upgrade existing facilities and provide an even better service for passengers as well as planning for a third runway. Thomas is a member of the ACI Europe Board, the CBI Presidents Council, the BritishAmerican Business Advisory Board, the Jet Zero Taskforce and the TOURISE Advisory Board. Thomas was previously CEO of Copenhagen Airport from May 2011 to 2023. Under his leadership, Copenhagen Airport was consistently rated as one of the world's top airports, both in terms of customer and retail experience as well as efficiency and profitability. Previously, Thomas worked for A.P. Møller-Mærsk, as a leader in the global shipping business as well as CEO of Norfolkline. During his career Thomas has worked in several different countries including 12 years in Asia and delivered significant success in complex operating environments.

(F)



SALLY DING
CHIEF FINANCIAL OFFICER

Appointed 17 October 2024

Sally was appointed as Heathrow's Chief Financial Officer on 10 October 2024 having spent some time as Acting Chief Financial Officer. She became an Executive Director of the H AHL Board on 17 October 2024. Since joining Heathrow in 2006, Sally has played a key role in shaping Heathrow's capital structure and establishing Heathrow's credit in the financial market. Formerly, as the Director of Treasury and Business Planning, Sally has built robust global financial partnerships, delivered pioneering fundings, led the business through COVID crisis and delivered complicated business plans for the business. Sally is a Chartered Financial Analyst, holds a Master's degree in Finance and has worked in Australia and Hong Kong prior to Heathrow.

COMMITTEE KEY

● Committee chair
 A Audit Committee
 N Nominations Committee
 F Finance Committee
 S Sustainability and Operational Risk Committee
 R Remuneration Committee

HAHL BOARD OF DIRECTORS (CONTINUED)

INDEPENDENT NON-EXECUTIVE DIRECTORS

A S F



RT. HON RUTH KELLY
INDEPENDENT NON-EXECUTIVE DIRECTOR
Appointed 8 April 2019

Ruth's previous roles include Secretary of State for Transport and Financial Secretary to the Treasury, and thus she brings a wealth of political, transport and financial experience to Heathrow. This helps Heathrow build on its role as the UK's only hub airport – providing new global trading links post-Brexit and delivering world-class passenger service.

S



JOAN MACNAUGHTON
INDEPENDENT NON-EXECUTIVE DIRECTOR
Appointed 14 June 2021

Joan has extensive board experience in industry, government, academia and the third sector. After a career in government culminating as the senior official responsible for energy policy in the UK, she spent five years in a power sector company, where she set up and led the company's global climate change advocacy. She has wide international experience, including as Chair of the International Energy Agency, and Chair of the World Energy Council Trilemma, with a particular focus on the business contribution to secure, sustainable, and affordable energy policy. She is currently a non-executive member of the Thames Freeport Governing Board, where she chairs the Innovation and Net Zero committee; a member of the Energy Security Leadership Council of the European Initiative on Energy Security, and of academic advisory boards at energy and climate institutes. As well as energy and climate issues, on which she publishes and lectures, she has experience in public procurement, health and safety, regulatory and ED&I.

R S



MARK BROOKER
INDEPENDENT NON-EXECUTIVE DIRECTOR
Appointed 1 April 2022

During his executive career, Mark was latterly Chief Operating Officer for Trainline, Europe's largest independent retailer of rail and coach tickets. Before Trainline, he was Chief Operating Officer of Betfair Group plc, a leading online gambling operator and now part of Flutter Entertainment. During his earlier career, Mark spent 17 years in investment banking working for Morgan Stanley, Merrill Lynch, NatWest and NM Rothschild & Sons. Mark brings a diverse range of non-executive board director experience and currently sits on the boards of eCogra, a software testing and certification agency, where he is Chairman; Future plc, a global platform for specialist media and member of the FTSE250; and Paysafe, an online payments system listed on the NYSE. He also recently served as a Non-Executive Director of Equiniti, an international provider of share registration, pension administration and other technology-enabled business outsourcing; William Hill, one of the largest gambling operators in the UK; the AA, the UK's leading provider of roadside assistance; and Findmypast, a leader in online genealogy. Mark holds a Master's Degree in Engineering, Economics and Management from Oxford University.

COMMITTEE KEY

● Committee chair A Audit Committee N Nominations Committee F Finance Committee S Sustainability and Operational Risk Committee R Remuneration Committee

HAHL BOARD OF DIRECTORS (CONTINUED)

NON-EXECUTIVE SHAREHOLDER DIRECTORS

(A) (R) (S) (N) (F)



AKBAR AL BAKER
NON-EXECUTIVE SHAREHOLDER DIRECTOR (QIA)
Appointed 14 January 2013

Currently an advisor to H.E. the Prime Minister and Minister of Foreign Affairs of Qatar. Akbar Al Baker concluded his tenure as the CEO of the Qatar Airways Group on 4 November 2023. He is a highly accomplished business leader based in Doha, having served as CEO of several key divisions within Qatar's national airline. His influence extends beyond Qatar Airways, as evidenced by his previous tenure as Chairman of Qatar Tourism, his role as Chairman of the Governing Board of the oneworld Alliance and his membership on the Board of Governors of the International Air Transport Association since 2012, where he assumed the position of Chairman from 2018 to 2019. Akbar Al Baker is currently the Vice Chairman of Vodafone Qatar appointed in 2020, and also a Board member of Qatar Financial Centre Authority and the Board of Qatar Free Zone Authority since 2023. Additionally, he has been an integral member of the Executive Committee of the Arab Air Carriers Organisation since 2011, serving as Chairman from 2013 to 2016. He holds a private pilot licence and is a graduate in Economics and Commerce.

Alternate: Ali Bouzarif (appointed 31 January 2018).

(F)



HIS EXCELLENCY JASSIM SAIF AHMED AL-SULAITI
NON-EXECUTIVE SHAREHOLDER DIRECTOR (QIA)
Appointed 16 April 2025

H.E. Jassim Saif Ahmed Al-Sulaiti was Qatar's Minister of Transport from 2021 to 2024 and Qatar's Minister of Transport and Communications between 2016 and 2021. Previously, he held a number of roles within the Qatar Armed Forces, including Chairman of the Engineer Qualification Committee, Chairman of the Manufacturing Committee, Commander of the Maintenance Corps, and Member of the Investment Committee. He was a Member of the Supreme Council of Ahmed Bin Mohammed Military College and has also been Chairman of the Board of: the Qatar Ports Management Company (Mwani Qatar), QTerminals, Mowasalat (Karwa), Vice-Chairman of Qatar Rail, a member of the Board of Qatar Airways and a member of the Board and Executive Committee of the Supreme Committee for Delivery and Legacy. He has a Master's degree and graduated from the College of Mechanical Engineering in the French Republic. He also has a diploma from the Institute of Public Administration. He was awarded Legion of Honour, Commander Rank, Officer Rank and Knight Rank.

Alternate: Deven Karnik (A) (appointed 16 April 2025).

(F)



TURQI A. ALNOWAISER
NON-EXECUTIVE SHAREHOLDER DIRECTOR (PIF)
Appointed 12 December 2024

Turqi is a seasoned investment professional with extensive expertise in the global investment markets. Since 2021, he has served as the Deputy Governor and Head of the International Investments Division for the Public Investment Fund of the Kingdom of Saudi Arabia, one of the world's largest sovereign wealth funds. In this role, he oversees investments across a wide range of sectors in Saudi Arabia and internationally. Turqi has led PIF's International Investments division since 2016, where he is responsible for developing and executing the Fund's global investment strategy. This encompasses various asset classes, including public markets, private equity, real estate, and infrastructure. He serves on the boards of several prominent companies and he is the Chairman of Lucid Motors and Manara Minerals, and holds senior board positions at Uber Technologies Inc., Hapag-Lloyd, Azimut Benetti, Sanabil Investments, SITE (Saudi Information Technology Company), King Saud University, and others. Prior to his current role, Turqi held senior positions at leading investment firms, including Saudi Fransi Capital, where he served as Head of Asset Management. He has also worked for international investment banks including Morgan Stanley. He holds an MBA from the University of San Francisco and a Bachelor's degree in International Business from King Saud University.

Alternate: Basil Fannouch (R) (S) (N) (appointed 17 February 2025).

(F)



YAZEED ALRUBAIAN
NON-EXECUTIVE SHAREHOLDER DIRECTOR (PIF)
Appointed 12 December 2024

Yazeed is the Head of Real Estate & Infrastructure Department, International Investments Division at the Public Investment Fund of Saudi Arabia. Yazeed joined the PIF in 2020. He has more than 20 years of combined investment experience, and industry experience throughout global markets. Yazeed also sits on the boards of Aman Group, Selfridges Group and Essendi. Prior positions include Managing Director at Jadwa Investment, and multiple positions with Amwal AlKhaleej, Saudi Aramco and the Boston Consulting Group. Yazeed holds an MBA from Oxford University, a B.S. in Electrical Engineering from the University of Missouri- Columbia, USA and he is also a CFA charter holder.

Alternate: Basil Fannouch (R) (S) (N) (appointed 17 February 2025).

COMMITTEE KEY

(A) Committee chair (A) Audit Committee (N) Nominations Committee (F) Finance Committee (S) Sustainability and Operational Risk Committee (R) Remuneration Committee

HAHL BOARD OF DIRECTORS (CONTINUED)

NON-EXECUTIVE SHAREHOLDER DIRECTORS (CONTINUED)

A R N F



JUAN ANGOITIA
NON-EXECUTIVE SHAREHOLDER DIRECTOR
(ARDIAN)

Appointed 12 December 2024

Juan joined Ardian in 2013. Prior to Ardian, he spent 5 years at Citi Infrastructure Investors in London and before that, 10 years at Grupo Ferrovial after starting his career in BUPA Spain. Juan has significant deal and management experience across Europe, the Americas and Australia in transportation and construction companies. Juan is, and has previously acted, as a board member of airport portfolio companies such as London Luton Airport, Sydney International Airport and Bristol International Airport and other transportation or essential infrastructure companies, such as ASTM and Ecorodovias, Ascendi, Autopista Vespucio Norte and Tunel San Cristobal, Tunnels Barcelona and ASR Wind. Juan holds a BSc Economics from the Universidad Autonoma de Madrid in Spain and an MBA from the IE in Madrid.

Alternates: William Briggs (appointed 12 December 2024) Alexis Ballif (appointed 3 July 2025) and Edouard Bertagna (appointed 24 February 2026).

S F



ALEXIS BALLIF
NON-EXECUTIVE SHAREHOLDER DIRECTOR
(ARDIAN)

Appointed 12 December 2024

Alexis joined Ardian in 2008. Alexis worked at or was on the board of a number of companies across the infrastructure sector including water companies in France and the UK, and regulated grids. Alexis now focuses on transport assets, including motorways at Ascendi in Portugal and ASTM in Italy, French greenfield high speed rail line, LISEA, and Italian airports platform, 2i Aeroporti. Alexis is also a board member of French oil pipeline SPMR. Alexis graduated from Ecole Supérieure des Travaux Publics as a civil engineer and from ESSEC Business School with a postgraduate degree in Finance.

Alternates: William Briggs (appointed 12 December 2024) Juan Angoitia (appointed 3 July 2025) and Edouard Bertagna (appointed 24 February 2026).

A F



WILLIAM BRIGGS
NON-EXECUTIVE SHAREHOLDER DIRECTOR
(ARDIAN)

Appointed 3 July 2025

William is a Managing Director of Ardian and a member of the infrastructure team, where he leads investment activity in the United Kingdom and Republic of Ireland. Based in London, he has more than 16 years of combined banking and private equity experience. Prior to Ardian, he worked in investment banking at Goldman Sachs, Rothschild, and Evercore, advising on c. £30bn of mergers and acquisitions in the utilities, infrastructure and transportation sectors. He is also a board member of UK & Nordic data centre company Verne. William holds a degree in Physics from Durham University.

Alternates: Juan Angoitia and Alexis Ballif (both appointed 3 July 2025) and Edouard Bertagna (appointed 24 February 2026)

A F



RAYMOND CHAN
NON-EXECUTIVE SHAREHOLDER DIRECTOR
(ART)

Appointed 9 May 2023

Raymond Chan is a senior member of the Mid Risk Assets & UK team at Australian Retirement Trust ('ART'). Raymond has 30 years of corporate development, investment banking and asset management experience. He has originated, executed and financed principal investments across various asset classes, including private equity, real estate and infrastructure. Before joining ART, Raymond worked in New York in infrastructure investing with Macquarie Group and corporate development with McGraw Hill. He began his career in Australia in corporate finance with PricewaterhouseCoopers and Deutsche Bank. Raymond earned a Bachelor of Commerce from the University of Queensland and is a fellow of the Financial Services Institute of Australasia. He is also a member of the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors.

Alternates: Richard Hedley and William Loc (both appointed 9 May 2023).

COMMITTEE KEY

● Committee chair (A) Audit Committee (N) Nominations Committee (F) Finance Committee (S) Sustainability and Operational Risk Committee (R) Remuneration Committee

HAHL BOARD OF DIRECTORS (CONTINUED)

NON-EXECUTIVE SHAREHOLDER DIRECTORS (CONTINUED)

R N F



ANDREW DENCH
NON-EXECUTIVE SHAREHOLDER DIRECTOR
(GIC)

Appointed 29 May 2024

Andrew Dench is a Managing Director, Head of Asset Management for GIC's global Infrastructure Portfolio and a member of the Infrastructure Investment Committee. Andrew is also a member of GIC's Global Leadership Group. In addition to portfolio responsibilities, Andrew has represented GIC on a number of investee company boards. Andrew joined GIC Infrastructure in 2015, prior to which he held various c-suite and board positions for network utilities, contracting and service delivery businesses in Northern Europe. Andrew also spent 15 years in investment banking largely at Morgan Stanley.

Alternate: Andrew Dallal (appointed 25 April 2023).

F



YIQIANG ZHAN
NON-EXECUTIVE SHAREHOLDER DIRECTOR
(CIC)

Appointed 24 February 2026

Yiqiang Zhan is a Senior Vice President at China Investment Corporation ('CIC'), focusing on global infrastructure investments, particularly in transportation, utilities, and energy sectors. Prior to joining CIC in 2015, Yiqiang worked at Schroders in Luxembourg. Yiqiang is a CFA Charterholder and holds both a bachelor's and a master's degree from Renmin University of China.

Alternates: Minzhen (Orlando) Wang and Jianwei (Davy) Wu (both appointed on 24 February 2026).

COMPANY SECRETARY

S



MINE HIFZI
GENERAL COUNSEL AND COMPANY
SECRETARY

Appointed 1 July 2022

Before joining Heathrow, Mine was General Counsel at Virgin Media, where her remit was expanded to also include regulatory and corporate affairs. Prior to Virgin Media, Mine was at Scripps Networks Interactive as Senior Vice President of Commercial and Legal Affairs, where she held a combined international legal and commercial role. Mine has also held a number of other senior roles including Senior Vice President and Chief International Counsel at Discovery Communications and senior international legal positions at Turner Broadcasting and United International Pictures. She trained and worked as a solicitor at Clifford Chance LLP.

COMMITTEE KEY

● Committee chair A Audit Committee N Nominations Committee F Finance Committee S Sustainability and Operational Risk Committee R Remuneration Committee

EXECUTIVE COMMITTEE



From left:
Mine Hifzi, Jo Butler, Thomas Woldbye, Ross Baker, Helen Elsby, Nigel Milton, Sally Ding, Javier Echave

EXECUTIVE COMMITTEE (CONTINUED)

ROSS BAKER**CHIEF CUSTOMER OFFICER**

Ross was appointed Chief Customer Officer in May 2024, when his previous remit as Chief Commercial Officer was broadened to include customer and regulatory responsibilities. As Chief Customer Officer, Ross is focused on creating value for all our customers: passengers, airlines, retailers and tenants. He also Chairs our airport rail subsidiary, Heathrow Express, and is a Non-Executive Director of NATS. Ross joined Heathrow in 2011, serving as Director of Strategy and then Director of Operations prior to becoming Chief Commercial Officer in 2017. He has partnered closely with our airline customers to make Heathrow the most connected airport in the world and has overseen the development of a retail offering that has been recognised as the best in the world for most of the last decade.

Prior to joining Heathrow, Ross gathered a wealth of experience from various advisory and industry roles. His background includes time at Bain & Company, where he consulted on strategic, commercial and operational projects. Before Bain, Ross spent a decade at British Airways, undertaking a variety of operational and commercial management positions both in the UK and internationally.

JO BUTLER**CHIEF PEOPLE OFFICER**

Jo Butler joined Heathrow in January 2025 as Chief People Officer, bringing over 25 years of HR leadership experience across diverse sectors, including retail, banking and professional services. Jo is responsible for driving Heathrow's people strategy, fostering an inclusive culture, and empowering colleagues to deliver exceptional passenger experiences.

Prior to joining Heathrow, Jo was Chief People Officer at ASOS Plc and Mitie Group Plc leading large-scale people transformation programmes. She has also held Senior HR roles in Europe and Asia, for Santander and Sainsbury's. Recognised as a thought leader in her field, Jo has been featured in the Financial Times' '100 Most Influential Women in European Engineering' and the HR Director's 'Most Influential' list.

JAVIER ECHAVE**CHIEF OPERATING OFFICER**

Javier was appointed as Chief Operating Officer in April 2024, having previously served as Chief Financial Officer and member of the Board since May 2016. He is accountable for delivering Heathrow's end-to-end operation at unprecedented record levels of traffic, including airfield and airspace, engineering and baggage, security and intelligence, terminal services, business resilience and operational planning. He joined Heathrow in January 2008, bringing extensive expertise in finance and operations. As Chief Financial Officer, Javier was instrumental in establishing Heathrow's robust capital structure, delivering the digital transformation of the Finance function, and leading our financial response to the COVID-19 global pandemic by securing business continuity and accelerating business recovery.

Outside Heathrow, Javier is a member of the Board of Trustees of Accounting for Sustainability ('A4S'), an organisation under the patronage of HRH King Charles III; member of the Leadership Council of Business in the Community; an executive mentor; and teaches on strategy, change management and human leadership at London Business School (UK) and the Future Leaders Group (UK).

HELEN ELSBY**CHIEF DEVELOPMENT OFFICER AND ACTING CHIEF DIGITAL & INFORMATION OFFICER**

Helen was recently appointed as Heathrow's Chief Development Officer and Acting Chief Digital & Information Officer on 15 January 2026 as a result of our decision to undertake activities to progress the planning process for Heathrow Expansion. Helen is now accountable for all infrastructure programmes including expansion. Previously she served as Heathrow's Chief Solutions Officer since September 2021. Before this, she was Heathrow's Director of Procurement and earlier held multiple roles in Heathrow's Capital team including Programme Management Office Director, Capital Development Director and Expansion Integration Director.

Prior to joining Heathrow in 2009, Helen spent ten years at British Airways where she held development management and consultancy roles.

NIGEL MILTON**CHIEF COMMUNICATIONS AND SUSTAINABILITY OFFICER**

Nigel was appointed to the Executive Committee in September 2021. In his role as Chief Communications and Sustainability Officer, he leads Heathrow's Decarbonisation Strategy, Communications, Sustainability and Communities teams. Before that he was Director of Communications, leading Heathrow's Press Office, Public Relations, Internal Comms, Political Affairs, Business Engagement and Policy teams. As Heathrow's Director for External Affairs between 2013 and 2016, Nigel led the communications campaign to win policy and political support for a third runway at the airport.

Prior to joining Heathrow in 2010, Nigel worked in Virgin Atlantic's External Affairs department. Before that, he was Assistant Director for International Aviation in the Department for Transport and was also Private Secretary to the Deputy Prime Minister and Secretary for Transport, John Prescott, between 1998 and 2000. He has a law degree from Oxford University and a Master's Degree in Transport Planning and Management from the University of Westminster.

THOMAS WOLDBYE,

Chief Executive Officer

SALLY DING,

Chief Financial Officer

MINE HIFZI,

General Counsel and Company Secretary

For biographical details see pages 74 and 78

CORPORATE GOVERNANCE

CHAIR'S INTRODUCTION



The HAML Board has remained focused on taking decisive action to strengthen Heathrow's role as the UK's gateway to growth, ensuring the business is making tangible progress on its long-term strategy to improve the passenger experience, boost resilience, deliver value for our customers and unlock new growth capacity."

PHILIP JANSEN
CHAIR



As the newly appointed Chair of the HAML Board, I am pleased to introduce Heathrow's Governance Report, which outlines the activities of the HAML Board during the year and has been prepared in conjunction with Lord Paul Deighton as the outgoing Chair.

During 2025, Heathrow delivered a year of record passenger numbers, reflecting the strength of demand and the airport's vital role in keeping the UK connected to the world. As we navigated the challenges of operating at full capacity, we remained focused on delivering a high-quality experience for passengers while strengthening our long-term resilience.

The HAML Board has remained focused on taking the appropriate action to ensure the business continues to support the UK's global connectivity by maintaining Heathrow as a world-class gateway. This has meant balancing record-breaking passenger volumes with the need for long-term investment in capacity and resilience, ensuring the airport remains fit for the future. Throughout this period, the safety and wellbeing of passengers and colleagues have remained our highest priority, and the HAML Board has worked to ensure Heathrow operates safely while setting the right plans for the next regulatory period.

There were a number of changes to the composition of the HAML Board during 2025 which are shown below. These were predominantly as a result of the completion of Ardian's purchase of the Ferrovial, CDPQ and USS Consortium's remaining 10% interest in FGP Topco Limited on 3 July 2025 and the change in the HAML Board Chair.

Appointments:

H.E. Jassim Saif Ahmed Al-Sulaiti – Non-Executive Shareholder Director (QIA) on 16 April 2025.

William Briggs – Non-Executive Shareholder Director (Ardian) on 3 July 2025.

Philip Jansen – Chair and Independent Non-Executive Director on 1 January 2026.

Yiqiang Zhan – Non-Executive Shareholder Director (CIC) on 24 February 2026.

Resignations:

Luke Bugeja – Non-Executive Shareholder Director (representing the interests of Ferrovial, CDPQ and USS) on 3 July 2025.

His Excellency Ahmed Al-Hammadi – Non-Executive Shareholder Director (QIA) on 16 April 2025.

Lord Paul Deighton – Chair and Independent Non-Executive Director on 1 January 2026.

David Xie – Non-Executive Shareholder Director (CIC) on 24 February 2026.

We welcomed the new Directors who joined the HAML Board during the year and bade farewell to those that left during the year, thanking them for their significant contributions to the airport.

Lord Paul Deighton's tenure as Chair of the HAML Board came to an end on 30 April 2025 when he had served 9 years in the role. However, in light of the recent changes to the HAML Board resulting from the completion of the share sale on 12 December 2024, and the relatively new appointments of the Chief Executive Officer and Chief Financial Officer, the Nominations Committee, comprising a number of Non-Executive Shareholder Directors, asked him to extend his appointment for a limited period to help ensure a smooth transition whilst new Non-Executive Shareholder Directors become familiar with the business and a new Chair was appointed. Lord Paul Deighton agreed to extend his role as Chair for a limited period to ensure continuity and stability on the HAML Board during this period of transition.

The Nominations Committee oversees the appointment of new Independent Non-Executive Directors (other than the Non-Executive Shareholder Directors) to the HAML Board, including the Chair of the HAML Board, as well as the appointment of the Chief Executive Officer and Chief Financial Officer. During the year, the Nominations Committee conducted a thorough search for a new Chair of the HAML Board, following which I was appointed as Chair and Independent Non-Executive Director of the HAML Board with effect from 1 January 2026.

During the year the Nominations Committee also reviewed and approved the extension of appointments of the following Independent Non-Executive Directors:

- Lord Paul Deighton for a period of 1 year up until 30 April 2026 to help facilitate the appointment of the new Chair of the HAML Board.
- Ruth Kelly for a further period of 3 years up until 7 April 2028.
- Mark Brooker for a further period of 3 years up until 31 March 2028.

The HAML Board undertakes a formal evaluation of its own performance every year. An internal evaluation was undertaken during November 2025, and I am pleased that the HAML Board was found to be operating effectively. Details of the process followed, the outcomes and the proposed actions can be found on page 91.

The HAML Board takes account of the impact of its decisions on all of our stakeholders, whether they are passengers, colleagues, suppliers and commercial partners, airlines, investors, local communities or regulators, while taking steps to secure the HAML Group's longer-term success. Details of how we have engaged with all our stakeholders, to understand their views, can be found on page 67. A statement on how the Directors have had regard to the matters set out in section 172 of the Companies Act 2006 can be found on page 61.

The following pages provide information on the composition of the HAML Board and its governance structure and processes, together with reports from each of its Committees.

CORPORATE GOVERNANCE (CONTINUED)

As a Board, we are committed to robust standards of corporate governance and, for the year ended 31 December 2025, the HAHL Group has applied the Wates Corporate Governance Principles for Large Private Companies, published by the Financial Reporting Council ('FRC') in December 2018. We believe that high standards of corporate governance are central to the effective management of the HAHL Group

and to maintaining the confidence of our stakeholders and investors.

The Wates Principles provide a framework for the HAHL Board to monitor corporate governance of the HAHL Group and consider opportunities where governance standards can be raised to a higher level across the business. We believe this, in turn, will result in better engagement with our

stakeholder base and ultimately build trust with our passengers, colleagues and investors.

Governance processes are cascaded down from the HAHL Board to other companies in the HAHL Group, including the Directors of the Company, so that the governance framework can provide the right environment for the HAHL Board, and other companies in the HAHL Group, to make decisions for the long-term success of Heathrow.

The table opposite summarises the six Wates Principles and indicates where more information can be found in the strategic and the governance reports. Throughout 2025, the HAHL Board will continue to review and challenge how the HAHL Group can continue to improve its corporate governance.

HAHL BOARD CORPORATE GOVERNANCE SUMMARY

Principle	Summary	Page
Purpose and leadership	<p>The HAHL Board is responsible for the long-term strategy, direction and performance of the HAHL Group. Our vision is to be an extraordinary airport, fit for the future and our purpose is to make every journey better, be it for customers, colleagues or members of the local community. We strive to ensure that our values, strategy and culture are aligned with our vision and purpose. The HAHL Board recognises that maintaining a healthy culture throughout the organisation is critical in order to create and protect long-term value, with employee engagement actively measured (page 16). The HAHL Board reviewed and launched Heathrow's new business strategy in March 2024. This refresh introduced six new business priorities, or 'Beacons', and three new Foundations into the HAHL Group's strategic framework, shown on page 12, embedding our vision, purpose, foundations, beacons and values with our strategic propositions as key elements to ensure our stakeholders' interests are central to Heathrow's future developments.</p> <p>As well as developing strategy, the HAHL Board is responsible for the business model required to generate long-term sustainable value and for ensuring that strategy is clearly articulated and implemented throughout the business. The Executive Committee identify and recommend business opportunities for consideration by the HAHL Board. Certain new business opportunities require the approval of the HAHL Board and, in some cases, also require the approval of the Shareholders in accordance with the terms of the Shareholders' Agreement. This includes overseeing the establishment of transparent policies in relation to raising concerns about misconduct and unethical practices and also observing other statutory duties and responsibilities. Directors are required to disclose any conflicts of interest in accordance with the HAHL Board's Conflicts of Interest procedure. Attendance at HAHL Board and Committee meetings is formally recorded on page 89.</p>	12, 61, 72
Board composition	<p>The HAHL Board consists of the Chair, Chief Executive Officer, Chief Financial Officer, three Independent Non-Executive Directors and ten Non-Executive Shareholder Directors. It is the HAHL Group's policy that the roles of the Chairman and Chief Executive Officer are separate, with clearly divided roles and responsibilities set out on (page 86). The Independent Non-Executive Directors bring outside experience and provide constructive challenge and influence. The composition of the HAHL Board is partly determined by the Shareholders' Agreement which provides for shareholder representation on the HAHL Board, and it is considered to be in the best interests of the HAHL Group for its Shareholders to be represented at meetings by senior executives. Each Shareholder, controlling ten per cent or more of the issued ordinary shares of FGP Topco Limited, or specified combined group of Shareholders together controlling ten per cent or more, is entitled to appoint one Director to the HAHL Board for every ten per cent they hold.</p> <p>As a private, investor-owned group with six shareholders, the HAHL Group benefits from a diversity of viewpoints at the HAHL Board and the Independent Non-Executive Directors enhance this. The HAHL Board acknowledges that, overall, it has good geographical diversity, but it is also committed to improving its diversity in terms of gender, ethnicity, disability and age. The Nominations Committee is responsible for maintaining an appropriate balance of skills, experience, independence and diversity amongst the Independent Non-Executive Directors on the HAHL Board.</p> <p>Directors receive regular updates on new legislation, regulatory requirements and other changes, to ensure that they are fully equipped when making decisions about the business. The performance of the HAHL Board is reviewed annually and consideration is given to its overall composition and to the effectiveness of its different processes with a view to maximising strengths and highlighting areas for further development. More information about the HAHL Board's effectiveness, including recommendations taken and areas of focus for development, is shown on page 91.</p>	86-87, 91

CORPORATE GOVERNANCE (CONTINUED)

HAHL BOARD CORPORATE GOVERNANCE SUMMARY (CONTINUED)

Principle	Summary	Page
Directors' responsibilities	Whilst the H AHL Board retains oversight and accountability for decision making within the H AHL Group, responsibility for day-to-day management and decision making is delegated to the Chief Executive Officer and the Executive Committee. The H AHL Board delegates specific responsibilities to its formal Committees, which consist of individuals with the most appropriate knowledge, expertise, industry experience and independence. There are five principal Committees: Audit, Nominations, Remuneration, Sustainability and Operational Risk and Finance. The H AHL Board receives regular reports on the business, financial performance, health, safety and wellbeing of colleagues, passenger forecasts, commercial and retail performance, regulatory and sustainability matters, colleague engagement, stakeholders and local communities, and management of key business risks, along with updates on the activities and decisions of its formal Committees. The H AHL Board is familiar with Heathrow's governance framework and annually reviews the terms of reference of its formal Committees. Directors have access to the Shareholders' Agreement, Heathrow's Group policies and related governance processes. New Directors receive a comprehensive induction to the H AHL Board and receive regular ongoing training and updates relating to their statutory and fiduciary duties.	84-86
Opportunity and risk	The H AHL Board seeks out opportunities while mitigating risk. Long-term strategic opportunities are highlighted in the three-year Business Plan presented to the H AHL Board. The H AHL Board has overall responsibility for the risk management framework and ensuring that an effective risk response system is in place. The H AHL Board regularly reviews Heathrow's principal and short-term risks, mitigations, and overall risk appetite. Heathrow's approach to operationalising risk appetite has been enhanced in order to assist strategic decision making and support the business to take informed and considered risks where opportunities and benefits outweigh potential risks. The Risk and Assurance Committee and the Executive Committee ensure that significant and emerging risks are identified and managed appropriately and in a timely manner, updating the risk register for any changes in underlying conditions. Operational, safety, security, climate-related and financial risks are regularly reviewed in a joint session of the Sustainability and Operational Risk Committee, and the Audit Committee. The H AHL Board also has full visibility of the overall risk landscape on a quarterly basis. Consideration has been given to controls and mitigations for cyber and information security risks. More information about Heathrow's risk management process can be found on pages 30-31.	30, 93, 102
Remuneration	The Remuneration Committee is responsible for making recommendations to the H AHL Board concerning the H AHL Group's remuneration strategy, recruitment framework and long-term incentive plans for senior executives, with clear roles and responsibilities as set out on page 97. The Committee reviews Heathrow's remuneration framework and policy each year to ensure that the framework supports Heathrow's strategic ambitions and rewards Directors and colleagues fairly for the contribution that they make to the business. Further information about the activities of the Committee can be found in the Remuneration Committee report on page 97. The Committee takes advice from independent external experts who provide updates on legislative requirements, market practice and remuneration benchmarking. Pay is aligned with performance, taking into account fair pay and conditions across the H AHL Group's workforce.	97
Stakeholder relationships and engagement	H AHL's key stakeholders are its passengers, communities and the environment, Team Heathrow, colleagues, airlines, investors, suppliers and commercial partner organisations, regulators, government and trade unions. The views of key stakeholders and the impact of the Company's activities on those stakeholders are important considerations when Directors make relevant decisions. The Stakeholder Engagement table within the section 172(1) statement on pages 67 to 70 sets out each key stakeholder and details of the engagement with that stakeholder. Stakeholder engagement generally takes place best at an operational or H AHL Group level, although in some cases the Board itself engages directly with certain stakeholder groups on certain issues – regardless, the output of any engagement informs business-level decisions, with an overview of developments and relevant feedback being reported to the H AHL Board and/or its committees. Our strategic beacons and foundations drive how and why we engage with key stakeholders, from passenger interactions at the airport and satisfaction surveys to understand our passengers' changing needs and behaviours, to running pulse surveys annually across the whole Heathrow Colleague population, to regular meetings with the CAA to discuss all issues relating to the economic regulation impacting Heathrow.	12, 67

CORPORATE GOVERNANCE (CONTINUED)

GOVERNANCE STRUCTURE

The HAHL Board determines the long-term strategy, direction, culture and performance of the HAHL Group, including approval of the annual budget and management business plan. It is responsible for ensuring that the HAHL Group acts ethically and meets its legal and regulatory responsibilities, monitoring the HAHL Group's

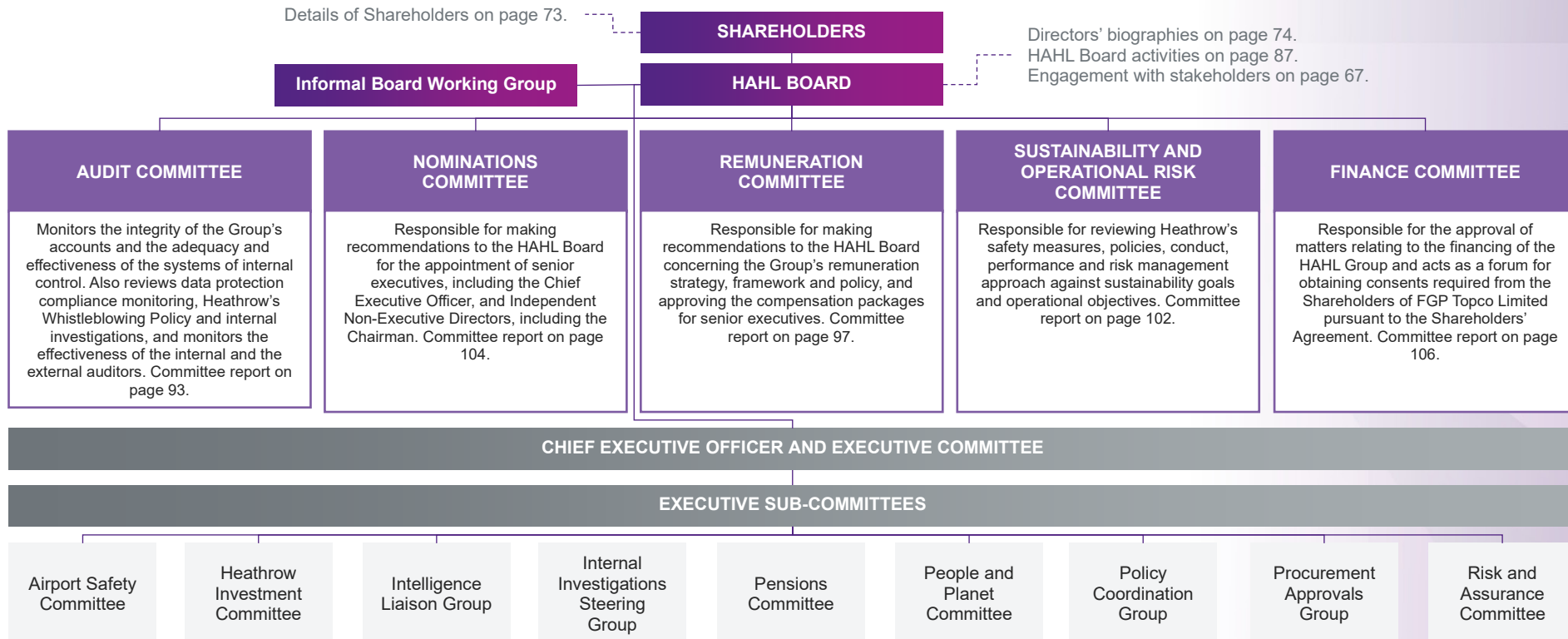
performance and ensuring the HAHL Group has the necessary resources to meet its objectives.

Whilst the HAHL Board retains oversight and accountability for decision making within the HAHL Group, responsibility for day-to-day management and decision making is delegated to the Chief Executive Officer and the Executive Committee. The HAHL Board delegates specific

responsibilities to its formal Committees, which consist of individuals with the most appropriate knowledge, expertise, industry experience and independence.

The duties of the HAHL Board are executed partially through its five principal Committees: Audit, Nominations, Remuneration, Sustainability and Operational Risk and Finance. These

Committees operate within defined terms of reference, which are reviewed regularly by the HAHL Board. The role of Company Secretary to the HAHL Board is performed by the General Counsel.



CORPORATE GOVERNANCE (CONTINUED)

GOVERNANCE STRUCTURE (CONTINUED)

The HAHL Board receives regular reports on business and financial performance, employee issues and management of key business risks. The Chairs of the Audit Committee, Remuneration Committee, and the Sustainability and Operational Risk Committee each provide regular updates on matters discussed at those committees. The Finance Committee submits an annual update of its activities. The papers and minutes from each committee are made available to the HAHL Board. Where appropriate, recommendations are made by each of the HAHL Board Committees so that final decisions can be taken by the HAHL Board. Members of the HAHL Board have the opportunity to attend regular Board Working Group sessions to receive more in-depth information about specific aspects of the business. The Board Working Group sessions are available to all HAHL Board members and their advisors. They provide a forum for discussion on specific topics, such as expansion, regulatory and financial matters, and an opportunity for Directors to discuss complex issues at length ahead of HAHL Board meetings.

The HAHL Board set up a special committee, the Kelly Review Committee, in April 2025 to review the circumstances around the power outage that led to the closure of the Airport on 21 March 2025. The Committee was chaired by Ruth Kelly, Independent Non-Executive Director, and former Secretary of State for Transport. The other committee members were Joan MacNaughton and Mark Brooker, both Independent Non-Executive Directors on the HAHL Board. The objectives of the Committee were to: (1) determine the chronology of events leading to the closure of the Airport, the immediate and identifiable impact on stakeholders on the day of the closure and the chronology of events leading to the Airport's subsequent recovery after the incident; (2) determine the causes of the closure of the Airport; (3) determine and evaluate the decision-making processes that led to the closure of the Airport; and whether any reasonable steps were available that might have prevented the Airport from closing or otherwise have mitigated the impact of the power outage; (4) determine whether any immediate improvements are

recommended to the Airport's preparedness, response planning and wider resilience in the event of any future serious power outage; and (5) provide such other recommendations as the Committee considers practicable, in the context of the review and with regard to potential improvements at the Airport, to enable more detailed further consideration, planning and/or follow up actions (as might be applicable) after the conclusion of the Review. More information about the Kelly Review recommendations can be found in the Audit Committee Report on page 93.

The Executive Committee is the forum of the senior executive management team of the HAHL Group. The HAHL Board delegates authority for day-to-day management of the HAHL Group to the Chief Executive Officer and his Executive Committee, which meets weekly and is chaired on a rotation basis by the Chief Executive Officer and other members of the Executive Committee. In addition to the Chief Executive Officer, membership of the Executive Committee includes the Executive Directors responsible for each business function. Further information is shown on page 79.

The Executive Committee develops and recommends to the HAHL Board medium and long-term business development strategies. They ensure the delivery of agreed strategies by providing guidance, approvals, governance and monitoring. The Executive Committee also considers health and safety, financial, legal and regulatory matters, risk assurance and compliance, and it reviews and approves all matters to be presented to the HAHL Board for information or approval. There is a high level of interaction between the HAHL Board and the Executive Committee. Members of the Executive Committee provide regular presentations at board meetings and attend strategy days with the HAHL Board in order to review issues in more detail, and to plan and align views.

The Executive Committee delegates specific matters to a number of formal sub-committees whilst retaining overall accountability. The sub-committees consist of managers and other experts with appropriate knowledge, industry

experience and expertise to make decisions and report back to the Executive Committee. Each sub-committee operates in accordance with terms of reference approved by the Executive Committee and is evaluated on a regular basis.

EXECUTIVE SUB-COMMITTEES

Airport safety committee

Reviews Heathrow's responsibilities, strategies, performance, policies, and risk in respect of management approach. It covers all aspects of safety, including fire, physical health and safety, airside safety, psychological safety, environmental safety (compliance) and the potential impact on Heathrow's reputation. It is chaired by the Chief People Officer. Other members consist of the Chief Financial Officer, Chief Operating Officer, Members of the Operations Leadership Team, Retail Director, Head of Fire Safety, and Heads of Health and Safety.

Heathrow investment committee

Acts under authority delegated by the Executive Committee as a single accountable forum on capital investment across Heathrow. It is chaired by the Chief Financial Officer. Other members consist of the Chief Operating Officer, Chief Customer Officer and Chief Development Officer.

Intelligence liaison group

Responsible for providing a secure forum to safely share secret, sensitive and often time-critical security intelligence. Members require the necessary level of security clearance.

Internal investigations steering group ('ISG')

Responsible for setting and overseeing compliance with the governance framework for relevant internal investigations. It provides the Executive, HAHL Board and Audit Committees with assurance that Heathrow has appropriate procedures to ensure appropriate governance and conduct of internal investigations. It is chaired by the General Counsel and Company Secretary. Other members consist of the Head of Security Intelligence and Risk, Director of Business Assurance, Operations and Contentious Matters

Lawyer, People Director – Strategic Partnering, and Contentious Matters and Operations Lawyer Engagement and Business Partnering Director. A member of the Internal Audit team acts as the ISG Secretariat.

Pensions committee

Provides oversight on pensions and makes Company decisions with regards to Pension matters in support of the Winning Team beacon and making Heathrow a great place to work, which is in service of Heathrow's vision to be an extraordinary airport, fit for the future. It is chaired by the Chief People Officer and other members consist of the General Counsel and Company Secretary and Chief Financial Officer.

People and planet committee

Responsible for ensuring the People and Planet beacon is delivered according to a clearly defined strategy that focuses on the material sustainability issues for Heathrow and is informed by the views of key stakeholders. It is chaired by the Chief Communications and Sustainability Officer, and other members consist of the General Counsel and Company Secretary, Chief People Officer, Communities and Sustainability Director, Carbon Strategy Director, Programme Director (for Carbon & Sustainability Programme), Head of Strategy, Director of Finance (Financial Control), Future Skills Director, and Director of Operational Delivery and Airline Coordination.

Policy coordination group

A strategic, senior-policy forum that provides updates on Heathrow's policy priorities and progress. These are currently written updates provided following the weekly Expanding Heathrow Steering Group/Building Block Coordination Group meetings that have overseen policy objectives during the year. Recipients include senior colleagues from different business functions, representing all Executive Committee Members, and they are provided with key updates on Heathrow's positions on key policy asks. It is led by the Policy Team with sign off from the Head of Public Affairs and Policy.

CORPORATE GOVERNANCE (CONTINUED)

EXECUTIVE SUB-COMMITTEES (CONTINUED)

Procurement approvals group

Provides appropriate levels of governance for procurement activities and approvals, including approving Category Strategies, Sourcing and Contracting Strategies and Recommendations to Award. It also considers any potential conflicts of interests within the Supply Chain and escalates them to the Executive Committee if deemed appropriate. It is chaired by the Chief Finance Officer, with responsibility for running the committee delegated to the Director of Procurement. Other members consist of the Head of Portfolio, Head of Infrastructure Procurement, Head of Technology and Corporate Services, Head of Operational Procurement and Head of Legal.

Risk and assurance committee

Responsible for reviewing the effectiveness of the risk management strategy and framework, and for reviewing the risk outlook, including Heathrow's principal risks. It is chaired by the General Counsel and Company Secretary. Other members consist of the Director of Financial Control, Sustainability Director, Director of Airside Operations, Director of Heathrow Portfolio Management Office, Director of Business Assurance, Head of Insurance, People Transformation Director and Marketing Director.

ROLES AND RESPONSIBILITIES

It is the HAHL Group's policy that the roles of the Chair and Chief Executive Officer are separate, with their roles and responsibilities clearly divided. The key roles and responsibilities of the Directors of the HAHL Board are set out below:

Chairman

The Chair is responsible for:

- Leading and managing the HAHL Board, its effectiveness and governance.
- Ensuring that HAHL Board meetings operate smoothly and provide a conducive environment for Board members to make effective decisions and discharge their fiduciary and statutory duties.
- Ensuring HAHL Board members are aware of, and understand, the views of key stakeholders.
- Helping set the tone from the top in terms of the purpose, goal, culture, vision and values for the whole organisation.
- Creating the conditions for the overall effectiveness of the HAHL Board.

Chief Executive Officer

The Chief Executive Officer is responsible for:

- The leadership and day-to-day management of the HAHL Group through the Executive Committee.
- Developing the HAHL Group's strategy and objectives while having regard to its responsibilities to the Shareholders and wider stakeholders.
- Chairing and Managing the Executive Committee.
- Working with the Chair, and General Counsel and Company Secretary to ensure that HAHL Board meetings operate smoothly.
- Ensuring the effective implementation of HAHL Board decisions.
- Regularly reviewing the operational performance and strategic direction of the HAHL Group's business.

- Optimising as far as possible the use and adequacy of the HAHL Group's resources.
- Working with the Chair to set the HAHL Group's purpose, goal, culture, vision and values.
- Ensuring the long-term sustainability of the business.
- Ensuring all HAHL Group policies and procedures are followed to the highest standards.

Chief Financial Officer

The Chief Financial Officer is responsible for the financial performance, capital allocation and financing of the HAHL Group and supporting the Chief Executive Officer in developing and implementing strategy.

Independent Non-Executive Directors

The Independent Non-Executive Directors are responsible for providing constructive challenge and bringing independence to the HAHL Board and its decision-making process. Particularly:

- Bringing a wide range of skills and experience, including independent judgement on issues of strategy, performance and risk management.
- Scrutinising and challenging the performance of the HAHL Group's business.
- Assessing risk and the integrity of the financial information and controls.

Non-Executive Shareholder Directors

The Non-Executive Shareholder Directors are nominated and appointed by our Shareholders in accordance with the terms of the Shareholders' Agreement and are therefore not classified as independent. They provide strong experience and constructive challenge, and monitor the performance and delivery of the HAHL Group's strategy.

Company Secretary

The role of Company Secretary is performed by the General Counsel who is a member of the Executive Committee. The Company Secretary is available to the Chair and all Directors and is responsible for managing board meetings,

information flows to the HAHL Board and advising the HAHL Board on legal, corporate governance and procedural matters. Directors may also take professional advice at the Company's expense.

COMPOSITION OF THE HAHL BOARD

At the date of this report, the HAHL Board comprises the Chair, three Independent Non-Executive Directors, ten Non-Executive Shareholder Directors and two Executive Directors – the Chief Executive Officer and the Chief Financial Officer. The names and biographies of the principal Directors of the HAHL Board are published on pages 74 to 78. The Non-Executive Shareholder Directors are appointed by the Shareholders in accordance with the terms of the Shareholders' Agreement. All of the Non-Executive Shareholder Directors have formally approved alternates, who are also listed. The alternates are statutory Directors of HAHL, who attend board and/or committee meetings when Non-Executive Shareholder Directors are unable to do so. Occasionally, and with the prior consent of the Chair, some alternate Directors attend meetings alongside their appointors as observers. The Executive and Non-Executive Directors are equal members of the HAHL Board and have collective responsibility for the HAHL Group's strategy and performance. Each HAHL Board Director has a clear understanding of their accountability and responsibilities.

Recommendations for the appointment of Independent Non-Executive Directors to the HAHL Board are made by the Nominations Committee. Appointments are made on merit and against objective criteria with due regard to diversity (including skills, experience, age, gender, disability and social and ethnic background). Non-executive appointees are also required to demonstrate that they have sufficient time to devote to the role.

CORPORATE GOVERNANCE (CONTINUED)

COMPOSITION OF THE HAML BOARD (CONTINUED)

The Independent Non-Executive Directors bring outside experience in areas such as aviation, transport, health and safety, sustainability, climate change, energy, regulation, government, finance, retail and technology, and provide constructive challenge and influence from outside the HAML Group. The Chair holds periodic meetings with all the Non-Executive Directors to discuss the performance of management and the HAML Board, without the Executive Directors present.

The HAML Board considered the Chair, Philip Jansen, to be independent in judgment and character on his appointment on 1 January 2026.

The Chair and each of the Independent Non-Executive Directors have letters of appointment with the HAML Group rather than service contracts, which include the expected time commitment of the appointment.

The Directors are required to comply with Heathrow's group policies, including policies on Professional Conduct, Health and Safety, Conflicts of Interest, Anti-Bribery, Gifts and Hospitality and Anti-Facilitation of Tax Evasion.

The HAML Board believe that its size and composition are appropriate to meet the strategic needs and challenges of the business and to enable effective decision making. The composition of the HAML Board is partly determined by the Shareholders' Agreement, which states that each Shareholder or specified combined group of Shareholders together controlling ten per cent or more of the issued ordinary shares of FGP Topco Limited, is entitled to appoint one Director to the HAML Board. Currently Ardian appoints 3 directors, PIF and QIA each appoint two directors, and GIC, ART and CIC each appoint one director. It is considered to be in the interests of the HAML Group for each Shareholder to be represented on the HAML Board.

In addition, there are four Independent Non-Executive Directors, including the Chair, whose purpose is to challenge and provide external expertise. The HAML Board does not have a majority of Independent Non-Executive Directors and it is felt that the numbers associated with

ensuring a majority of Independent Non-Executive Directors would make the operation of the HAML Board unwieldy and unduly costly.

It is acknowledged that, although there is international diversity on the HAML Board in terms of ethnicity, there is a relative lack of gender diversity with only three women currently on the HAML Board. Shareholders are encouraged to consider different aspects of diversity, including gender and ethnicity, when nominating their non-executive representatives on the HAML Board. Similar considerations are also taken into account by the Nominations Committee when choosing new Independent Non-Executive Directors. The HAML Board is committed to making the HAML Group an ever-more inclusive environment, thereby fostering a more diverse workforce which should increase diversity at the most senior levels.

Heathrow participates in the FTSE Women Leaders Review, which is an independent, business-led framework supported by Government which sets recommendations to improve the representation of women on the boards and leadership teams of the FTSE 350 and 50 of the UK's largest private companies. The HAML Board also discloses information about the ethnicity of its directors in accordance with the recommendations of the Parker Report. More information can be found in the Remuneration Committee Report on page 97.

2025 HAML BOARD ACTIVITIES

The HAML Board held a total of fourteen meetings during the year ended 31 December 2025 which included four "In-Person" meetings and ten Teams meetings. Five of the meetings were additional extraordinary meetings scheduled to consider Expanding Heathrow and other matters. Seventeen Board Working Group Meetings were held to provide HAML Board members with the opportunity to consider certain issues in greater depth, and joint strategy sessions were held in conjunction with the Executive Committee in January and November. In addition, an operational tour of the airport took place in

October and Board dinners were held in January and July. During the year the HAML Board focused on a number of areas as set out below.

Our Foundations:**SAFETY, SECURITY AND COMPLIANCE**

- Monitored and reviewed health and safety across the airport, including the welfare of passengers and colleagues.
- Monthly Safety Moments, covering a broad range of safety topics.
- Received updates from the Sustainability and Operational Risk Committee.
- Next Generation Security Programme and Department for Transport Security Liquid Standard.

SERVICE AND OPERATIONS

- Considered operational and business performance.
- Asset Management Compliance Programme.
- Considered airport readiness.
- Executive compensation and incentives.
- Cargo transformation.
- Passenger Experience.

GOVERNANCE AND FINANCIAL RESILIENCE

- Protected and monitored liquidity.
- Reviewed financial performance and forecasts.
- Considered and approved the 2026 Management Business Plan.
- Reviewed and approved quarterly results announcements.
- Reviewed and approved the 2024 Annual Report and Financial Statements.
- Approved distributable reserves planning.
- Approved corporate simplification programme.
- Considered improvements to existing corporate governance arrangements, including financial reporting requirements and performance against the Wates Principles.
- Considered output and actions from the 2024 HAML Board evaluation process.

- Reviewed and monitored key principal risks and mitigations and approved new risk appetite framework.
- Approved 2025 Continuity of Service Plan.
- Reviewed and approved Group Policies.
- Received updates from the Audit and Finance Committees.
- Commissioned the Kelly Review Committee to consider the power outage incident and subsequent closure of the Airport.
- Approved HAML Board and committee membership changes resulting from completion of the share sales on both 12 December and 3 July 2025.
- Approved the appointment of a new Chair to the HAML Board.

Funding

- In 2025, Heathrow secured £1.5 billion equivalent in new funding, complementing our robust liquidity position and adding diversification.
- We issued a €600 million sustainability-linked bond, our second Euro SLB following our inaugural 2023 issuance and is our fourth in this asset class.
- We issued a C\$600 million 12-year Class A bond, returning to the market following a four-year absence.
- We issued a £300 million 17-year Class A GBP bond, marking our first GBP Class A issuance since October 2020.
- We completed two private placements totaling GBP 239 million across both Class A and B levels of the capital structure, reaffirming strong support for the 2nd lien offering in this market.

CORPORATE GOVERNANCE (CONTINUED)

2025 HAHL BOARD ACTIVITIES (CONTINUED)

Our Beacons:

WINNING TEAM

- Discussed the approach to workforce engagement.
- Considered updates on diversity and succession planning.
- People Change Strategy and Colleague Engagement Plan.
- Industrial Relations Strategy.
- Received updates from the Remuneration and Nominations Committees.

FOCUS TO GO FASTER

- The Board heard from guest speakers: Tracey Waltho, Chair of The Council for the Independent Scrutiny of Heathrow Airport.

VALUE FOR CUSTOMERS

- Received updates on regulatory strategy, communications with the CAA and preparations for H8.
- Commercial strategy including retail, car parks, 2026 aero charges and other regulated charges.
- Approved Top 10 KPIs for 2026 and Targets.
- Cargo Strategy.
- Procurement Strategy.

DIGITAL FUTURE

- Digital Strategy, including cyber.

PEOPLE AND PLANET

- Considered Heathrow's Sustainable Communities and Charity Partnerships.
- Sustainability and Carbon Strategy, including Connecting People and Planet.
- Political Updates and government policy asks.
- Approved Heathrow's 2024 Modern Slavery Act Statement.

CREATING CAPACITY

- Passenger demand and growth strategy.
- Creating Capacity Programme.
- Expanding Heathrow.
- Passenger Forecasts.

CORPORATE GOVERNANCE (CONTINUED)

HAHL BOARD AND COMMITTEE ATTENDANCE

The Directors' attendance at formally scheduled H AHL Board and Committee meetings during the year is recorded in the following table. It shows the number of formally scheduled H AHL Board and Committee meetings attended by each Director, or their alternate Director. Alternate Directors also occasionally attend H AHL Board meetings in an 'observer' capacity, but this attendance is not shown. The H AHL Board held fourteen meetings during the year ended 31 December 2025, including one meeting held without management (Thomas Woldbye, Sally Ding and Mine Hifzi) present.

	HAHL Board	Audit Committee	Finance Committee ⁽¹⁹⁾	Nominations Committee	Remuneration Committee	Sustainability and Operational Risk Committee ('SORC')
Total meetings held during the period	14	4	3	7	4	4
Independent Non-Executive Directors						
Lord Paul Deighton ⁽¹⁾ (Chair)	13	-	-	2	-	-
Philip Jansen ⁽²⁾ (Chair)	1	-	-	-	-	-
Rt. Hon Ruth Kelly ⁽³⁾	13	4	2	-	-	3
Joan MacNaughton	14	-	-	-	-	4
Mark Brooker	14	-	-	-	4	4
Non-Executive Shareholder Directors and their alternates						
Akbar Al Baker ⁽⁵⁾ (Ali Bouzarif ⁽⁴⁾)	14	3	3	7	3	4
His Excellency Ahmed Ali Al-Hammadi ⁽⁶⁾ (Deven Karnik ⁽⁴⁾⁽⁷⁾)	3	-	-	-	1	-
His Excellency Jassim Saif Ahmed Al-Sulaiti ⁽⁶⁾ (Deven Karnik ⁽⁴⁾⁽⁷⁾)	10	-	-	-	-	-
Deven Karnik ⁽⁷⁾	-	4	-	-	-	-
Turqi A. Alnowaiser (Basil Fannouch ⁽⁴⁾⁽⁸⁾)	14	-	-	-	-	-
Yazeed Alrubaian ⁽⁵⁾ (Basil Fannouch ⁽⁴⁾⁽⁸⁾)	14	-	3	-	-	-
Basil Fannouch ⁽⁸⁾	-	-	-	7	4	3
Faisal Alkhani ⁽⁹⁾	-	4	-	-	-	-
Juan Angoitia ⁽¹⁰⁾ (William Briggs/Alexis Ballif ⁽⁴⁾)	14	4	2	7	4	-
Alexis Ballif ⁽¹¹⁾ (William Briggs/Juan Angoitia ⁽⁴⁾)	14	-	3	-	-	3
William Briggs ⁽¹²⁾ (Juan Angoitia, Alexis Ballif ⁽⁴⁾)	6	4	-	-	-	-

CORPORATE GOVERNANCE (CONTINUED)

HAHL BOARD AND COMMITTEE ATTENDANCE (CONTINUED)

	HAHL Board	Audit Committee	Finance Committee ⁽¹⁹⁾	Nominations Committee	Remuneration Committee	Sustainability and Operational Risk Committee ('SORC')
Luke Bugeja ⁽¹³⁾ (Juan Carlos Bullón Alemán/Olivier Fortin/Rob Horsnall ⁽⁴⁾⁽¹³⁾)	7	-	-	-	-	-
Raymond Chan ⁽¹⁴⁾ (Richard Hedley/William Loc ⁽⁴⁾)	14	4	3	-	-	-
Andrew Dench (Andrew Dallal ⁽⁴⁾)	14	-	3	6	3	-
David Xie ⁽²⁰⁾ (Minzhen (Orlando) Wang/Jianwei (Davy) Wu ⁽⁴⁾⁽¹⁵⁾)	14	-	3	-	-	-
Executive Directors						
Thomas Woldbye CEO ⁽¹⁶⁾	13	4	1	5	3	2
Sally Ding CFO ⁽¹⁷⁾	13	4	3	-	3	3
Company Secretary						
Mine Hifzi General Counsel ⁽¹⁸⁾	12	4	1	6	4	4

- (1) Lord Paul Deighton resigned as Chair of the HAHL Board and as the Chair of the Nominations Committee with effect from 1 January 2026.
- (2) Philip Jansen was appointed as Chair of the HAHL Board and as a Member of the Nominations Committee with effect from 1 January 2026. He attended the HAHL Board meeting on 17 December as an observer.
- (3) Rt. Hon Ruth Kelly became a member of the SORC on 23 January 2025.
- (4) Alternate Directors. Edouard Bertagna was appointed as an additional alternate director for Juan Angoitia, Alexis Ballif and William Briggs on 24 February 2026.
- (5) Akbar Al Baker - Non-Executive Shareholder Director (QIA) became Chair of the Remuneration Committee on 16 April 2025.
- (6) H.E. Ahmed Ali Al-Hammadi – Non-Executive Shareholder Director (QIA) resigned from the HAHL Board on 16 April 2025 and was replaced by H.E. Jassim Saif Ahmed Al-Sulaiti with effect from the same date.

- (7) Deven Karnik – Non-Executive Alternate Shareholder Director (QIA) became a member of the Audit Committee on 23 January 2025.
- (8) Basil Fannouch – Non-Executive Alternate Shareholder Director (PIF) became a member of the SORC, Remuneration and Nominations Committees on 17 February 2025.
- (9) Faisal Alkhani – Shareholder Representative (PIF) became a voting member of the Audit Committee on 23 January 2025 but is not a director of the HAHL Board.
- (10) Juan Angoitia – Non-Executive Shareholder Director (Ardian) became a member of the Audit, Remuneration and Nominations Committees on 23 January 2025. He was subsequently appointed as Chair of the Nominations Committee on 1 January 2026.
- (11) Alexis Ballif – Non-Executive Shareholder Director (Ardian) became a member of SORC on 23 January 2025.

- (12) William Briggs – Non-Executive Shareholder Director (Ardian) became a member of the Audit Committee on 23 January 2025 and became Ardian's third representative director on the HAHL Board on 3 July 2025.
- (13) Luke Bugeja, and his alternates (Juan Carlos, Bullón Alemán, Olivier Fortin and Rob Horsnall) resigned from the HAHL Board on 3 July 2025.
- (14) Raymond Chan – Non-Executive Shareholder Director (ART) became a member of the Audit Committee on 23 January 2025.
- (15) Jianwei (Davy) Wu – Non-Executive Alternate Director (CIC) was appointed on 1 December 2025.
- (16) The Chief Executive Officer is invited to attend meetings of the Audit Committee, Nominations Committee and Remuneration Committee, but is not a member of those committees.

- (17) The Chief Financial Officer is invited to attend the meetings of the Audit Committee, Remuneration Committee and SORC but is not a member of those committees. The Chief Financial Officer is also a non-voting member of the Finance Committee.
- (18) The General Counsel and Company Secretary is invited to attend all of the HAHL Board's committee meetings and is a member of the SORC.
- (19) A number of additional Finance Committee approvals were obtained by email circulation to the members throughout the year and were subsequently ratified.
- (20) David Xie – Non-Executive Shareholder Director (CIC) resigned on 24 February 2026 and was replaced by Yiqiang Zhan with effect from the same date.

CORPORATE GOVERNANCE (CONTINUED)

EFFECTIVENESS**Induction and Information**

A comprehensive induction programme is provided for all new HAHL Board Directors, including access to our 'Directors Induction SharePoint Site', which has useful governance information, including an overview of Heathrow's governance structure, information about Directors' statutory duties and practical information about HAHL Board and Committee meetings. Our Directors update their skills, knowledge and familiarity with the HAHL Group by regularly meeting with senior management, attending operational site visits, strategy sessions with the Executive Committee and regular training sessions. All HAHL Board Directors have access to the advice and services of the General Counsel and Company Secretary and the Heathrow Group's Legal team. They may also take independent professional advice at the Company's expense.

The Chair and General Counsel and Company Secretary are responsible for ensuring that Directors receive accurate, timely and clear information. To ensure that adequate time is available for board discussion and to enable informed decision making, briefing papers are prepared and circulated to Directors a week prior to scheduled HAHL Board meetings.

The HAHL Board receives regular and timely information (at least monthly) on all key aspects of the business, including information on the health, safety and wellbeing of colleagues and passengers, risks and opportunities, the financial performance of the business, strategy, operational matters, market conditions and sustainability, all supported by key performance indicators. This information is provided in the form of a monthly Board Information Pack, which was developed with interaction and feedback from the HAHL Board. The HAHL Board also receives regular updates on the passenger demand forecast.

Key financial information is collated from the Heathrow Group's various accounting systems. The HAHL Group's finance function is

appropriately qualified to ensure the integrity of this information and is provided with the necessary training to keep up to date with regulatory changes. Annually, the statutory financial information is externally audited by PricewaterhouseCoopers LLP and key financial reporting related controls are also reviewed by the Financial Controls team on behalf of management with oversight from the Group internal audit function.

Other key information is prepared by the relevant internal function. Processes for collecting data, as well as the reporting of that data, are reviewed on a cyclical basis by the HAHL Group's internal audit function, with quarterly reporting provided to the Audit Committee.

Training and Development

Directors' training and development needs are of key importance in order to discharge their statutory and other duties effectively. Directors are encouraged to highlight specific areas, about the business or otherwise, where they feel their skills or knowledge would benefit from further development as part of the annual Board evaluation process. Training opportunities are provided through internal meetings, working groups, presentations and briefings by internal advisers, business heads and external speakers. Our Directors also receive training on their statutory duties (including under section 172(1) of the Companies Act), as part of their induction, to ensure they understand their duty to promote the long-term success of Heathrow.

Conflicts of Interest

Directors have a statutory duty to avoid situations in which they have, or may have, interests that conflict with those of Heathrow, unless that conflict is first authorised by the HAHL Board. The HAHL Board has agreed procedures for the management of Directors' conflicts of interest. The Company's Articles of Association also contain provisions to allow the Directors to authorise potential conflicts of interest so that a director is not in breach of his or her duty under company law. Directors are required to disclose any potential conflicts of interest on their initial appointment and regularly thereafter, and a

Conflicts Register is maintained to record interests and ensure Directors' conflicts can be managed effectively.

Board Evaluation

The HAHL Board considers the regular review of its function, Committees and Directors to be an essential element of good corporate governance and important for identifying key areas of focus for future improvement and for strengthening its overall performance. Internal self-evaluation assessments were carried out in October 2024 and November 2025. The reviews were conducted by questionnaire, which sought the Directors' feedback on all aspects of the performance of the HAHL Board and its Committees, including board composition, behaviours and dynamics, HAHL Board facilities, the number and length of meetings, agendas, the quality of information, the Chair's leadership and focus, strategic oversight, interaction between the HAHL Board and its Committees, overview of risk, succession planning, induction and training, and priorities for change. The results were collated by the Secretariat team and anonymised before being discussed by the General Counsel and Company Secretary and the Chair, with feedback provided to the HAHL Board for consideration and recommendations, with follow-up actions debated and adopted as appropriate.

2024 Internal Evaluation

An internal evaluation was undertaken during October 2024. Overall, there was a majority consensus that the HAHL Board and its committees were functioning well and were effective. Three key themes emerged from the results of the evaluation:

1. There was desire to continue to review the effectiveness of HAHL Board meetings, including whether the current number, length and format of meetings continued to be appropriate. Some responses indicated a wish to further reduce the overall number of meetings and focus on including more deep dive sessions within agendas, with more routine matters being circulated in board packs.

2. Responses relating to Internal Controls indicated a desire for the HAHL Board to receive more in-depth information about the effectiveness of Internal Controls.
3. Directors also indicated that they would like to continue to review the effectiveness of the HAHL Board and Committees' software platform with a view to making it more user-friendly.

AREAS OF FOCUS IDENTIFIED

The key areas identified for increased focus and development during the 2025 financial year are set out below:

1. To continue to monitor and review the effectiveness of the format, length and number of annual HAHL Board, Committee, and Board Working Group meetings and look to include more deep dive sessions in the HAHL Board agenda.
2. To provide enhanced information on the design and effectiveness of internal controls to align with the UK Corporate Governance Code (2024). To establish a fraud risk management framework to demonstrate procedures in place to prevent fraud, to ensure compliance with the new 'failure to prevent fraud offence' included in the 2023 Economic Crime and Corporate Transparency Act and to keep the Audit Committee updated on the workstreams related to Internal Controls as they progress.
3. To continue to review the HAHL Board and Committees' software platform with a view to improving the overall user experience and upgrading it to offer additional functionality highlighted by Board members.

CORPORATE GOVERNANCE (CONTINUED)

EFFECTIVENESS (CONTINUED)

ACTIONS

Following a review of the feedback received from the HAML Board during the 2024 internal evaluation, the below actions were undertaken:

1. The HAML Board continued to monitor the effectiveness of the format, length and number of HAML Board, Committee and Board Working Group meetings. Following review, the HAML Board agreed to further reduce the annual number of HAML Board meetings from 9 meetings to 6 meetings, consisting of 5 "In-person" meetings and one Teams meeting, with effect from 2026. A focus was also given to developing the agenda for Board Working Group meetings to accommodate more regulatory and expanding Heathrow sessions as well as other items.
2. In line with the ongoing enhancements to our enterprise risk management framework there is increasing visibility and challenge of key controls across Heathrow's principal risks. As the framework continues to mature, the approach to assuring design and effectiveness will be developed further. A fraud risk management framework has been developed to respond to the new 'failure to prevent fraud offence' included in the Economic Crime and Corporate Transparency Act. This included implementation of mandatory fraud awareness training for all senior managers ahead of the 1 September implementation date as well as identification of key fraud risks and related controls.
3. The effectiveness of the HAML Board and Committees' Sharepoint sites continued to be reviewed and monitored with adjustments being made to improve the directors' overall user experience. Links were added to agendas to make it easier to call up papers during meetings.

2025 Internal Evaluation

An internal evaluation of the HAML Board was undertaken during November 2025. Overall, there was majority consensus that the HAML Board and its committees were functioning well and were

effective. The following key themes emerged from the results of the evaluation:

1. Directors indicated a desire to review the scope, and delegated authority of Board Committees with a view to allowing more time for the HAML Board to focus on strategic business issues.
2. Responses also showed that Directors found the operational tour of great benefit and that they would be interested in further tours/site visits with the opportunity to meet more key stakeholders and colleagues from different areas of the business.
3. Directors also expressed an interest in receiving more Heathrow business-related training, which they would find useful.

AREAS OF FOCUS IDENTIFIED

The key areas identified for increased focus and development during the 2026 financial year are set out below:

1. To review the scope and delegated authority of the Board's Committees with a view to allowing more time for increased focus by the HAML Board on strategic matters.
2. Consideration to be given to arranging more operational tours/site visits for the HAML Board and more opportunities to meet key stakeholders, senior managers and colleagues from different areas of the business.
3. Consideration to be given to offering HAML Board members more training on Heathrow's business-related matters.

Overall, the review showed that there were no material shortcomings in relation to the operation of the HAML Board and its Committees. The Chair confirms that each Director continues to make a valuable contribution to the HAML Board and, where relevant, its Committees.

AUDIT COMMITTEE



The Audit Committee monitors the integrity of financial information for the benefit of our Stakeholders.”

RT. HON RUTH KELLY, CHAIR
Independent Non-Executive
Director



OTHER COMMITTEE MEMBERS

Akbar Al Baker,
Non-Executive Shareholder Director – QIA
(represented by his alternate Ali Bouzarif)

Deven Karnik,
Non-Executive Alternate Shareholder Director –
QIA

Faisal Alkhani,
Shareholder Representative - PIF

Juan Angoitia,
Non-Executive Shareholder Director – Ardian

William Briggs,
Non-Executive Shareholder Director – Ardian

Raymond Chan,
Non-Executive Shareholder Director – ART

CHANGES TO COMMITTEE MEMBERS DURING THE YEAR

Rt. Hon Ruth Kelly,
Independent Non-Executive Director (appointed
as Chair on 23 January 2025)

Deven Karnik,
Non-Executive Alternate Shareholder Director –
QIA (appointed 23 January 2025)

Faisal Alkhani,
Shareholder Representative – PIF (appointed 23
January 2025)

Juan Angoitia,
Non-Executive Shareholder Director – Ardian
(appointed 23 January 2025)

William Briggs,
Non-Executive Shareholder Director – Ardian
(appointed 23 January 2025)

Raymond Chan,
Non-Executive Shareholder Director – ART
(appointed on 23 January 2025)

INTRODUCTION

As the Chair of the Audit Committee (the 'Committee'), I am pleased to present this report for the year ended 31 December 2025. The Committee's primary responsibility is to provide support to the HAHL Board by exercising oversight of the integrity of the Group's financial and regulatory reporting, engaging with the external auditor, and overseeing the Group's internal control and risk management framework. Heathrow experienced record-breaking numbers of passengers in 2025, and the Committee has continued to oversee, monitor, challenge and support management in ensuring quality and integrity in Heathrow's accounting and reporting practices.

Following the sub-station fire, on 21 March 2025, the subsequent review and report (the Kelly Report, which can be found on our corporate website) included two risk-related recommendations. One related to the identification of high impact/ low likelihood risks and one concerned improvements to processes that drive greater sharing of risk insights across Heathrow teams. These recommendations are being progressed and will further enhance the HAHL Board's visibility of Heathrow's complex risk landscape.

ROLES AND RESPONSIBILITIES

The Committee is a formal committee of the HAHL Board, and its responsibilities include:

- Considering the appointment, relevant ethical guidance and assessing the independence of the external auditor. Ensure key personnel are rotated at appropriate intervals (including overseeing the process for selecting the external auditor and making recommendations to the HAHL Board).
- Recommending the audit fee to the HAHL Board for approval, pre-approving any fees in respect of non-audit services provided by the external auditor and ensuring that the provision

of non-audit services does not impair the external auditor's independence or objectivity.

- Agreeing with the external auditor the nature and the scope of the audit and reviewing the auditor's quality control procedures and steps taken by the auditor to respond to changes in regulatory and other requirements.
- Reviewing reports on the effectiveness of systems for internal financial control, financial reporting and risk management, including reviewing the adequacy of the Group's process to prevent, detect and respond to fraud.
- Reviewing Internal Audit reports to the Committee on the effectiveness of the HAHL Group's systems for internal control, financial reporting and risk management.
- Reviewing Heathrow's principal risks, in conjunction with the Sustainability and Operational Risk Committee, with a particular focus on finance-related risks.
- Considering management's response to any major external or internal audit recommendations.
- Approving the appointment and discharge of the Director of Business Assurance.
- Monitoring the integrity of the financial statements of the HAHL Group, reviewing and challenging where necessary the actions, accounting policies, and key judgements and estimates of management in relation to the interim and annual financial statements, and any press release related to those statements.
- Providing confirmation that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.
- Reviewing Heathrow's reporting of climate-related financial information and ensuring compliance with the requirements of Climate-related Financial Disclosures.

AUDIT COMMITTEE (CONTINUED)

ROLES AND RESPONSIBILITIES (CONTINUED)

- Overseeing the appointment of the Climate Change Board Director, if appointed, and making recommendations to the HAHL Board for their appointment.
- Review and confirmation of the going concern disclosure for the Annual Report and Financial Statements.
- Overseeing all press releases relating to external financial results.
- Reviewing Heathrow's procedures for handling allegations from whistleblowers and overseeing the handling of allegations.
- Reviewing ethics matters and considering any ethical issues which arise as a result of audit findings.
- Reviewing Internal Investigations, approving the Internal Investigations Protocol and overseeing the handling of Internal Investigations.
- Reviewing Heathrow's tax policy and insurance strategy and arrangements.
- Reviewing the results of the Data Protection Officer's data privacy compliance monitoring programme and ensuring that the Data Protection Office is adequately resourced to carry out its tasks.
- Considering the adequacy of management's response to any major data privacy non-compliance findings as a result of monitoring activities.
- Considering any other topics, as defined by the HAHL Board.

2025 ACTIVITIES

The Committee held four scheduled meetings during the year, with members of senior management required to attend as and when appropriate. Meeting attendance can be found on page 89. An update was provided to the HAHL Board on key issues discussed at each of the Committee's meetings. In addition, the Committee Chair held regular private sessions with the Chief Financial Officer, the senior finance team, the Director of Business Assurance, and the external audit team, to ensure open and informal lines of communication, and that any concerns could be raised outside formal meetings.

The Committee's main activities were to:

Financial reporting

- Review and recommend approval of the interim and preliminary results announcement, Annual Report and Financial Statements and the associated going concern statements, taking into consideration the disclosures against FRC guidance.
- Review the annual statement of responsibility by management with respect to the internal control environment.
- Review financial resilience and assumptions used to support the going concern statements.
- Independently review, challenge and endorse significant accounting policies, critical judgements, key estimates, and the impact of emerging accounting developments on the interim and annual financial statements.
- Review and approve the approach to Climate-related Financial Disclosures for 2025 and the consistency between the potential future scenarios identified and any impact they may have on these financial statements.
- Review and approve the approach taken to manage the Group's distributable reserves.
- Review and approve the going concern assessment period.

External audit

- Consider reports by the external auditor on the audit and of the external auditor's findings in relation to the financial statements.
- Review the external audit strategy and assess effectiveness of the external audit.
- Review audit and non-audit fees incurred in 2025.
- The Committee assessed the independence, objectivity, and effectiveness of the external auditor during the year, including the quality of reporting, challenge, and professional scepticism demonstrated. The Committee was satisfied that the auditor remained independent and effective and recommended the re-appointment of the auditor to the HAHL Board.

Internal audit

- Review delivery of the 2025 Internal Audit plan and approve any material changes to it.
- Review the conclusions, key findings and actions (remediation plans) from internal audits completed.
- Monitor progress of the implementation of actions from internal audit activity.
- The Committee reviewed the effectiveness of the Internal Audit function, including its independence, scope, and quality of reporting, and concluded that it remained effective and appropriately resourced during 2025.

Risk management and internal control

- Review the effectiveness of risk management and internal control governance for the HAHL Group, particularly in relation to financial risks. Further detail on our approach to managing risk is included on page 30.
- Review the effectiveness of Heathrow's internal control systems and application of internal control over financial reporting.
- A Joint Risk Review session was introduced at the start of 2025, including members of the Sustainability & Operational Risk Committee. The Joint session provides oversight and challenge of Heathrow's risk management and systems of internal control, including review of Internal and External Audit work, where it pertains to the wider risk landscape.

Governance and other

- Consider and approve our tax strategy and review tax matters.
- Review the Committee's terms of reference.
- Review and approve the Group's corporate simplification project.
- Receive updates on financial and climate-related reporting and other corporate governance-related matters.
- Receive quarterly updates from the Data Privacy Officer on Data Privacy compliance.
- Review Heathrow's procedures for the handling of allegations from whistleblowers, including reviewing reports from the Internal Investigations Steering Group, which is overseen by the Audit Committee Chair, who is also a designated Independent Non-Executive Director.
- Monitor the delivery of the Kelly Report recommendations.

AUDIT COMMITTEE (CONTINUED)

KEY JUDGEMENTS AND FINANCIAL REPORTING MATTERS

The Committee reviewed the critical accounting judgements and key sources of estimation uncertainty outlined in the 'Accounting policies' section of the financial statements. Based on discussions with management, the work and recommendations of the Group finance function, and input from the external auditor, the Committee considered that the most significant financial statement risk matters are as follows:

Key judgement and financial reporting matters	Audit Committee review and conclusions
<p>Probability of Long-term Growth</p> <p>Assets in the course of construction ('AICC') include costs related to the Long-term Growth programme.</p> <p>Only costs related to projects for which it is probable that future economic benefits will flow to the entity, applying IAS 16 'Property, Plant and Equipment', should be capitalised. An assessment of whether the Long-term Growth programme is probable requires management judgement.</p>	<p>The Committee reviewed management's judgement in relation to the £551 million of Long-term Growth related AICC taking into consideration two primary factors which are the Airports National Policy Statement ('ANPS'), which remains in full force and effect, and the HAML Board's continued support for Long-term Growth.</p> <p>Considering all factors in relation to the remaining Long-term Growth AICC assets, including the legal and regulatory frameworks remaining in place, and noting the Board's continued support for the programme, the Committee concluded that it was probable expansion would occur. It therefore concluded that it was appropriate to recognise the expansion related AICC, that no impairment was required in the year, and that appropriate disclosures are included in the financial statements.</p>
<p>Climate-Related Financial Disclosures ('CFD')</p> <p>On the basis that climate change has been highlighted as a material risk, the Committee reviews CFD. It is also required to assess whether climate change risks provide indication that an asset may be impaired.</p>	<p>The Committee reviewed and approved the CFD in the Annual Report and Financial Statements.</p> <p>The Committee also considered whether there were any indicators of material impairment over property, plant and equipment, Long-Term Growth AICC, goodwill (in regard to Heathrow Airport Holdings Limited and FGP Topco Limited) and other intangible assets, investments in subsidiaries, investment properties and deferred tax assets as a result of the potential physical and transition risks arising from climate change that were identified in the CFD. The Committee agreed that it was appropriate that no further impairments were recognised in the year resulting from this exercise.</p>
<p>Fair value of investment properties</p> <p>The HAML Group holds a variety of investment properties that are accounted for at fair value. In determining the fair value, judgement is required regarding a number of valuation assumptions that include discount rates, property rental growth rate, operating cost and expected yields.</p>	<p>The Committee challenged and approved the key assumptions with reference to expert third party valuation advice. The review included consideration of the sensitivity of the valuation to changes in the key assumptions.</p> <p>The Committee noted the sensitivity of the valuation to key assumptions. Further detail of this can be found in note 8.</p>
<p>Valuation of the retirement benefit obligation</p> <p>The HAML Group operates a defined benefit pension scheme with both open and closed sections.</p> <p>Assessing the defined benefit pension obligation requires significant estimate and judgement, particularly to the discount rate, inflation and mortality.</p>	<p>The Committee considered the methodology for the financial and demographic assumptions used in the calculation of the net defined benefit obligation. After receiving expert third party advice, the Committee concluded that the assumptions adopted for 2025 were based on reasonable methodology and within an acceptable range.</p> <p>The Committee also reviewed the results of the triennial funding valuation of the BAA Pension Scheme.</p> <p>The Committee continues to note the sensitivity of the valuation to key assumptions. Further detail of this can be found in note 17.</p>

AUDIT COMMITTEE (CONTINUED)

KEY JUDGEMENTS AND FINANCIAL REPORTING MATTERS (CONTINUED)

Key judgement and financial reporting matters	Audit Committee review and conclusions
<p>Fair value of derivative financial instruments</p> <p>The HAHL Group holds a substantial derivative financial instruments portfolio comprising interest rate swaps, cross currency swaps, and index-linked swaps which are accounted for at fair value.</p> <p>In determining the fair value, judgement is used to determine the recovery rate and associated reduction in credit risk of super senior ranking derivatives (interest rate and index-linked swaps).</p>	<p>The Committee received half yearly updates on the estimated fair value of open derivatives and the basis for the valuation estimate.</p> <p>Further detail regarding the sensitivity of the year-end valuation to key assumptions can be found in note 15.</p>
<p>Ongoing accounting judgements and estimates</p> <p>The Group makes a number of significant accounting judgements that affect the financial statements on an ongoing basis, including:</p> <ul style="list-style-type: none"> • Agent versus principal in the context of employment costs which are a contractual obligation of LHR Airports Limited and are presented as operating costs of the Group. • Useful economic life ('UEL') and depreciation of assets. • When and what costs are capitalised in the construction of assets. 	<p>The Committee considered management's assessment of these ongoing judgements, including whether they remain appropriate in the context of the current year's operations and financial reporting environment. The Committee concluded the judgements remain appropriate.</p>

REMUNERATION COMMITTEE



The Remuneration Committee has responsibility for determining the remuneration of members of the Executive Committee and approving the remuneration plans for all colleagues across the business.”

AKBAR AL BAKER, CHAIR

Non-Executive Shareholder
Director – QIA



OTHER COMMITTEE MEMBERS

Mark Brooker,
Independent Non-Executive Director

Andrew Dench,
Non-Executive Shareholder Director – GIC

Juan Angoitia,
Non-Executive Shareholder Director – Ardian

Basil Fannouch,
Non-Executive Alternate Shareholder Director –
PIF

CHANGES TO COMMITTEE MEMBERS DURING THE YEAR

His Excellency Ahmed Ali Al-Hammadi,
Non-Executive Shareholder Director – QIA
(appointed as Chair on 23 January 2025 and
resigned as Chair on 16 April 2025)

Akbar Al Baker,
Non-Executive Shareholder Director - QIA
(appointed as Chair on 16 April 2025)

Juan Angoitia,
Non-Executive Shareholder Director – Ardian
(appointed 23 January 2025)

Basil Fannouch,
Non-Executive Alternate Shareholder Director –
PIF (appointed 17 February 2025)

INTRODUCTION

As the Chair of the Remuneration Committee (the ‘Committee’) I am pleased to present the Committee’s report for the year ended 31 December 2025. The Committee is responsible for making recommendations to the HAHL Board concerning the Group’s remuneration strategy, framework and policy, and approving the compensation packages for senior executives. To make the best decisions for the Group, the Committee receives training from specialists and takes advice from independent external experts who provide updates on legislative requirements, market practice and remuneration benchmarking, drawing on evidence from across the sectors in which the Group operates as well as from other sectors.

The HAHL Group is an active equal opportunities employer. It promotes an environment free from discrimination, harassment and victimisation, where everyone receives equal treatment and career development regardless of age, gender, nationality, ethnic origin, religion, marital status, sexual orientation or disability. All decisions relating to employment practices, including remuneration, are objective, free from bias and based solely upon work criteria and individual merit.

Each year the Group publishes its Gender Pay Gap Report which can be found at www.heathrow.com. The report also includes the Group’s Ethnicity Pay Gap.

The FTSE Women Leaders Review is the independent, business-led framework supported by Government which sets recommendations to improve the representation of women on boards and leadership teams of the FTSE 350 and 50 of the UK’s largest private companies. In 2022, Heathrow was identified as a Top 50 Private Company and, for the first time, submitted its leadership gender data. 2025 is the fourth year in which Heathrow has participated in the review.

Heathrow also continues to participate in The Parker Review and submits the ethnic diversity data of the HAHL Board. This business-led and

Government backed review seeks to ensure that all have an equal opportunity to make the most of their potential and can progress to the highest levels in their business careers.

ROLES AND RESPONSIBILITIES

The Committee is a formal committee of the HAHL Board, and its responsibilities include approvals of:

- The remuneration framework and policy for all colleagues.
- The compensation package of the members of the Executive Committee including salary, bonus, long-term incentive plans, pensions, and other incentive compensation.
- The remuneration of Independent Non-Executive Directors.
- The contractual terms for the members of the Executive Committee and Independent Non-Executive Directors.
- The design, terms, and outcomes of all annual bonus plans.
- The design, terms, and outcomes of all long-term incentive plans.
- The budget for the annual salary review of all colleagues in management grades and the Pay Deal for colleagues in negotiated grades.
- The design and strategy for Heathrow’s pension plans.
- The design and strategy of Heathrow’s benefits.

2025 ACTIVITIES

The Committee held four scheduled meetings during the year. Meeting attendance can be found on page 89.

The Committee’s main activities were to:

- Approve the outcome of the 2024 annual bonus plans.

REMUNERATION COMMITTEE (CONTINUED)

2025 ACTIVITIES (CONTINUED)

- Approve the outcome of the 2022 Share in Success Saver and Grant long-term incentive plans.
- Approve the design, targets and launch of the 2025 annual bonus plans.
- Approve the design, targets and launch of the 2025 Share in Success Saver and Grant long-term incentive plans.
- Approve CEO Remuneration.
- Approve the Annual Salary Review for the Executive Committee.
- Review the fees for Independent Non-Executive Directors.
- Review 2025 Gender and Ethnicity Pay Gap data.
- Approve the budget and negotiating framework for the 2025 & 2026 Pay Deal for colleagues in negotiated grades.
- Review 2024 FTSE Women Leaders Review and Parker Review results.
- Approve participation in the 2025 FTSE Women Leaders Review and 2025 Parker Review and to retain ethnicity data for board members.
- Approve retention bonus payments.
- Approve retention awards.
- Approve 2026 Annual Salary Review budget.
- Review 2026 Annual Bonus design.
- Approve 2026 SIS Plans Design.
- Approve the outcome of the 2024 DB Pension triennial valuation.
- The Committee were provided with updates on the following topics:
 - Reward market review and trends including a review of approach to Executive benchmarking.
- Defined Benefit Pension Triennial Actuarial Valuation Update.
- 2025 People Plan and 2026 People Priorities.
- Carbon Performance.
- Climate-related Financial Reporting Standards.
- Malice and Clawback Policy discussion.
- Talent and Succession Update.

Remuneration is set with reference to the market and at a level that will enhance Heathrow's resources by attracting and retaining quality leaders who can deliver Heathrow's strategic ambitions in a manner consistent with its values, purpose and the interests of its Shareholders.

The remuneration policy reflects the complexity and significance of one of the world's largest airports. An Executive Director's remuneration comprises a base salary, benefits, retirement provisions, annual bonus and long-term incentive plans.

To ensure that remuneration is aligned to Heathrow's carbon and sustainability targets, an environmental, social and corporate governance ('ESG') carbon performance metric is included in all long-term incentive plans, focusing individual behaviour on making sustainable choices and rewarding sustainable outcomes.

REMUNERATION AND COMPONENTS

The Committee reviews Heathrow's remuneration structure each year to ensure that the framework supports Heathrow's strategic ambitions and rewards directors fairly for the contribution that they make to the business.

EXECUTIVE AND WIDER WORKFORCE REMUNERATION POLICY TABLE

The Committee takes into account fair pay and conditions across Heathrow's workforce when setting the Executive Directors' remuneration policy. Pay components vary by an individual's organisational band (level in the organisation). The key components of the Executive Committee's remuneration relative to the wider workforce are summarised below:

Component and purpose in supporting business strategy	Executive Committee ⁽¹⁾	Other management colleagues	Negotiated grade colleagues
Base salary To secure and retain quality individuals to deliver Heathrow's strategy.	Base salaries are typically reviewed annually and are set taking into account: <ul style="list-style-type: none"> • The role's scope, responsibilities and accountabilities. • Remuneration benchmarking and competitive market practice. • Individual performance. • Fair pay and conditions across Heathrow's workforce. 	Base salaries are reviewed annually and are set taking into account: <ul style="list-style-type: none"> • The role's scope, responsibilities and accountabilities. • Remuneration benchmarking and competitive market practice. • Individual performance. • Fair pay and conditions across Heathrow's workforce. 	Salaries are subject to collective bargaining with Heathrow's recognised Trade Unions.

REMUNERATION COMMITTEE (CONTINUED)

EXECUTIVE AND WIDER WORKFORCE REMUNERATION POLICY TABLE (CONTINUED)

Component and purpose in supporting business strategy	Executive Committee ⁽¹⁾	Other management colleagues	Negotiated grade colleagues
<p>Benefits</p> <p>To comprise part of a market competitive remuneration package.</p>	Benefits include cash travel allowance, private healthcare, private health assessment, life assurance and income protection.	Eligibility for benefits is determined by an individual's organisational band and includes some or all of: cash travel allowance, private healthcare, private health assessment, life assurance and income protection.	Benefits include life assurance and income protection.
<p>Retirement provisions</p> <p>To comprise part of a market competitive remuneration package, rewarding sustained contribution and encouraging retention.</p>	<p>The former Group defined benefit pension arrangement, the BAA Pension Scheme, was closed to new members on 15 June 2008. The Scheme remains open to future accrual for those contributing members who joined prior to the closure date.</p> <p>Pension provision is available for all other colleagues through a Defined Contribution Pension Plan. Colleague contribution rates are either 3%, 5% and 8% of base salary, coupled with an employer contribution of 8%, 10%, 12% respectively.</p> <p>Colleagues impacted by the Annual Allowance may opt for an Employer Pension Contribution equal to their Annual Allowance, if applicable, and the balance of the Employer Pension Contribution payable as a cash allowance.</p> <p>The Chief Executive Officer pension provision is a cash allowance equivalent to 15% of salary, in lieu of Pension Contributions due to the impact of the Annual Allowance</p>	<p>The former Group defined benefit pension arrangement, the BAA Pension Scheme, was closed to new members on 15 June 2008. The Scheme remains open to future accrual for those contributing members who joined prior to the closure date.</p> <p>Pension provision is available for all other colleagues through a Defined Contribution Pension Plan. Colleague contribution rates are either 3%, 5% and 8% of base salary, coupled with an employer contribution of 8%, 10%, 12% respectively.</p> <p>Colleagues impacted by the Annual Allowance may opt for an Employer Pension Contribution equal to their Annual Allowance, if applicable, and the balance of the Employer Pension Contribution payable as a cash allowance.</p>	<p>The former Group defined benefit pension arrangement, the BAA Pension Scheme, was closed to new members on 15 June 2008. The Scheme remains open to future accrual for those contributing members who joined prior to the closure date.</p> <p>Pension provision is available for all other colleagues through a Defined Contribution Pension Plan. Colleague contribution rates are either 3%, 5% and 8% of base salary, coupled with an employer contribution of 8%, 10%, 12% respectively.</p> <p>Colleagues impacted by the Annual Allowance may opt for an Employer Pension Contribution equal to their Annual Allowance, if applicable, and the balance of the Employer Pension Contribution payable as a cash allowance.</p>
<p>Annual bonus</p> <p>Reward colleagues to work towards a common goal to deliver the overall financial results of the company, strengthen our safety culture and continue to give passengers excellent service and become an extraordinary airport, fit for the future.</p>	<p>The Executive Committee participate in the Heathrow Bonus Plan. In 2025, the company performance multiplier is measured against targets for EBITDA, OPEX per Passenger, Airport Service Quality ('ASQ') metric, a Safety Close Call Reporting metric and the plan includes an individual performance based on the 2025 end of year performance rating.</p> <p>Subject to satisfying individual and financial performance criteria, the maximum incentive opportunity is 180% of base salary for the Chief Executive Officer. This is paid in March of the following year.</p>	<p>Management colleagues participate in the Heathrow Bonus Plan. In 2025 the company performance multiplier is measured against targets for EBITDA, OPEX per ASQ metric, a Safety Close Call Reporting metric and the plan includes an individual performance based on the 2025 end of year performance rating.</p> <p>Eligibility for annual bonus and target bonus opportunity is determined by an individual's organisational band e.g., target value of 10% of salary. Subject to satisfying individual and financial performance criteria, the maximum bonus opportunity for participants is 200% of target e.g., 20% of salary. This is paid in March of the following year.</p>	Frontline colleagues participate in the Airport Performance Bonus with payment determined by EBITDA, OPEX per Passenger and Team Performance, which is made up QSM, subject to the achievement of a performance gate measured by Overall ASQ and Absence.
<p>Long-term incentive plan</p> <p>Aligns the interests of Executive Directors with those of our</p>	The Executive Committee participate in the Heathrow Share in Success ('SIS') Grant (long-term incentive plan) designed to reward the most senior leaders for the success of Heathrow over a three-year period. Executive Directors are allocated an award at the start of the plan,	Members of senior management participate in the Heathrow SIS Grant (long-term incentive plan) designed to reward the most senior leaders for the success of Heathrow over a three-year period. Senior Managers are allocated an award with a maximum face value determined by an individual's	The wider colleague population are eligible to participate in the SIS Saver plan, where colleagues have the opportunity to save in return for a bonus, subject to company performance.

REMUNERATION COMMITTEE (CONTINUED)

EXECUTIVE AND WIDER WORKFORCE REMUNERATION POLICY TABLE (CONTINUED)

Component and purpose in supporting business strategy	Executive Committee ⁽¹⁾	Other management colleagues	Negotiated grade colleagues
<p>Shareholders, and rewards colleagues for long-term sustainable results, creating shareholder value and encouraging retention.</p>	<p>with a maximum face value of 280% of base salary for the Chief Executive Officer. Each Executive Director will receive a cash payment provided that Heathrow meets agreed performance conditions measured over a three-year period.</p> <p>Performance of the 2023 SIS Grant is measured against EBITDA, Service, Carbon and Engagement. The 2024 and 2025 plans' performance are measured by EBITDA, Carbon, Engagement, OPEX per Passenger, Regulatory Outcome and a Diversity metric. For each performance metric, entry-level performance results in zero vesting, target-level performance results in 50% vesting and maximum level performance results in 100% vesting.</p> <p>Currently, there are three SIS Grant plans in operation:</p> <ul style="list-style-type: none"> • 2023 SIS Grant: performance is measured over 2023 to 2025; payable in August 2026. • 2024 SIS Grant: performance is measured over 2024 to 2026; payable in August 2027. • 2025 SIS Grant: performance is measured over 2025 to 2027; payable in August 2028. <p>Each year, the Committee review and can adjust the performance metrics and targets in appropriate circumstances and may impose different eligibility and performance conditions on future awards.</p>	<p>organisational band. Each participant will receive a cash payment provided that Heathrow meets agreed performance conditions measured over a three-year period.</p> <p>Performance of the 2023 SIS Grant is measured against EBITDA, Service, Carbon and Engagement. The 2024 and 2025 plans' performance are measured by EBITDA, Carbon, Engagement and Diversity metrics. For each performance metric, entry-level performance results in zero vesting, target-level performance results in 50% vesting and maximum level performance results in 100% vesting.</p> <p>Currently, there are three SIS Grant plans in operation:</p> <ul style="list-style-type: none"> • 2023 SIS Grant: performance is measured over 2023 to 2025; payable in August 2026. • 2024 SIS Grant: performance is measured over 2024 to 2026; payable in August 2027. • 2025 SIS Grant: performance is measured over 2025 to 2027; payable in August 2028. <p>Each year, the Committee review and can adjust the performance metrics and targets in appropriate circumstances and may impose different eligibility and performance conditions on future awards.</p> <p>Management colleagues not eligible to participate in the SIS Grant, are eligible to participate in the SIS Saver plan, where colleagues have the opportunity to save in return for a bonus, subject to company performance.</p> <p>The 2023, 2024 and 2025 SIS Saver Plans are measured against EBITDA, Service, and Carbon. For each performance metric, entry-level performance results in zero vesting, target-level performance results in 50% vesting and maximum level performance results in 100% vesting.</p> <p>Currently, there are three SIS Saver plans in operation:</p> <ul style="list-style-type: none"> • 2023 SIS Grant: performance is measured over 2023 to 2025; payable in August 2026. • 2024 SIS Grant: performance is measured over 2024 to 2026; payable in August 2027. • 2025 SIS Grant: performance is measured over 2025 to 2027; payable in August 2028. 	<p>Performance of the 2023, 2024 and 2025 SIS Saver Plans are measured against EBITDA, Service, and Carbon. For each performance metric, entry-level performance results in zero vesting, target-level performance results in 50% vesting and maximum level performance results in 100% vesting.</p> <p>Currently, there are three SIS Saver plans in operation:</p> <ul style="list-style-type: none"> • 2023 SIS Saver: performance is measured over 2023 to 2025; payable in October 2026. • 2024 SIS Saver: performance is measured over 2024 to 2026; payable in August 2027. • 2025 SIS Saver: performance is measured over 2025 to 2027; payable in August 2028.

(1) Also applies to the Directors of Heathrow Airport Ltd

REMUNERATION COMMITTEE (CONTINUED)

POLICY FOR NON-EXECUTIVE DIRECTORS

The Chair and Independent Non-Executive Directors receive fees for their services and are not eligible to participate in benefit, pension or bonus and other incentive plans.

The Committee approves the contractual terms, remuneration and compensation packages of the Chair and Independent Non-Executive Directors. The Chair and each of the Independent Non-Executive Directors have letters of appointment with the HAHL Group.

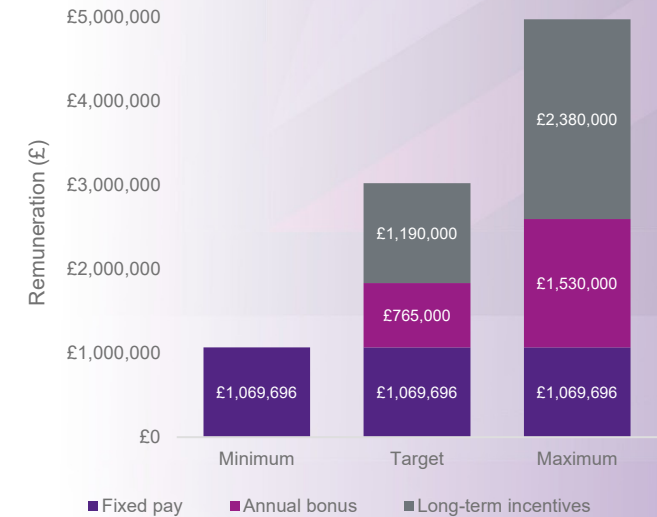
POTENTIAL REWARD OPPORTUNITIES AT DIFFERENT LEVELS OF PERFORMANCE

The graph below represents the Chief Executive Officer's total remuneration levels, summarised in the remuneration policy table, under the different performance scenarios: Minimum, Target and Maximum, if all incentive plans were active. The remuneration policy aligns a high proportion of total executive remuneration with the performance of the Group.

Minimum: Fixed pay comprising annual base salary, pension and benefits (as at 31 December 2025).

Target: Minimum plus target annual bonus, at 90% of base salary, and target long term incentives, at 140% of base salary.

Maximum: Minimum plus maximum annual bonus, at 180% of base salary, and maximum long-term incentives, at 280% of base salary.



CHIEF EXECUTIVE OFFICER REMUNERATION

The table below presents the remuneration figures for the Chief Executive Officer for the years ended 31 December 2024 and 31 December 2025:

2025	Fixed pay (£)				Performance pay (£)			Total
	Salary	Benefits ⁽¹⁾	Pension	Sub-total	Annual bonus ⁽²⁾	LTIP ⁽³⁾	Sub-total	
Chief Executive Officer								
Thomas Woldbye	850,000	130,977	87,006	1,067,983	1,406,376	1,314,349	2,720,725	3,788,708

(1) Benefits include cash travel allowance and taxable benefits.

(2) Actual 2025 annual bonus to be paid in March 2026.

(3) Expected 2023 SIS Grant to be paid in August 2026, based on performance measured over the three years 2023 to 2025. Figures are the accrued values prior to Remuneration Committee approval and may differ from actual final payment made.

2024	Fixed pay (£)				Performance pay (£)			Total
	Salary	Benefits ⁽¹⁾	Pension	Sub-total	Annual bonus ⁽²⁾	LTIP ⁽³⁾	Sub-total	
Chief Executive Officer								
Thomas Woldbye	775,000	112,454	83,076	970,530	1,268,906	1,057,560	2,326,466	3,296,996

(1) Benefits include cash travel allowance and taxable benefits.

(2) Actual 2024 annual bonus.

(3) Actual 2022 SIS Grant, based on performance measured over the three years 2022 to 2024. The accrued values presented last year have been updated to reflect the actual payment made.

SUSTAINABILITY AND OPERATIONAL RISK COMMITTEE



The Sustainability and Operational Risk Committee reviews safety performance and challenges Heathrow's policies, conduct, performance and risk management approach against the Group's sustainability goals and operational objectives.”

JOAN MACNAUGHTON, CHAIR

Independent Non-Executive Director



OTHER COMMITTEE MEMBERS

Akbar Al Baker,
Non-Executive Shareholder Director - QIA
(represented by his alternate Ali Bouzarif)

Alexis Ballif,
Non-Executive Shareholder Director – Ardian

Basil Fannouch,
Non-Executive Alternate Shareholder Director – PIF

Mark Brooker,
Independent Non-Executive Director

Mine Hifzi,
General Counsel and Company Secretary

Rt. Hon Ruth Kelly,
Independent Non-Executive Director

Thomas Woldbye,
Chief Executive Officer

CHANGES TO COMMITTEE MEMBERS DURING THE YEAR

Rt. Hon Ruth Kelly,
Independent Non-Executive Director (appointed 23 January 2025)

Alexis Ballif,
Non-Executive Shareholder Director – Ardian
(appointed 23 January 2025)

Basil Fannouch,
Non-Executive Alternate Shareholder Director – PIF
(appointed 17 February 2025)

INTRODUCTION

I am pleased to present the Sustainability and Operational Risk Committee ('SORC' or the 'Committee') report for the year ended 31 December 2025. The SORC continued to perform a valuable role reviewing and constructively challenging Heathrow's safety performance, measures, policies, conduct, and risk management approach against sustainability goals and operational objectives. The Committee reviewed safety reports relating to the Heathrow Express rail service, airside safety, fire safety and occupational health and safety in general. Other areas of focus included Heathrow's overall operational resilience, carbon and sustainability plans, Heathrow's Cyber Security Programme, colleague absence trends, and how to facilitate an enhanced safety culture across all of the organisations operating at Heathrow.

ROLES AND RESPONSIBILITIES

The SORC is a formal committee of the HAHL Board, and its responsibilities include:

- Reviewing and challenging Heathrow's performance, policies, conduct, and risk management approach relating to operational risks and delivery of sustainability goals set out in the People and Planet Framework.
- Monitoring and challenging management over the effectiveness of the relevant internal control systems, for which it has access to any audit or assurance report it considers relevant.
- Reviewing and assessing management's response to significant operational incidents, for which it has access to any accident and investigation report it considers relevant.
- Monitoring and challenging the appropriateness of sustainability and operational risk assurance strategies and plans, the execution and results of such plans and relevant communications, including ESG-related disclosures.
- Reviewing any material amendments to the People and Planet Framework or any new sustainability strategy prior to approval by the HAHL Board.
- Reviewing the sustainability elements of Heathrow's Annual Report and Financial Statements, with particular focus on non-financial related risks.
- Reviewing Heathrow's Sustainability Report.

SUSTAINABILITY AND OPERATIONAL RISK COMMITTEE (CONTINUED)

2025 ACTIVITIES

The SORC held four scheduled meetings during the year. Meeting attendance can be found on page 89. The Chair provided an update to the HAML Board on key issues discussed at each of the Committee's meetings. A key focus for the Committee during the year was to monitor, in conjunction with the Audit Committee, the implementation of the recommendations of the Kelly Review, which are designed to enhance Heathrow's level of resilience. Further information about the Kelly Review can be found on page 85 and 93.

The Committee's main activities were to:

Safety

- Receive regular fire, safety, health and wellbeing (safety) updates, including learnings, from inside and outside the business.
- Review and advise on safety performance and the actions being taken to ensure compliance, to improve standards, and to ensure resilience to the risk of fire and asset failure.
- Review the progress of the 'Safety Culture Programme' aimed at strengthening the safety culture across all operations and organisations at Heathrow.
- Review incidents, using the learnings to develop and promote best-in-class safety performance.
- Consider how best to sustain and improve the health and wellbeing of colleagues at Heathrow.
- Review the Heathrow Express and Aviation Safety Reports.
- Approve Heathrow's Group Policies relating to Health and Safety and Sustainability.

Security

- Review and advise on cyber security strategy, cyber incidents, cyber insurance risks and mitigation initiatives.
- Review and advise on aerodrome security threats, improvements to security, and the learnings from external and in-house assessments.

Sustainability

- Review and advise on delivery of People and Planet Framework targets, in particular carbon, noise, air quality and waste, supported by a programme of internal and external engagement.
- Consider the programme of activity to embed the People and Planet Framework strategy within the business.

Risk and Assurance

- Review the principal risks to ensure alignment with the corporate governance framework and strategy, working alongside the Audit Committee and Risk and Assurance Committee to discharge both committees' respective responsibilities.
- Provide challenge to the business with regards to relevant audit and assurance reports.
- Review Heathrow's 2025 Top 10 KPI Targets.
- Monitor the delivery of the Kelly Report recommendations.

Effectiveness

- Reviewed the SORC's effectiveness during 2025 and agreed follow-up actions.

NOMINATIONS COMMITTEE



The Nominations Committee is responsible for the appointment of Independent Non-Executive Directors, the Chief Executive Officer and Chief Financial Officer and aims to monitor and maintain an appropriate balance of skills, experience, independence and diversity on the HAHL Board.”

JUAN ANGOITIA, CHAIR
Non-Executive Shareholder
Director – Ardian



OTHER COMMITTEE MEMBERS

Akbar Al Baker,
Non-Executive Shareholder Director – QIA

Andrew Dench,
Non-Executive Shareholder Director – GIC

Basil Fannouch,
Non-Executive Alternate Shareholder Director – PIF

Philip Jansen,
HAHL Board Chair and Independent Non-Executive Director

CHANGES TO COMMITTEE MEMBERS DURING THE YEAR AND AFTER YEAR END

Juan Angoitia,
Non-Executive Shareholder Director – Ardian (appointed on 23 January 2025 and subsequently appointed as Committee Chair on 1 January 2026)

Basil Fannouch,
Non-Executive Alternate Shareholder Director – PIF (appointed on 17 February 2025)

Philip Jansen,
Chair of the HAHL Board and Independent Non-Executive Director (appointed as Committee member on 1 January 2026)

Lord Paul Deighton,
Chair of the HAHL Board and Independent Non-Executive Director (resigned as Committee member and Chair on 1 January 2026)

INTRODUCTION

I am pleased to present the Nominations Committee (the ‘Committee’) report for the year ended 31 December 2025. The report has been prepared in conjunction with Lord Paul Deighton as the outgoing Committee Chair. The purpose of the Committee is to oversee the appointment of new Independent Non-Executive Directors (other than the Non-Executive Shareholder Directors) to the HAHL Board, including the Chair of the HAHL Board, as well as the appointment of the Chief Executive Officer and Chief Financial Officer. The Committee also considers the extension of existing appointments. By making recommendations to the HAHL Board for the above-mentioned appointments, the Committee helps to monitor and maintain the balance of skills, experience, independence and diversity on the HAHL Board and ensures that there is a robust and transparent process for the recruitment of new appointments. Throughout the year the Committee’s main focus was to:

- Consider an extension of Lord Paul Deighton’s current appointment as an Independent Non-Executive Director and Chair of the HAHL Board to help facilitate the search for a new HAHL Board Chair and make a recommendation to the HAHL Board.
- Start the recruitment process and make a recommendation to the HAHL Board for a new HAHL Board Chair.
- Consider the extension of Ruth Kelly’s appointment as an Independent Non-Executive Director and Chair of the Audit Committee and make a recommendation to the HAHL Board.
- Consider the extension of Mark Brooker’s appointment as an Independent Non-Executive Director and make a recommendation to the HAHL Board.

ROLES AND RESPONSIBILITIES

The Committee is a formal committee of the HAHL Board, and its responsibilities include:

- Identifying and recommending for the consideration of the HAHL Board all new appointments of Independent Non-Executive Directors.
- Identifying and recommending for the consideration of the HAHL Board the appointment of the Chair.
- Identifying and recommending for the consideration of the HAHL Board the appointment of the Chief Executive Officer and Chief Financial Officer.
- Ensuring a formal, rigorous and transparent procedure is followed for the appointment of new senior executives and Independent Non-Executive Directors to the HAHL Board.
- Monitoring and maintaining an appropriate balance of skills, experience, independence and diversity on the HAHL Board.

NOMINATIONS COMMITTEE (CONTINUED)

2025 ACTIVITIES

The Nominations Committee met seven times during the year. Meeting attendance can be found on page 89.

Extension of Lord Paul Deighton's Appointment as HAHL Board Chair

Lord Paul Deighton had been appointed as HAHL Board Chair on 1 May 2016 and was serving an extension to his third three-year term, which had come to an end on the 30 April 2025. He had agreed to step down as HAHL Board Chair as soon as a new chairperson was appointed. The Committee asked Lord Paul Deighton if he would extend his role for a limited period of up to 1 year in order to provide continuity and stability during the period of transition while a new HAHL Board Chair was appointed before stepping down and he agreed. The Committee approved the extension in April and recommended to the HAHL Board that Lord Paul Deighton's appointment be extended, when it came to an end on 30 April 2025, for a further year up until 30 April 2026. The Committee acknowledged that the extension of his appointment would take the overall length of his tenure beyond the 9 years of deemed independence, however, it was felt that a limited extension of his role would benefit the HAHL Board by providing continuity and stability during the period of transition while a new HAHL Board Chair was appointed. Lord Paul Deighton resigned on 1 January 2026.

Search and recruitment process for the appointment of a new HAHL board chair**THE SEARCH PROCESS**

The Committee commenced a search process for a new HAHL Board Chair in March 2025. The Committee agreed that Juan Angoitia (Non-Executive Shareholder Director and member of the Committee) would act as chair for the purposes of the search and appointment process as Lord Paul Deighton recused himself from the process as the outgoing HAHL Board Chair.

Executive Search consultancies were invited to present proposals on their approach to recruit for the new HAHL Board Chair. Following a shortlisting exercise, Russell Reynolds Associates ('RRA') were identified as the preferred partner for the recruitment and selection process for the new HAHL Board Chair role on the basis of their experience and knowledge of the industry. RRA were appointed to commence a global search for a new Independent Chairperson on 21 May 2025.

IDENTIFYING CANDIDATES AND ASSESSMENT

After a detailed and rigorous international search, RRA presented a long list of 13 candidates to the Committee on 19 June 2025 and after review 5 candidates were subsequently shortlisted and invited for interview. Following a number of interviews with Committee Members, Heathrow's Chief People Officer and RRA, two candidates were shortlisted for interviews with the Chief Executive Officer. During this stage the Committee identified Philip Jansen as the preferred candidate to lead Heathrow through its next chapter of transformation and expansion based on his energy, UK connections and demonstrable commercial experience in a highly regulated UK business.

RECOMMENDATION TO THE HAHL BOARD AND APPOINTMENT OF THE NEW CHAIR

Following the interview with the Chief Executive Officer and a review of feedback from the assessment process, the Committee approved a recommendation to the HAHL Board for the new Chair's appointment. On 20 November 2025, the Remuneration Committee approved the proposed remuneration package for the new HAHL Board Chair. On 1 December 2025, the HAHL Board approved Philip Jansen's appointment as the new HAHL Board Chair with effect from 1 January 2026 and approved his remuneration package. The HAHL Board considered Philip Jansen to be independent in judgement and character on his appointment.

Extension of Ruth Kelly's, and Mark Brooker's Appointments as Independent Non-Executive Directors

In March the Committee reviewed:

- Ruth Kelly's appointment as an Independent Non-Executive Director of the HAHL Board and Chair of the Audit Committee. The Committee recommended to the HAHL Board that Ruth's current appointment be extended, when it came to an end on 7 April 2025, for a further three years up until 7 April 2028. The HAHL Board approved the extension on 16 April 2025.
- Mark Brooker's appointment as an Independent Non-Executive Director of the HAHL Board. The Committee recommended to the HAHL Board that Mark's current appointment be extended, when it came to an end on 31 March 2025, for a further three years up until 31 March 2028. The HAHL Board approved the extension on 16 April 2025.

FINANCE COMMITTEE



The Finance Committee's key role is to review and approve matters relating to financing the H AHL Group and to act as a forum for obtaining consents from Shareholders of FGP Topco Limited pursuant to the Shareholders' Agreement."

ALEXIS BALLIF, CHAIR
Non-Executive Shareholder
Director - Ardian



OTHER COMMITTEE MEMBERS

Thomas Woldbye,
Chief Executive Officer

Sally Ding,
Chief Financial Officer

A Non-Executive Shareholder Director representing each Shareholder entitled to appoint a Director to the H AHL Board

Rt. Hon Ruth Kelly,
Independent Non-Executive Director

CHANGES TO COMMITTEE MEMBERS DURING THE YEAR

Alexis Ballif,
Non-Executive Shareholder Director – Ardian
(appointed as Chair on 23 January 2025)

INTRODUCTION

As the Chair of the Finance Committee (the 'Committee'), I am pleased to present the Committee's report for the year ended 31 December 2025. The Committee acts as both a H AHL Board Committee for the approval of matters relating to the financing of the H AHL Group and a forum for obtaining consents required from the Shareholders of FGP Topco Limited pursuant to the Shareholders' Agreement. The Committee's primary focus has been on ensuring the H AHL Group maintains sufficient liquidity at all levels of the capital structure at all times and its financial covenant levels were protected.

The H AHL Group has continued to demonstrate strong access to both public and private debt markets throughout 2025, reinforcing liquidity and diversification across the capital structure. Notable transactions included a return to the Canadian dollar market after four years, strengthening relationships with Canadian investors and extending the duration profile. The Group also marked its first Class A GBP issuance in five

years with a 17-year bond, complemented by a EUR Class A public offering, and U.S. private placements across Class A and Class B tranches. These transactions delivered a balanced mix of geography and tenor, underscoring the resilience and depth of investor support for Heathrow credit.

As a notable post balance sheet event, the H AHL Group acknowledges the continued support of its banking group through the extension of its Revolving Credit Facility.

ROLES AND RESPONSIBILITIES

The Committee is a formal committee of the H AHL Board and is responsible for approving various matters relating to the Heathrow Group's debt financing arrangements, hedging strategies and treasury policies prior to their implementation, including approvals of:

- Any prospectus or other listing document required in relation to the issuance of any capital market instruments or any formal information memorandum in relation to borrowing by any member of the H AHL Group.
- The borrowing of any money or the assumption of any indebtedness by any member of the H AHL Group (including by way of the issue of securities) in excess of certain financial thresholds.
- The refinancing of any existing indebtedness in respect of any member of the H AHL Group in excess of certain financial thresholds.
- The making of any repayments of principal in addition to scheduled principal payments on any debt that may be owing by any member of the H AHL Group.
- Other than as required by the financing arrangements of any member of the H AHL Group, the making of any material loan or advance or the giving of any guarantee, indemnity or provision of any credit, in each case in excess of certain financial thresholds.
- The creation of, or the granting of any permission to create, any mortgage, charge, encumbrance or other security interest on any

uncalled capital or on any asset, in each case in excess of certain financial thresholds.

- Any material change, amendment or variation to any of the financing arrangements of any member of the H AHL Group or any request for any waiver thereunder or any entry into any new loan or loan facility, in each case in excess of certain financial thresholds.
- Changes to Heathrow's treasury policies before going to the H AHL Board.
- The entry into any new non-investment grade debt facility.
- The bi-annual publication of investor reports in respect of Heathrow (SP) Limited and Heathrow Finance plc, pursuant to the requirements of the Common Terms Agreement and the Heathrow Finance plc financing arrangements.
- The strategy for mitigating risks relating to the Group's financing arrangements.

2025 ACTIVITIES

The Committee held three meetings during the year and approved a number of financing matters by written resolution. The Committees and its main activities were to review and/or approve:

- Debt funding for Heathrow, including bond issuances, private placements and term debt.
- The extension of Heathrow's Revolving Credit Facility by 2 years to a 2029 maturity date. This was approved in 2025 and executed in January 2026.
- The Heathrow (SP) Limited and Heathrow Finance plc 2025 Investor Reports.
- The 2025 base prospectus and supplements to the 2024 base prospectus.
- A hedging strategy and the execution of interest rate swaps.
- Early accretion paydown on inflation-linked swaps.
- Cash upstreaming from the Heathrow (SP) Limited Group to Heathrow Finance plc.

DIRECTORS' REPORT

The Directors present their annual report and audited financial statements for the Company for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

Heathrow provides service to a range of market segments, including business and leisure travellers, direct and transfer passengers on long and short haul routes, operated by a diversified range of major airlines. Heathrow generates revenue from a variety of sources, including services to airlines, concession fees from retail operators, income from car parks, advertising revenue, the rental of airport premises and the provision of facilities and services.

A review of the progress of the Company's business during the year, the key performance indicators, internal controls, principal business risks and likely future developments are contained in the Strategic and Governance Reports.

RESULTS AND DIVIDENDS

The profit after taxation for the financial year amounted to £812 million (2024: £961 million). No dividends were paid to Heathrow (AH) Limited during the year (2024: £nil). The statutory results for the year are set out on page 116.

The financial statements have been prepared on a going concern basis as detailed in the going concern statement on page 122 in the Company's accounting policies.

DIRECTORS

The Directors who served during the year and since the year end, except where noted, were as follows:

Ross Baker

Jo Butler (Appointed 20 January 2025)

Yuanyuan (Sally) Ding

Javier Echave

Helen Elsby

Mine Ozkan Hifzi

Nigel Milton

Thomas Woldbye

COMPANY SECRETARY

Pursuant to section 270 of the Companies Act 2006, a private company registered in England and Wales is not required to have a company secretary.

EMPLOYMENT POLICIES

The Company has no direct employees. The staff are employed by LHR Airports Limited, a fellow subsidiary entity of the HAML Group. The Company directly incurs the employment cost of services provided to the Company as stated in the accounting policies on page 129.

The Company's employment policies are regularly reviewed and updated to ensure they remain effective. The Company's overall aim is to create and sustain a high performing organisation by building on the commitment of its people.

The Company has defined a set of guiding principles to ensure fair recruitment and selection. The Company continues to aim to recruit, retain and develop high-calibre people and has talent and succession management programmes for managerial roles.

The Company is committed to giving full and fair consideration to applicants for employment. Every applicant or employee will be treated equally whatever their race, nationality, ethnic or national origin, sex, marital status, sexual orientation, religious belief, disability, age or community background. The Company actively encourages a diverse range of applicants and commits to fair treatment of all applicants.

We are an equal opportunities employer, all employment is decided on the basis of qualifications, merit and business need. As an accredited Disability Confident Leader we are committed to attracting the widest possible pool of talent and are securing, retaining and developing disabled colleagues. We offer the opportunity for any individual with a disability, to be guaranteed an interview if they can demonstrate that they meet the minimum criteria for the role. We provide adjustments at both the recruitment stages and when colleagues are employed by us. We have policies in place and an active network to support colleagues with disabilities or those who develop disabilities whilst working for Heathrow.

STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS

Details of corporate governance arrangements can be found on page 82.

EMPLOYEE ENGAGEMENT STATEMENT

Details of how the Directors have engaged with employees and the principal decisions made can be found in the section 172(1) statement from page 67.

STAKEHOLDER ENGAGEMENT STATEMENT

Details of how the Directors have engaged with suppliers, customers and other stakeholders and the principal decisions made can be found in the section 172(1) statement from page 67.

STREAMLINED ENERGY AND CARBON REPORTING

In accordance with the Streamlined Energy and Carbon Reporting requirements, the Company's energy usage has been reported in the Strategic Report on page 56.

DIRECTORS' REPORT (CONTINUED)

Matters disclosed in the strategic report	Location in the strategic report	Page
Description of our business model	Our business	8
Sustainable growth	Our beacons in action: People and Planet	20
Research and development and innovation	Our beacons in action: People and Planet	20
Carbon footprint and greenhouse gas emissions	Our carbon footprint	56
Corporate responsibility – colleagues	Our beacons in action: Winning Team	16
Corporate responsibility – community	Our beacons in action: People and Planet	20
Charitable donations	Our beacons in action: People and Planet	20
Equality, diversity and inclusion	Our beacons in action: Winning Team	16
Principal risks and uncertainties	Our principal risks	32

SUBSEQUENT EVENTS

Subsequent events are disclosed in note 23.

FINANCIAL RISKS

Details of the financial risk management objectives and policies, hedging policies and exposure to financial risks can be found in the accounting policies and note 15.

POLITICAL DONATIONS

No political donations were made during the year (2024: £nil).

DIRECTORS' INDEMNITY

The Company's Articles of Association provide that, subject to the provisions of the Companies Act 2006, but without prejudice to any protection from liability which might otherwise apply, every Director of the Company shall be indemnified out of the assets of the Company against any loss or liability incurred by them in defending any proceedings in which judgement is given in their favour, or in which they are acquitted or in connection with any application in which relief is granted to them by the court for any negligence, default, breach of duty or breach of trust by them in relation to the Company or otherwise in connection with their duties or powers or office. This indemnity also applies to the Directors who are Directors of other companies within the Group.

The third-party indemnity provisions (which are qualifying third-party indemnities under section 234 of the Companies Act 2006) are in place during the 2025 financial year and at the date of approving the annual report and financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be reappointed will be proposed within the period set out in section 485 of the Companies Act 2006.

STATEMENT OF DISCLOSURE OF INFORMATION TO THE AUDITORS

Each of the persons who is a Director at the date of approval of this annual report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware.
- The Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

The strategic report and Directors' report were approved and authorised by the Board and were issued on behalf of the Board.



YUANYUAN (SALLY) DING

Director

24 February 2026

Company registration number: 01991017

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- State whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements.
- Make judgements and accounting estimates that are reasonable and prudent.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



YUANYUAN (SALLY) DING

Chief Financial Officer

24 February 2026

Financial Statements

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEATHROW AIRPORT LIMITED

Report on the Audit of the Financial Statements

OPINION

In our opinion, Heathrow Airport Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise:

- the Statement of financial position as at 31 December 2025;
- the Income statement for the year then ended;
- the Statement of comprehensive income for the year then ended;
- the Statement of changes in equity for the year then ended;
- the accounting policies; the significant accounting judgements and estimates; and
- the notes to the financial statements.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

OUR AUDIT APPROACH

Overview

AUDIT SCOPE

- We performed full scope audit procedures over the company.

KEY AUDIT MATTERS

- Valuation of Long-term Growth asset in construction - risk of impairment
- Valuation of derivative financial instruments - credit risk adjustment on super senior derivatives (inflation linked swaps and interest rate swaps)
- Valuation of investment properties – the discount rate assumption in relation to commercial car parks

MATERIALITY

- Overall materiality: £52.3m (2024: £57.0) based on the consideration of various factors and benchmarks, together with engagement leader judgement, resulting in this quantum which represents approximately 2.7% (2024: 2.9%) of adjusted EBITDA.
- Performance materiality: £39.2m (2024: £42.8m).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEATHROW AIRPORT LIMITED (CONTINUED)

OUR AUDIT APPROACH (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of Long-term Growth asset in construction - risk of impairment</p> <p>Refer to</p> <ul style="list-style-type: none"> the Audit Committee report on 'Key Judgements and Financial Reporting Matters', the Accounting Policies, the Significant accounting judgements and estimates; and note 7 in the financial statements. <p>Assets in the course of construction include costs of £551m in respect of the Heathrow Long-Term Growth programme ('Long-Term Growth') following the Government decision in October 2016 in favour of Heathrow, and subsequent Board decision in October 2016 to apply for the Development Consent Order. These two events were considered by the Directors to be a trigger point for the capitalisation of Long-term Growth related costs to commence.</p> <p>We considered that, due to the nature and timing of this programme, there is a risk of impairment should the continued presumption that the project will continue not exist or if there are any factors or events which could contradict the original judgements to capitalize costs, specifically whether it will generate future economic benefits.</p>	<p>We performed the following audit procedures in order to assess the risk of impairment in relation to the Long-Term Growth asset:</p> <ul style="list-style-type: none"> Assessed the design and implementation of key controls relating to Property, plant and equipment, including Assets in the course of construction; Challenged management to consider the current political and economic factors for and against Long-term Growth plan and associated assets and the impact of these on what represents a significant infrastructure project in the UK, including the impact of climate change, both to the aviation industry as a whole and to Heathrow's business plan for Long-term Growth; Obtained recent corroborative and contradictory evidence on the project's technical feasibility, commercial viability and financeability (investability). This included assessing UK government policy, the proposal submitted by Heathrow, subsequent government announcements, Heathrow's existing pricing mechanism, the funding track record of comparable UK infrastructure projects, and commitment from the Board and Shareholders; Evaluated whether details regarding Long-term Growth plan and assets are disclosed appropriately in the financial statements, including significant estimates and judgements to the extent necessary. <p>Based on the above work performed, we concur with management's view that, as at 31 December 2025, no impairment should be recognised in relation to the Long-term Growth asset in construction and it continues to be probable that the asset will generate future economic benefits.</p>
<p>Valuation of derivative financial instruments - credit risk adjustment on super senior derivatives (inflation linked swaps and interest rate swaps)</p> <p>Refer to</p> <ul style="list-style-type: none"> the Audit Committee report on 'Key Judgements and Financial Reporting Matters'; the Accounting Policies; Significant accounting judgements and estimates; and note 15 in the financial statements. <p>As at 31 December 2025, the company held derivative assets of £713m and derivative liabilities of £871m on the balance sheet. These are held to mitigate interest rate, inflation and foreign exchange risk arising on borrowings. Included in these derivative balances were inflation linked swaps totalling £193m assets and £456m liabilities and interest rate swaps totalling £520m assets and £415m liabilities.</p> <p>IFRS 9 Financial Instruments requires derivatives to be accounted for at fair value with movements recognised in profit or loss, unless designated in a hedging relationship.</p> <p>Due to the nature and complexity in the valuations involved, we identified a significant risk that the fair value of inflation linked and interest rate swaps ranking as super senior in the priority of payments may be misstated. The risk is principally driven by the estimation of the valuation of credit risk of the swaps, in particular the assumed loss given default percentage applied to the valuation of these derivatives.</p>	<p>We, with the support of our Treasury specialists, performed the following audit procedures:</p> <ul style="list-style-type: none"> Assessed the design and implementation of key controls relating to the valuation of derivatives; On a sample basis, performed independent valuation testing of the derivatives, including the credit risk adjustment at 31 December 2025; Inspected the documentation supporting the super senior nature of interest rate swaps and inflation linked swaps where a higher recovery rate than the currency swaps is used in the valuation and evaluated whether the rate used is in line with the expected market rate; Tested the estimation of the credit risk and quantum of the recovery rate applied to the super senior derivatives; Assessed the adequacy of management's derivative fair value disclosures in the financial statements, including the sensitivity analysis set out in notes to the financial statements. <p>The results of our procedures above did not identify any material exceptions. We consider the disclosures in the financial statements to be adequate.</p>

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEATHROW AIRPORT LIMITED (CONTINUED)

OUR AUDIT APPROACH (CONTINUED)

Key audit matter	How our audit addressed the key audit matter						
<p>Valuation of investment properties – the discount rate assumption in relation to commercial car parks</p> <p>Refer to</p> <ul style="list-style-type: none"> the Audit Committee report on 'Key Judgements and Financial Reporting Matters'; the Accounting Policies and the key sources of estimation uncertainty relating to investment properties and specifically the sensitivity of the fair value to the discount rate used in the valuation of commercial car parks; and note 9 in the financial statements. <p>The fair value of investment properties is £2,610m at 31 December 2025 and comprises rental properties, car parks, airport lounges and advertising sites. The commercial car parks represent 37% of the total investment property portfolio as at 31 December 2025. We identified a significant risk in relation to the valuation of commercial car parks, specifically the discount rate assumption, given the sensitivity of the fair value of these assets to this assumption.</p> <p>How we tailored the audit scope</p> <p>We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.</p> <p>Our audit effort included tests of controls and substantive testing of material financial statements line items.</p> <p>The impact of climate risk on our audit</p> <p>Management assessed the potential financial statement impacts of climate risk and the disclosures in the Climate-related Financial Disclosures (CFD) and carbon footprint sections, including Heathrow's Net Zero pathway to 2050. We made enquiries of management and their climate expert, reviewed Heathrow's external sustainability reporting, and challenged assumptions—particularly those relating to climate scenarios and SAF uptake—used in management's climate risk assessment. Using our business understanding and internal climate specialists, we evaluated how climate risk affects key areas such as assessing useful lives of property, plant and equipment, testing valuation of investment properties, evaluating impairment of goodwill and assessing the recoverability of deferred tax assets, and assessed whether related assumptions were properly reflected in discounted cash flow models. We also considered consistency between climate-related narrative disclosures and the financial statements. Our procedures did not identify any material impact on the financial statements or key audit matters for the year ended 31 December 2025.</p> <p>Materiality</p> <p>The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the</p>	<p>We, with the support of our Real Estate Valuation experts, performed the following audit procedures:</p> <ul style="list-style-type: none"> Assessed the design and implementation of key controls relating to the valuation of investment properties; Challenged management and their experts on whether the discount rate used to determine the fair value of the commercial car parks was appropriate, supported by analysis of benchmark data and expected ranges; Engaged our Real Estate Valuation experts to perform specific procedures to assist us in our evaluation of whether the methodology and other assumptions used in valuing the commercial car parks were appropriate and investigated any year-on-year movements; Assessed management's expert's qualifications and independence and read their terms of engagement to determine whether there were any matters that might affect their objectivity or may have imposed scope limitations upon their work; and Evaluated the adequacy of disclosures in the financial statements, including the sensitivity analysis set out in notes to the financial statements. <p>The results of our procedures above did not identify any material exceptions. We consider the disclosures in the financial statements to be appropriate.</p> <p>scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.</p> <p>Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:</p> <table border="1" data-bbox="1137 1054 2121 1442"> <tbody> <tr> <td>Overall company materiality</td> <td>£52.3m (2024: £57.0).</td> </tr> <tr> <td>How we determined it</td> <td>The consideration of various factors and benchmarks, together with engagement leader judgement, resulting in this quantum which represents approximately 2.7% (2024: 2.9%) of adjusted EBITDA</td> </tr> <tr> <td>Rationale for benchmark applied</td> <td>We have determined the most appropriate level of materiality in the context of the nature of the organisation, which is both profit orientated and one with a significant infrastructure base requiring investment and maintenance. We considered the importance of various income statement and balance sheet metrics to the users of these financial statements, the implications of the materiality level on the scoping of financial statement lines items and the prior year materiality level. The overall materiality level represents approximately 2.7% (2024: 2.9%) of adjusted EBITDA, 1.5% (2024: 1.6%) of revenue and 0.3% (2024: 0.3%) of total gross assets.</td> </tr> </tbody> </table>	Overall company materiality	£52.3m (2024: £57.0).	How we determined it	The consideration of various factors and benchmarks, together with engagement leader judgement, resulting in this quantum which represents approximately 2.7% (2024: 2.9%) of adjusted EBITDA	Rationale for benchmark applied	We have determined the most appropriate level of materiality in the context of the nature of the organisation, which is both profit orientated and one with a significant infrastructure base requiring investment and maintenance. We considered the importance of various income statement and balance sheet metrics to the users of these financial statements, the implications of the materiality level on the scoping of financial statement lines items and the prior year materiality level. The overall materiality level represents approximately 2.7% (2024: 2.9%) of adjusted EBITDA, 1.5% (2024: 1.6%) of revenue and 0.3% (2024: 0.3%) of total gross assets.
Overall company materiality	£52.3m (2024: £57.0).						
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Rationale for benchmark applied	We have determined the most appropriate level of materiality in the context of the nature of the organisation, which is both profit orientated and one with a significant infrastructure base requiring investment and maintenance. We considered the importance of various income statement and balance sheet metrics to the users of these financial statements, the implications of the materiality level on the scoping of financial statement lines items and the prior year materiality level. The overall materiality level represents approximately 2.7% (2024: 2.9%) of adjusted EBITDA, 1.5% (2024: 1.6%) of revenue and 0.3% (2024: 0.3%) of total gross assets.						

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEATHROW AIRPORT LIMITED (CONTINUED)

OUR AUDIT APPROACH (CONTINUED)

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2024: 75%) of overall materiality, amounting to £39.2m (2024: £42.8m) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £2.6m (2024: £2.9m) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

CONCLUSIONS RELATING TO GOING CONCERN

Our evaluation of the Directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Tested the appropriateness of management's cash flow forecasts and performing a retrospective review of actual performance to the prior year model;
- Reviewed the debt agreements to confirm the terms and conditions, including covenants. The covenants were consistent with those used in management's going concern assessment;
- Assessed management's base case and severe but plausible downside scenario, ensuring the directors have considered all appropriate factors, including the passenger forecast, the regulatory tariff, the liquidity position of the group, available borrowing facilities, the timing of contractual debt repayments and the relevant covenants;
- Assessed management's stress test to assess the impact of movements in passenger forecast and price tariff on the overall liquidity headroom and covenants;
- Reviewed and performed recalculation to ensure the company's compliance with covenant as at Dec-26;
- Tested the mathematical accuracy of models;
- Performed audit procedures over the company levels of liquidity; and
- Reviewed the going concern basis of preparation disclosure in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2025 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEATHROW AIRPORT LIMITED (CONTINUED)

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of environmental and health and safety regulations and adherence to data protection requirements, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006, Heathrow's continued access to its CAA operating license, and UK corporation, VAT and employment tax. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries. Audit procedures performed by the engagement team included:

- Evaluating the design and implementation of key controls relating to period end close processes and particularly journals processing;
- Discussions with management, including those outside of the finance function; representatives from Business Assurance and Internal Audit; and members of the group's General Counsel team. Those discussions included consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reading the Board minutes to identify any issues which could indicate non-compliance with laws and regulations;
- Identifying and testing journal entries, in particular certain journal entries posted with unusual account combinations and journals crediting revenue and impacting capitalisation of property, plant and equipment;
- Testing material adjustment journals to ensure these were appropriate in nature and magnitude; and
- Incorporate elements of unpredictability in our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report. In our engagement letter, we also agreed to describe our audit approach, including communicating key audit matters.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.


JASKAMAL SARAI (SENIOR STATUTORY AUDITOR)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors,

Watford

24 February 2026

INCOME STATEMENT

for the year ended 31 December 2025

	Note	Year ended 31 December 2025					Year ended 31 December 2024				
		Before certain re-measurements and exceptional items ⁽¹⁾	Certain re-measurements ⁽²⁾	Exceptional items ⁽³⁾	Total	Before certain re-measurements and exceptional re-measurements ⁽¹⁾	Certain re-measurements ⁽²⁾	Exceptional items ⁽³⁾	Total		
		£m	£m	£m	£m	£m	£m	£m	£m	£m	
Revenue	1	3,547	-	-	3,547	3,482	-	-	3,482		
Operating costs	2	(2,226)	(93)	-	(2,319)	(2,137)	147	(22)	(2,012)		
Operating profit/(loss)		1,321	(93)	-	1,228	1,345	147	(22)	1,470		
Financing											
Finance income	4	385	-	-	385	447	-	-	447		
Finance costs	4	(992)	391	-	(601)	(890)	352	-	(538)		
Net finance costs		(607)	391	-	(216)	(443)	352	-	(91)		
Dividend income	5	106	-	-	106	-	-	-	-		
Profit before tax		820	298	-	1,118	902	499	(22)	1,379		
Taxation charge	6	(224)	(82)	-	(306)	(281)	(137)	-	(418)		
Profit/(loss) for the year		596	216	-	812	621	362	(22)	961		

(1) Amounts stated before certain re-measurements and exceptional items are non-GAAP measures.

(2) Certain re-measurements consist of: fair value gains and losses on investment property revaluations, gains and losses arising on the re-measurement of financial instruments, together with the associated fair value gains and losses on any underlying hedged items that are part of a cash flow, fair value and economic hedging relationship and the associated tax impact on these.

(3) Exceptional items in 2024 are irregular material write-off charges. Further detail can be found in note 3. There were no exceptional items in 2025.

The notes on pages 134 to 155 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2025

		Year ended 31 December 2025	Year ended 31 December 2024
	<i>Note</i>	£m	£m
Profit for the year		812	961
Items that will not be subsequently reclassified to the income statement			
Actuarial gain on pensions			
Loss on plan assets	17	(5)	(212)
Decrease in scheme liabilities	17	79	239
Other comprehensive income for the year, net of tax		74	27
Total comprehensive income for the year		886	988

The notes on pages 134 to 155 form part of these financial statements.

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

STATEMENT OF FINANCIAL POSITION

as at 31 December 2025

	Note	31 December 2025 £m	31 December 2024 £m
Assets			
Non-current assets			
Property, plant and equipment	7	11,496	10,904
Investment properties	8	2,610	2,667
Intangible assets	9	303	195
Investment in subsidiary	10	42	42
Derivative financial instruments	15	713	826
Trade and other receivables	12	4,471	4,417
		19,635	19,051
Current assets			
Inventories	11	20	17
Trade and other receivables	12	476	755
Derivative financial instruments	15	-	1
Term deposits	13	816	425
Cash and cash equivalents	13	298	1,131
		1,610	2,329
Total assets		21,245	21,380
Liabilities			
Non-current liabilities			
Borrowings	14	(15,070)	(14,663)
Derivative financial instruments	15	(722)	(1,254)
Deferred income tax liabilities	16	(797)	(647)
Retirement benefit obligations	17	(4)	(120)
Provisions		(2)	(1)
Trade and other payables	18	(2)	(1)
		(16,597)	(16,686)

	Note	31 December 2025 £m	31 December 2024 £m
Current liabilities			
Borrowings	14	(1,323)	(1,627)
Derivative financial instruments	15	(149)	(6)
Provisions		(2)	(2)
Current income tax liabilities		(141)	(184)
Trade and other payables	18	(560)	(738)
		(2,175)	(2,557)
Total liabilities		(18,772)	(19,243)
Total assets less current liabilities		19,070	18,823
Net assets		2,473	2,137
Equity			
Capital and reserves			
Share capital	19	1,499	1,605
Capital contribution reserve		-	23
Revaluation reserve		(10)	168
Retained earnings		984	341
Total equity		2,473	2,137

The notes on pages 134 to 155 form part of these financial statements. These financial statements of Heathrow Airport Limited (Company registration number: 01991017) on pages 116 to 155 were approved by the Board of Directors and authorised for issue on 24 February 2026. They were signed on its behalf by:



YUANYUAN (SALLY) DING
Director



THOMAS WOLDBYE
Director

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2025

	Note	Attributable to owners of the Company				
		Share capital	Capital contribution reserve	Revaluation reserve ⁽¹⁾	Retained earnings	Total equity
		£m	£m	£m	£m	£m
Balance as at 1 January 2024		647	23	72	407	1,149
Comprehensive income						
Profit for the year		-	-	-	961	961
Other comprehensive income						
Actuarial gain on pension, net of tax:						
Loss on plan assets	17	-	-	-	(212)	(212)
Decrease in scheme liabilities	17	-	-	-	239	239
Total comprehensive income		-	-	-	988	988
Other movements						
Transfer between reserves - investment property fair value movements ⁽¹⁾		-	-	147	(147)	-
Deferred tax on investment properties ⁽¹⁾		-	-	(51)	51	-
Total other movements		-	-	96	(96)	-
Transactions with owners						
Bonus issue of share capital ⁽²⁾		958	-	-	(958)	-
Total transactions with owners		958	-	-	(958)	-
Balance as at 31 December 2024		1,605	23	168	341	2,137

(1) The revaluation reserve is cumulative fair value gains and losses on investment property, less amounts used to pay bonus shares and capital reductions. Movements in the valuation of investment properties recorded to the income statement are transferred to the revaluation reserve with the associated deferred tax liability. Details of the amount of deferred tax are in note 16.

(2) The Company issued bonus shares from the profit and loss reserve on 19 February 2024 of £500 million and on 23 August 2024 of £458 million.

The notes on pages 134 to 155 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

	Note	Attributable to owners of the Company				
		Share capital	Capital contribution reserve	Revaluation reserve ⁽¹⁾	Retained earnings	Total equity
		£m	£m	£m	£m	£m
Balance as at 1 January 2025		1,605	23	168	341	2,137
Comprehensive income						
Profit for the year		-	-	-	812	812
Other comprehensive income						
Actuarial gain on pension, net of tax:						
Loss on plan assets	17	-	-	-	(5)	(5)
Decrease in scheme liabilities	17	-	-	-	79	79
Total comprehensive income		-	-	-	886	886
Other movements						
Transfer between reserves - investment property fair value movements ⁽¹⁾		-	-	(93)	93	-
Deferred tax on investment properties ⁽¹⁾		-	-	15	(15)	-
Total other movements		-	-	(78)	78	-
Transactions with owners						
Bonus issue of share capital ⁽²⁾		444	(23)	(100)	(321)	-
Capital reduction ⁽³⁾		(550)	-	-	-	(550)
Total transactions with owners		(106)	(23)	(100)	(321)	(550)
Balance as at 31 December 2025		1,499	-	(10)	984	2,473

(1) The revaluation reserve is cumulative fair value gains and losses on investment property, less amounts used to pay bonus shares and capital reductions. Movements in the valuation of investment properties recorded to the income statement are transferred to the revaluation reserve with the associated deferred tax liability. Details of the amount of deferred tax are in note 16.

(2) The Company issued bonus shares on 6 March 2025 from the capital contribution reserve of £23 million, revaluation reserve of £100 million and profit and loss reserve of £168 million and on 24 July 2025 of £153 million from the profit and loss reserve.

(3) The Company completed capital reductions as part of distributable reserves management on 4 March 2025 of £250 million and 9 September 2025 of £300 million.

The notes on pages 134 to 155 form part of these financial statements.

ACCOUNTING POLICIES

for the year ended 31 December 2025

The principal accounting policies applied in the preparation of these financial statements of Heathrow Airport Limited (the 'Company') are set out below. These policies have been consistently applied to all the years presented, unless stated otherwise.

THE COMPANY

The Company is a private company limited by shares, incorporated, registered and domiciled in the UK. The registered office is The Compass Centre, Nelson Road, Hounslow, Middlesex, TW6 2GW. The Company's immediate parent undertaking is Heathrow (AH) Limited. The parent company of Heathrow (AH) Limited is Heathrow (SP) Limited for which consolidated financial statements are prepared. The ultimate controlling undertaking for which consolidated financial statements are prepared is FGP Topco Limited.

BASIS OF PREPARATION

The individual financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006. They are prepared under the historical cost convention, except for investment properties and derivative financial instruments which have been measured at fair value in accordance with FRS 102 and as permitted by the Fair Value Directive as implemented in the Companies Act 2006.

These financial statements are presented in Sterling, which is the Company's functional currency, and are rounded to the nearest million pounds (£m), except where otherwise noted.

The Company has adopted the following standards that are relevant to these financial statements instead of those of FRS 102:

- IFRS 9 'Financial Instruments' in accordance with FRS 102.

The Financial Reporting Council ('FRC') issued an updated version of FRS 102 in March 2024. The new FRS 102 is effective for accounting periods beginning on or after 1 January 2026. The Directors anticipate the main effect on the Company's financial statements is that from 2026 onwards leases will be brought on balance sheet. The Company is using the option in the updated FRS 102 to use lease numbers calculated using IFRS 16 used in Heathrow (SP) Limited Group financial statements. As a result of this change the Directors estimate that the Company will recognise £264 million of right of use assets and £369 million of lease liabilities on 1 January 2026.

INDIVIDUAL ENTITY FINANCIAL STATEMENTS

The Company has taken advantage of the exemption provided by Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it is a wholly-owned subsidiary of FGP Topco Limited and its subsidiary undertakings are included in the consolidated financial statements of that company for the year ended 31 December 2024. Its registered office is The Compass Centre, Nelson Road, Hounslow, Middlesex, TW6 2GW. The financial statements present information about the Company as an individual entity only and not as a group.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to conditions, therefore, the company has taken advantage of the following exemptions in its individual financial statements:

- The requirement to present a statement of cash flows and related notes.
- Financial instrument disclosures, including:
 - Categories of financial instruments.
 - Items of income, expenses, gains or losses relating to financial instruments.
 - Exposure to and management of financial risks.
- The requirement from disclosing related party transactions with entities that are wholly-owned subsidiaries of the FGP Topco Limited Group.
- From providing certain other disclosures regarding key management personnel.

PRIMARY FINANCIAL STATEMENTS FORMAT

The primary financial statements are prepared in accordance with FRS 102, as it applies to the Company financial statements for the year ended 31 December 2025.

A columnar approach has been adopted in the income statement and the impact of certain items is shown in a separate column. This column includes certain re-measurements and exceptional items as listed in (i) and (ii) below, which management separates from the underlying operations of the Company. Also, this column includes the effect on taxation of changes in tax rates in (iii) and (iv) below.

By isolating certain re-measurements and exceptional items, management believes the results provides the reader with an understanding of the underlying performance of the Company, by concentrating on the matters over which it has most influence, whilst recognising that information on these additional items is available within the financial statements, should the reader wish to refer to them.

The column 'certain re-measurements' in the income statement contains the following items:

- Fair value gains and losses on investment property revaluations and disposals.
- Derivative financial instruments.
- The associated tax impacts of the items in (i) and (ii).
- The impact on deferred tax balances of known future changes in tax rates.

EXCEPTIONAL ITEMS

The Company separately presents certain items on the face of the income statement as exceptional as it believes it assists investors to understand underlying performance and aids comparability of the Company's result between periods. Exceptional items are irregular material transactions or events.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

GOING CONCERN

The Directors have prepared the financial statements on a going concern basis as they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In assessing the going concern position of the Company, the Directors have considered the principal risks and uncertainties likely to impact financial performance, cash flow, liquidity and covenant compliance for the period to May 2027.

Background

Heathrow is economically regulated by the CAA which controls Heathrow's maximum airport charges. We are currently operating under the H7 price control period, which runs between 1 January 2022 and 31 December 2026. The H8 price control period will run between 1 January 2027 and 31 December 2031. Heathrow's H8 Business Plan was submitted to the CAA in July 2025, with Initial Proposals due from the regulator in March 2026. As such, at this stage, the Directors do not have certainty over H8 charges which are within the going concern assessment period.

The Company is part of the wider Heathrow Group, with the ultimate parent undertaking being FGP Topco Limited. In considering the going concern assessment, the Directors have considered the wider Heathrow Group given the corporate structure.

The wider Heathrow Group can raise finance at both Heathrow (SP) Limited ('Heathrow SP') and Heathrow Finance plc ('Heathrow Finance') and is bound by two types of debt covenant, tested on 31 December each year: the Regulatory Asset Ratio ('RAR'), a measure of the ratio of consolidated nominal net debt to the Regulatory Asset Base ('RAB'); and Interest Cover Ratio ('ICR'), a measure of operating cashflows to debt interest charge. These covenants exist at different levels within the Group's Class A and Class B debt.

Base case scenario

Passenger forecasts are fundamental to the going concern analysis as a measure of forecast revenue and operating cash flows. There is inherent subjectivity in modelling future passenger numbers, but strong passenger demand provides confidence in our forecast passenger numbers. Despite economic uncertainty, interest rate pressures and inflation, total passenger numbers for the year ended 31 December 2025 exceeded forecasts at 84.5 million (0.7% increase from 2024). The base case assumes forecast passenger numbers of 85.0 million for the year ended 31 December 2026.

The base case uses tariffs for the year ended 31 December 2026 set out in the CAA's H7 Final Decision. From 1 January 2027, tariffs, capital expenditure and financing assumptions reflect the Initial Business Plan submitted by Heathrow to the CAA in July 2025.

Continued support for the Group's credit enabled Heathrow to successfully raise over £1.5 billion of debt in 2025, including a €600 million Class A sustainability-linked bond and £139 million in Class B and £100 million in Class A US private placements. We returned to the Canadian market after a four-year absence with the issuance of a C\$600 million Class A bond and issued a £300 million Class A bond, marking our first GBP issuance since 2020. In addition, a £150 million Class A term debt was signed in December 2025 with delayed drawdown to mid-2026. As at 31 December 2025, the wider group has total liquidity available of £2.9 billion, comprising of £1.4 billion of cash held and £1.5 billion in undrawn and revolving credit facilities. Total debt maturity for the period to 31 May 2027 is £1.3 billion at Heathrow SP and £0.4 billion at Heathrow Finance. The base case also includes forecast debt issuances based on Heathrow's latest business plan.

The Group has sufficient liquidity to meet its base case cash flow needs until at least 31 May 2027, with no breaches of its covenants in that period.

Severe but plausible downside scenario

The Directors have also considered a severe but plausible downside scenario that considers inherent uncertainty in passenger numbers, but also H8 regulatory uncertainty from 1 January 2027 until finalised by the CAA.

Passenger numbers at the low end of Heathrow's Board approved passenger forecast is considered to be a severe but plausible outcome. This considers the Group's views of plausible impacts caused by reduced passenger confidence and other economic factors. The low range of passengers represents a 1.5% reduction against the forecast base case for 2026.

The tariff and capital expenditure assumptions remain the same as in the base case for 2026. Until the CAA's H8 Final Decision is published there is inherent uncertainty over the allowed tariffs and the size of the capital programmes from 2027. The CAA's Initial Proposals are not due until March 2026 and therefore the Directors have forecast a range of potential tariffs and capital expenditure outcomes, with the severe but plausible scenario reflecting lower capital expenditure and correspondingly a lower tariff to deliver those capital programmes in 2027.

While deemed unlikely, the Directors have also assumed that the Group would be unable to access debt markets for any new funding and that dividends would not be declared under such circumstances. Only committed facilities are included in the severe but plausible downside scenario.

Under the severe but plausible downside scenario, the Group has sufficient liquidity to meet all forecast cash flow needs until at least 31 May 2027, with no breach of its covenants in that period.

Reverse stress test

The Directors have performed reverse stress tests to assess the level of downside risk required to breach financial covenants within the going concern assessment period. The analysis considered extreme reductions in passenger numbers and, separately, the potential impact of a materially lower tariff outcome from 2027, pending the CAA's H8 Final Decision.

The Directors concluded that only highly remote materially lower passenger numbers or a substantially reduced tariff would result in a covenant breach. These passenger levels and tariff charges are well below the low end of the Group's forecast and are considered highly unlikely by the Directors. Should circumstances arise that require corrective action, many previously utilised tactical actions remain available, such as cost reduction, deferral of investment or temporary repricing of interest payments.

Conclusion

Having had regard to both liquidity and debt covenants and considering a severe but plausible downside scenario and reverse stress testing, the Directors have concluded that there is sufficient liquidity available to meet the Group and Company's funding requirements for at least 12 months from the date of approval of these consolidated financial statements and that it is accordingly appropriate to adopt a going concern basis for their preparation.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

ALTERNATIVE PERFORMANCE MEASURES

In addition to performance measures, the Company discloses additional information including profit from operations, if applicable, performance before certain re-measurements and exceptional items. The Company believes that this additional information provides useful information on underlying trends. This additional information is not defined under FRS 102 and may therefore not be comparable with similarly titled profit measures reported by other companies, as it is not intended to be a substitute for, or superior to, FRS 102 measures of profit. The alternative performance measures are set out on pages 156 to 157.

CLIMATE CHANGE

Achieving net zero carbon aviation so as to limit the impacts of climate change is one of the Group's principal risks, as identified on page 36. Climate change could materially impact future passenger demand either due to future government or regulator intervention, an increase in the cost of aviation due to taxation or levies, or as a result of a change in consumer sentiment to aviation. In addition, the Group may need to invest significant amounts of capital in order to future-proof its operations against the impacts of climate change. Both these transition and physical risks are explained fully within the Climate-related Financial Disclosures ('CFD') from page 52. Positive engagement with the CAA and airlines during 2022 supported the creation of the Carbon and Sustainability programme. This investment of around £141 million throughout the current regulatory settlement period (2022 to 2026), delivers essential projects to support our net zero goals 'In the Air' and 'On the Ground' by 2030. The long-term forecast is the same plan that is used to support the future financial projections that also underpin matters including going concern, impairment, investment properties, and deferred tax assets. Further information on Heathrow's plan on achieving commitment to a global net zero goal for aviation is on page 21.

In preparing these financial statements, Management considers the climate change risk outlined above to ensure consistency between the potential future scenarios identified in the Climate-Related Disclosures and any impact they may have on these financial statements. These are:

- **Property, plant and equipment (excluding assets in the course of construction):** whether physical risks associated with climate change impact the useful economic lives of existing assets resulting in the need for accelerated depreciation. This could be as a result of assets that will be replaced as part of the Group's Net Zero Plan to decarbonise during their current useful economic life; or could be as a result of the need to replace existing infrastructure in response to increasing temperatures and more unpredictable weather patterns ahead of previous expectations. Management has set out an energy strategy, that includes working on a design for a new heating and cooling solution for the airport which will replace gas boilers with zero carbon heating technologies. This will enable the turning off of gas for heating the airport by the mid-2030s. In addition, we are investing in charging infrastructure to support the switch to electric vehicles across the airport. In the year, there has been no resultant change in the useful economic lives of the Group's assets, and no related accelerated depreciation or impairment. Refer to note 7 for further information.
- **Assets in the course of construction:** specifically related to Long-term Growth assets and whether the aim to get to net zero aviation impacts the probability of Long-term Growth occurring, and therefore the recoverability of Long-term Growth assets. Refer to the capitalisation critical judgement on page 132 for further information.

- **Investment properties:** Investment properties are initially recognised at cost and subsequently stated at fair value. The fair value of investment properties is based on expected revenue and revenues growth. As part of the CBRE investment property valuation, climate related impacts are considered such as climate-related legislation is considered (e.g. EPC's), and any relevant capital expenditure is taken into account. The valuation is as of date of reporting. Physical and transition risks are taken into account by how the market interprets risk. Refer to note 8 for further information.
- **Deferred tax assets:** whether future passenger demand impacts the recoverability of deferred tax assets. Deferred income tax assets are recognised in respect of all deductible timing differences where it is considered probable that there will be sufficient future taxable income against which these assets will be recovered. The recognition of these deferred income tax assets is supported by a combination of the reversal of taxable temporary differences and forecast future taxable income. A reduction in future passenger numbers may impact future taxable income. Refer to note 16 for further information.

REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. When the outcome of a transaction involving the rendering of services can be estimated reliably, the Company recognises revenue associated with the transaction by reference to the stage of completion of the transaction at the end of the reporting period (sometimes referred to as the percentage of completion method). Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes and consists primarily of:

- Aeronautical.
- Retail.
- Other.

Aeronautical

Aeronautical revenue includes:

- Aircraft movement charges levied according to noise, emissions and weight recognised on landing.
- Aircraft parking charges based on time parked and whether aircraft are wide or narrow bodied as provided.
- Passenger charges based on the number of departing passengers on departure.
- Other charges levied for passenger and baggage operations when these services are rendered.

Landing and terminal services are provided to airlines on demand under the published regulatory prices, rather than through fixed quantity individual contracts. Depending on the service being provided, the transaction price is calculated based on a fixed price per landing, parking, per passenger and by weight. Where applicable, separate incentive agreements are signed with individual airlines. These charges are recognised at a point in time when the Company renders and fulfils the service.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

REVENUE (CONTINUED)

Retail

Retail income includes concession fees from retail and commercial concessionaires at the airport which are based upon reported revenue and/or volumes by concessionaires, taking into account contracted minimum guaranteed income where applicable.

The performance obligation for this revenue stream is the provision of retail unit space to a third party for the purposes of selling goods or providing services to the passengers, in return for a concession fee. Variable consideration from the concessionaire revenue is recognised in the period based on an estimate of the sales occurred, therefore at a point in time, with a true-up when the sales are confirmed.

Retail services also include revenue generated from the provision of parking services to customers, which include for Short Stay, Long Stay, Business parking and Storage. The Company considers the performance obligation is satisfied by the provision of a car park space for each day the car is parked, therefore the revenue is recognised over time.

Customers who book and pay for car parking, but then subsequently cancel before occupying or prematurely curtail the use of the parking space are refunded on a pro-rata case basis.

Other

Significant components of other revenue are:

- Other regulated charges ('ORCs').
- Property revenue.

ORCS

Revenue in relation to ORCs is derived from the recovery of certain costs incurred by the Airport. It includes:

- Usage charges made for operational systems (e.g. check-in desks), recognised as each service is provided.
- Charges related to passengers with restricted mobility and other services recognised at the time of delivery.
- Other invoiced sales: recognised on the performance of the service.

The Company typically satisfies its performance obligation as the service is provided. Revenue is recognised on the day the service takes place, therefore at a point in time.

PROPERTY REVENUE

The Company acts as a lessor for various spaces across the Airport. Property rentals are recognised on a straight-line basis over the term of the rental period.

FINANCE INCOME

Finance income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Finance income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount on initial recognition.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that take a substantial period of time to get ready for their intended use, are capitalised as part of the cost of those assets, until the asset is complete and available for use. Such borrowing costs are capitalised whilst projects are in progress.

Where assets in the course of construction are financed by specific borrowing facilities the interest rate relating to those specific borrowing facilities is used to calculate the amount to capitalise, otherwise an interest rate based on the weighted average cost of debt is used.

Borrowing costs incurred during a period of suspension are not considered to be a necessary cost of development and thus are recognised in the income statement in the period in which they are incurred. All other borrowing costs, including costs incurred in respect of the maintenance of the Company's credit rating, are recognised in the income statement in the year in which they are incurred.

DIVIDEND INCOME

Dividend income is recognised when the right to receive payment is established.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

INTERNALLY GENERATED INTANGIBLE ASSETS

Development expenditure incurred in respect of individual projects is capitalised when the future economic benefit of the project is probable and is recognised only if all of the following conditions are met:

- The Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The Company can demonstrate how the intangible asset created will generate future economic benefits.
- The Company has available the resources to complete the asset.
- The Company intends to complete that asset and has the future ability to sell or use the asset.
- The development cost of the intangible asset can be measured reliably.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be held at cost less any accumulated amortisation and impairment. Amortisation begins when development is complete and the asset is ready for use.

This type of expenditure primarily relates to internally developed software and website projects for the Company and are amortised on a straight-line basis over their useful economic lives of three to seven years. During the period of development, the asset is tested for impairment annually.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred. Expenditure on research activities is recognised as an expense in the period in which it is incurred.

PURCHASED INTANGIBLE ASSETS (SOFTWARE COSTS)

Computer software costs principally relate to operating and financial software. These assets are amortised on a straight line basis over their useful lives of between four and fifteen years. The assets are assessed for impairment whenever there is indication that the intangible asset may be impaired.

CLOUD COMPUTING ARRANGEMENTS

The Company enters into some cloud computing arrangements, including software as a service, platform as a service, infrastructure as a service and other similar hosting arrangements. The Company has recognised the cost of these arrangements as an intangible asset when the Company has a contractual right to take possession of the software during the contract and the Company is able to operate the software on its own hardware. All other costs of cloud computing arrangements are recognised as an expense.

PROPERTY, PLANT AND EQUIPMENT**Operational assets**

Terminal complex, airfield, plant and equipment, other land and buildings and rail assets are stated at cost less accumulated depreciation and accumulated impairment losses. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

Assets in the course of construction are stated at cost less any impairment. No depreciation is charged, or revaluation made, prior to work in progress being transferred to the appropriate asset category. Assets in the course of construction are transferred to completed assets when substantially all the activities necessary to get the asset ready for use are complete and the asset is available for use. Where appropriate, cost includes borrowing costs capitalised (see "Borrowing Costs" policy), own labour costs of construction-related project management and directly attributable overheads. Costs associated with projects that are in the early stages of planning are capitalised where the Directors are satisfied that it is probable the necessary consents will be received and the projects will be developed to achieve a successful delivery of an asset such that future commercial returns will flow to the Company. The Company reviews these projects on a regular basis to determine whether events or circumstances have arisen that may indicate that the carrying amount of the asset may not be recoverable, at which point the asset would be assessed for impairment. This includes review of all assets that have a residual economic life greater than the zero-carbon target date.

Long-term Growth

Assets in the course of construction include qualifying costs in respect of Long-term Growth following the Government decision in October 2016 in favour of Heathrow, and subsequent Board decision in October 2016 to apply for the Development Consent Order ('DCO').

These two events were considered by management to be a trigger point for the programme to proceed. Management subsequently announced publicly that the Group would apply for planning permission, deeming it probable that the Long-term Growth programme would be realised. Management considers October 2016 to be the point at which the programme moved from the research phase to the development phase, and therefore eligible development expenditure is capitalised in line with the principles of FRS 102 as 'assets in the course of construction'. Long-term growth costs incurred during the research phase for the Airports Commission process and before Heathrow was named as the preferred location for new runway capacity in October 2016, were expensed in the period incurred.

Costs directly associated with, and solely for the purposes of, seeking planning consent for the delivery of the programme through the Development Consent Order process were capitalised as they are directly attributable to the final design and construction of the project assets.

Refer to page 132 for the critical judgements made in applying the capitalisation accounting policy for long-term growth.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation

Depreciation is provided on operational assets, other than land and assets in the course of construction, to write off the cost of the assets less estimated residual value by equal instalments over their expected useful lives as set out below:

Terminal complex	
Terminal building, pier and satellite structures	20–75 years
Terminal fixtures and fittings	5–40 years
Airport plant and equipment	
Baggage systems	5–20 years
Screening equipment	5–15 years
Lifts, escalators and travelators	10 – 30 years
Other plant and equipment, including runway lighting and building plant	5–50 years
Tunnels, bridges and subways	50–120 years
Airport transit systems	
Rolling stock	20 years
Track	50 years
Airfields	
Runway surfaces	10–15 years
Runway bases	40–100 years
Taxiways and aprons	20–50 years
Rail	
Rolling stock	8–40 years
Tunnels	100 years
Track metalworks	5–10 years
Track bases	10–50 years
Signals and electrification work	20–40 years
Plant and equipment	
Motor vehicles	4–12 years
Office equipment	5–15 years
Computer equipment	4–5 years
Other land and buildings	
Short leasehold properties	Period of lease
Leasehold improvements	Lower of useful economic life or period of lease

Asset residual values and useful lives are reviewed and adjusted at each reporting date. If expenditure maintains the life of the asset or maintains its earning capacity, then it is treated as revenue expenditure and expensed as incurred. Alternatively, if the expenditure provides incremental future benefits so that it improves the earning capacity or extends the life of the asset beyond its originally intended useful economic life, then it is treated as capital expenditure. This is usually the case with non-climate compliant assets where the Group seeks to modify where possible as it works towards its zero-carbon footprint commitment detailed in the strategic report. In certain circumstances, the asset life may fall outside of the boundaries disclosed above.

Climate uncertainty does not have a material impact on the assessment of useful lives as the assets are considered to be fit for purpose over the assessed useful economic lives with reasonable repairs and maintenance. The key assumption in our plan which mitigates our carbon footprint is the adoption of sustainable aviation fuel, as explained in the CFD from page 38, which will use the existing asset infrastructure without material changes to existing assets. Consistent with the physical risk assessment in the CFD, there are no material physical risks associated with climate change due to physical location of the airport and its operations, and therefore at this stage there have been no resultant changes to the useful economic lives of assets.

IMPAIRMENT OF ASSETS

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired.

If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. When performing this review, Heathrow is considered to form one cash generating unit ('CGU') based on the interdependence of the airport cash flows and the functional organisational structure by which the airport is managed.

INVESTMENT PROPERTIES

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially measured at cost and subsequently stated at fair value at the reporting date as determined by the Directors and supported by external valuations when the fair value can be reliably measured. Gains or losses arising from changes in the fair value of investment property are recognised in the income statement in the period in which they arise. Gains or losses on disposal of an investment property are recognised in the income statement on the unconditional completion of the sale.

The revaluation reserve includes historic gains and losses on investment properties. Future gains and losses will be recognised in the income statement and transferred to the revaluation reserve. The gains and losses will remain in the revaluation reserve as a matter of course and will only be transferred to the profit and loss reserve as part of a capital reconstruction or on disposal of the investment property.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

INTANGIBLE ASSETS**Internally generated intangible assets**

Development expenditure incurred in respect of individual projects is capitalised when the future economic benefit of the project is probable and is recognised only if all of the following conditions are met:

- The Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The Company can demonstrate how the intangible asset created will generate future economic benefits.
- The Company has available the resources to complete the asset.
- The Company intends to complete that asset and has the future ability to sell or use the asset.
- The development cost of the intangible asset can be measured reliably.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be held at cost less any accumulated amortisation and impairment. Amortisation begins when development is complete and the asset is ready for use.

This type of expenditure primarily relates to internally developed software and website projects for the Company and are amortised on a straight-line basis over their useful economic lives of three to seven years. During the period of development, the asset is tested for impairment annually.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred. Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Purchased intangible assets (software costs)

Computer software costs principally relate to operating and financial software. These assets are amortised on a straight line basis over their useful lives of between four and fifteen years. The assets are assessed for impairment whenever there is indication that the intangible asset may be impaired.

Cloud computing arrangements

The Company enters into some cloud computing arrangements, including software as a service, platform as a service, infrastructure as a service and other similar hosting arrangements. The Company has recognised the cost of these arrangements as an intangible asset when the Company has a contractual right to take possession of the software during the contract and the Company is able to operate the software on its own hardware. All other costs of cloud computing arrangements are recognised as an expense.

LEASES

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Company as a lessee

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are charged directly against income. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term. Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Company as a lessor

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases and with the exception of investment properties discussed above, the assets are included in property, plant and equipment and depreciated over their estimated useful lives. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

INVESTMENT IN SUBSIDIARY

Investments are held at cost less impairment and reviewed for impairment if there are indications that the carrying value may not be recoverable.

INVENTORIES

Raw materials and consumables consist of engineering spares and other consumable stores. Cost is calculated using the weighted average method. These are valued at the lower of cost and estimated selling price less costs to complete and sell.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

CASH AND CASH EQUIVALENTS

For the purposes of the statement of financial position, cash and cash equivalents comprise of cash at bank, cash in hand and short-term deposits with an original maturity of three months or less. Short-term deposits with an original maturity of over three months are shown within current trade and other receivables.

DEFERRED INCOME

Amounts received prior to the delivery of goods and services are recorded as deferred income and released to the income statement as the services are delivered or when the goods are delivered.

FINANCIAL INSTRUMENTS**Recognition and derecognition**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- Amortised cost.
- Fair value through profit or loss ('FVTPL').

The Company has no financial assets measured at fair value through other comprehensive income ('FVOCI').

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows.
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS ('FVTPL')

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

IMPAIRMENT OF FINANCIAL ASSETS

Financial assets measured at amortised cost, trade receivables, contract assets and loan commitments are subject to the Expected Credit Loss ('ECL') model in IFRS 9.

When assessing credit risk and measuring expected credit losses, the Group considers a broader range of information which includes past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the asset.

Subsequent measurement of financial assets continued

In applying this forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1').
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- 'Financial assets that have objective evidence of impairment at the reporting date ('Stage 3').

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second and third categories.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial asset. For large one-off balances where there is no historical experience, analysis is completed in respect of a number of reasonably possible scenarios.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Trade and other receivables

Trade receivables, which generally have 14-day terms, are initially recognised at their transaction price.

The Company records loss allowances on trade receivables as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses. The Company assess impairment of trade receivables on a collective basis where they possess shared credit risk characteristics, and have been grouped based on sector industry global default rates. Refer to note 11 for a detailed analysis of how the impairment requirements of IFRS 9 are applied. The Company has a small number of receivables with large value and these receivables are managed on an account basis (i.e. individually).

When a trade receivable is uncollectible, it is written off against the ECL provision for trade receivables. Subsequent recoveries of amounts previously written off are credited against costs in the income statement. Short-term trade receivables do not carry any interest and are stated at their amortised cost, as reduced by appropriate allowances for estimated irrecoverable amounts.

Intercompany loans receivable

Intercompany advances to other Group entities are all held till maturity; neither party have an option to call or prepay the loan before the contracted maturity date.

Such assets are held under a business model to hold and collect contractual cash flows and therefore meet the solely payments of principal and interest test. No embedded derivatives are currently recognised in these advances, and the amortised cost classification is not impacted. All intercompany advances are assessed for impairment under the IFRS 9 'expected credit losses ('ECL') model'.

EQUITY

An equity instrument is any contract that provides a residual interest in the assets of a business after deducting all other liabilities. Equity instruments issued by the Company are recorded as the proceeds received, net of direct issue costs.

CLASSIFICATION AND MEASUREMENT OF FINANCIAL LIABILITIES

The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost unless part of a fair value hedge relationship.

For index-linked borrowings, the nominal amount is adjusted for movements in the relevant price index. This accretion expense is recorded within finance costs in the income statement.

For sustainability-linked borrowings (sustainability-linked bond, revolving credit and working capital facilities), the Group has assessed the term of the borrowings and concluded that terms of the borrowing are consistent with other borrowings. Accordingly, the Group has accounted for sustainability-linked borrowings at amortised cost.

Debt issue costs

Prepaid fees in relation to the future issuance of debt are held on the statement of financial position on the basis that such issuance is considered probable. If issues do not occur, or are deemed not to be probable, such fees are recognised in the income statement.

Trade and other payables

Trade and other payables are non-interest-bearing and are stated at their fair value and subsequently measured at amortised cost using the effective interest method.

Amounts owed to group undertakings

Amounts owed to group undertakings are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost. Any difference between the amount initially recognised (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The derivative is classified as a non-current asset or liability when the remaining maturity is more than 12 months and as a current asset or liability where it is less than 12 months.

Certain derivatives, as indicated by their fair value at inception or immediately prior to the restructuring, cannot be supported by observable inputs alone. These 'day 1' fair values are supported by unobservable factors including the counterparty's credit, capital, funding and trading charges. These amounts are deferred on the statement of financial position in compliance with IFRS 9 and recognised in the income statement on a straight-line basis over the life of the underlying derivative instrument.

The fair value changes on these derivatives are recognised within fair value gains/(losses) on financial instruments in the income statement. The interest payable and receivable on those derivatives are recorded at their net amount in finance costs in the income statement.

EMPLOYMENT COSTS

Employees of Heathrow Airport Limited are directly employed by LHR Airports Limited. In 2008, Heathrow Airport Limited entered into a Shared Services Agreement ('SSA') with LHR Airports Limited in which the latter became the shared service provider for the Group. However, in December 2014, Heathrow Airport Limited became the only operating entity party to the SSA. Accordingly, although employees remain legally employed by LHR Airports Limited, the Company makes all employment decisions.

Management have therefore assessed that LHR Airports Limited is not providing a service, substantive or otherwise in relation to employees, to the Company.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

EMPLOYMENT COSTS (CONTINUED)

The Company therefore recognises all employment costs, including wages and salaries, pension costs, medical costs and redundancy payments, as well as any other associated expenses properly incurred by the employees.

The exception is the board members of Heathrow Airport Holdings Limited, the costs of which are recharged to the Company with a mark-up of 7.5%. Management concluded that LHR Airports Limited is exposed to the majority of the significant benefits and risks associated with the exchange transaction.

Retirement benefit obligations

LHR Airports Limited has both defined contribution and defined benefit pension schemes. LHR Airports Limited is an indirect subsidiary of HAHL Group and is the sponsor of the Defined Benefit pension scheme, the Unfunded Unapproved Retirement Benefit scheme and the Post-Retirement Medical Benefits scheme.

Following a decision in 2015 to re-assess the Company's relationship with the legal sponsor of the retirement benefit schemes, it was determined that the Company should act as the sponsor in relation to these schemes. As a result, the Company now recognises retirement benefit obligations within its financial statements.

Obligations for contributions to the defined contribution pension scheme are recognised as an expense in the income statement as incurred.

The cost of providing benefits under the defined benefit pension scheme is determined using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of the defined benefit obligation) and is based on actuarial advice. Past service costs are recognised in the income statement on a straight-line basis over the vesting period or immediately if the benefits have vested. When the benefit of a plan is changed or when a plan is curtailed, the resulting change that related to past service or the gain or loss on curtailment is recognised immediately in the income statement.

When a settlement occurs, the obligation and related plan asset are remeasured using current actuarial assumptions and the resultant gain or loss recognised in the income statement during the period in which the settlement occurs. Curtailment and settlement events are those that result in a material impact to the defined benefit obligation or which result in a significant change in number of scheme members.

Net interest is calculated by applying a discount rate to the net defined benefit liability or asset.

The Company recognises actuarial gains and losses in full in other comprehensive income ('OCI') in the period in which they occur. Re-measurements of the net defined benefit liability are recognised immediately in OCI.

The defined benefit pension asset or liability in the statement of financial position comprises the present value of the defined benefit plan obligation (using a discount rate based on high-quality corporate bonds), less any past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. Scheme assets include funds for which the fair value is estimated at year-end based on the most recently available audited position with adjustments made for subsequent cash flows.

CURRENT AND DEFERRED TAXATION

The tax (charge)/credit for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in other comprehensive income. In this case, the tax is recognised in other comprehensive income.

Current tax assets and current tax liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Group relief claimed/surrendered between UK companies is paid for at the applicable tax rate of 25% (2024: 25%) for the year, unless there is a specific reason preventing the Company from doing so.

Deferred income taxation is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Company's financial statements at rates expected to apply when they reverse (currently 25%), based on current tax rates and law. Deferred income taxation is not provided on the initial recognition of an asset or liability in a transaction, other than a business combination, if at the time of the transaction there is no effect on either accounting or taxable profit or loss.

Deferred income tax assets are recognised to the extent that it is probable that there are future taxable temporary differences from the unwind of the deferred income tax liabilities, against which these deductible temporary differences can be utilised and other future taxable profits. There are no unrecognised deferred income tax assets. The recognition of these deferred income tax assets is supported by a combination of the reversal of taxable temporary differences and forecast future taxable income. Deferred tax assets and liabilities are not discounted. For deferred tax purposes, investment properties are assessed on a 'held for sale' basis.

Deferred income taxation is determined using the tax rates and laws that have been enacted or substantively enacted during the year and are expected to apply in the periods in which the related deferred tax asset or liability is reversed.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

SHARE CAPITAL

Ordinary shares are classified as equity and are recorded at the par value of proceeds received, net of direct issue costs allowing for any reductions in the par value. Where shares are issued above par value, the proceeds in excess of par value are recorded in the share premium reserve.

DIVIDEND DISTRIBUTION

A dividend distribution to the Company's shareholder is recognised as a liability in the Company's financial statements in the period in which the shareholder's right to receive payment of the dividend is established.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

FOREIGN CURRENCY

The financial statements are presented in Sterling, which is the Company's functional currency.

Transactions denominated in foreign currencies are initially recorded in the entity's functional currency using the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into Sterling at the rates of exchange ruling at the reporting date. Differences arising on translation are charged or credited to the income statement.

RELATED PARTY DISCLOSURES

The Company has chosen to take exemption under the terms of FRS 102 from disclosing related party transactions with entities that are wholly-owned subsidiaries of the FGP Topco Limited Group. Under FRS 102 it is also exempt from providing certain other disclosures regarding key management personnel.

CASH FLOW STATEMENT

The ultimate parent entity in the UK is FGP Topco Limited, a company registered in England, United Kingdom.

The results of the Company are included in the audited consolidated financial statements of FGP Topco Limited for the year ended 31 December 2025. The results are also included in the audited consolidated financial statements of Heathrow (SP) Limited for the year ended 31 December 2025 (intermediate parent entity and the smallest group to consolidate these financial statements). Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of accounting standard FRS 102 (1.12 (b) and (e)).

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

for the year ended 31 December 2025

In applying the Company's accounting policies management have made judgements and estimates in a number of key areas. Actual results may, however, differ from the estimates calculated and management believes that the following areas present the greatest level of uncertainty.

CRITICAL JUDGEMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES

Capitalisation

Management is required to make judgements in relation to the capitalisation of costs. This relates to both when amounts may begin to be capitalised and in relation to the nature of costs incurred.

In relation to when amounts can be capitalised, judgement is needed to determine when a project moves from the research phase (where costs must be expensed in the current period) to the development phase and hence may be capitalised. Factors considered in determining the point when capitalisation of costs commences include progress towards planning permission, technical feasibility of the project and the availability of funding to complete the project.

Judgement has been exercised in relation to what costs to capitalise, particularly in relation to:

- The assessment of assets in the course of construction, including Long-term Growth costs where judgement is exercised to determine costs that are directly attributable to the assets under construction. Costs typically capitalised include contractor costs, the cost of employees working on a project and the purchase of materials used in a project.
- Capitalised interest costs during the course of assets under construction, refer to the borrowing costs accounting policy above.

Probability of Long-term Growth

Assets in the course of construction for the Long-term Growth programme had a net book value of £551 million as at 31 December 2025 (2024: £485 million), net of impairment. There was no impairment recognised in 2025 compared with an impairment charge of £22 million in 2024.

IAS 16 *Property, Plant and Equipment* requires it to be probable that future economic benefits associated with an item will flow to the entity for an item to be capitalised. Management considered two triggers in assessing whether future economic benefits are probable—the legal status of the Airports National Policy Statement ('ANPS') and the business case for the programme. In addition, we assess for indicators of obsolescence or physical damage.

ANPS

In December 2020, the Supreme Court unanimously ruled that the policy framework governing expansion – the ANPS – is a lawful UK Government policy, and it remains in place as at 31 December 2025, as do the regulatory frameworks required for Long-term Growth. Management is aware of the UK Government's stated intention to review all National Policy Statements in 2026, including the ANPS (see page 33). The Government continues to publicly express strong support for expanding Heathrow Airport. (see page 24).

BUSINESS CASE

Management's current long-term passenger modelling continues to support the business case, and this is why we have already restarted work on the Long-term Growth programme to create additional capacity within the existing airport footprint.

CLIMATE AND PLANNING CONSENT

To obtain planning consent for the third runway, we have to demonstrate that expanding Heathrow is compatible with the UK's climate change obligations, including the Paris Climate Agreement. The Government has made decarbonising aviation a central part of its green growth agenda, launching a Jet Zero Taskforce, with some of the most senior figures in the aviation sector, and bringing a SAF Mandate into law, with 22% of all jet fuel set to go green by 2040. Our scenario analysis that inputs into our long-term forecast is discussed in the CFD from page 38. We have an ambition to make 2019 the peak year for carbon emissions at Heathrow and a plan to get to net zero aviation by 2050. Please see page 21 for our net-zero aviation section.

FINANCEABILITY

Management considers the Group to have adequate access to capital, supported by its financing track record and expected continued access to debt markets. Delivery of the Long-term Growth programme is dependent on securing an appropriate and a timely regulatory framework. This is considered probable but requires ongoing monitoring and is subject to ongoing discussions with the CAA.

CONCLUSION

Management has carefully considered the risks to the programme, particularly climate change risk on long-term passenger numbers, the legislative and regulatory environment, and any likely financeability risks. We consider the completion of the Long-term Growth programme to be a probable outcome. Management will continue to test this judgement as we formalise next steps with investors, the Government, airline customers, local communities and regulators. Any future change to this critical judgement, in particular if the conclusion changes to determine that it is not probable that economic benefits will flow, would result in a full impairment of these assets.

OBSOLESCENCE

During 2024 management identified Long-term growth assets at risk of obsolescence and performed a full review. This resulted in the Group writing off £22 million of assets during 2024, representing costs associated with work that will need to be restarted, for example through re-engagement with the community around Heathrow. Management did not identify further indicators of obsolescence during 2025, resulting in no impairment being recognised.

Employment costs

The presentation of certain costs including employment costs and pension costs which are a contractual obligation of LHR Airports Limited are presented as Operating costs of Heathrow Airport Limited in the financial statements based on an assessment of which entity is principal in relation to these transactions. This judgement is described in the accounting policies and is based on the balance of risks and rewards between group companies.

Lease classification

A lease contract is classified as an operating or a finance lease based on the substance of the contract and whether the Company or the lessor have the substantial risks and benefits incidental to the ownership of the leased asset.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

CRITICAL JUDGEMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES (CONTINUED)

The Company has a lease agreement with UK Power Networks Services Limited ('UKPNS' / 'Lessor') relating to the electricity distribution network at Heathrow. The lease expires in 2083. The Company has determined this arrangement to be an operating lease rather than a finance lease under section 20 of FRS 102. In this arrangement, the typical primary indicators of a finance lease under section 20 such as the lease term being for the major part of the economic life of the asset, the present value of the minimum lease payment amounts being substantially all of the fair value of the leased asset, appear to be met, largely due to the duration of the agreement.

The substance of the agreement however results in significant risks and rewards associated with the ownership of electrical distribution network remaining with UKPNS. Other features within the contract that are more relevant in this lease determination include that the obligation to operate, maintain, insure and repair rests with the lessor rather than the Company. Accordingly, management believe an operating lease classification to be appropriate.

KEY SOURCES OF ESTIMATION UNCERTAINTY

Useful economic life ('UEL') and depreciation

Calculation of depreciation and the retention of assets on the fixed asset register requires management to make judgements regarding the useful economic lives of non-current assets. These judgements are based on Heathrow's experience of similar assets, engineering data, and industry standards.

Where management identifies that actual UELs differ from those estimated, the UELs are adjusted in the period that the difference is identified.

Investment properties

In applying Section 16 of FRS 102, investment properties have been estimated to be worth £2,610 million as at 31 December 2025. To assist in assessing the valuation of our investment properties Heathrow engages a professional valuation firm, CBRE Limited, Chartered Surveyors, that is regulated by the Royal Institution of Chartered Surveyors. Valuations are carried out having regard to comparable market evidence relevant to each specific property or class of properties. In assessing fair value, current and potential future income (after deduction of non-recoverable outgoings) is capitalised using yields derived from market evidence. Independent valuations are obtained for all investment properties.

Management have reviewed the main assumptions underlying the valuation of investment properties and provide sensitivity analysis based on reasonable possible changes to relevant assumptions. The main estimations made that have a significant risk of resulting in a material adjustment to the carrying amounts of investment properties within the next financial year have been assessed as those related to commercial Car Parks. Management have deemed the discount rates applied to future cash flows as the key input into the commercial Car Park valuations. Sensitivities have been run to analyse the impact of a reasonable change in discount rates as informed by discussions with CBRE Limited. The results of the sensitivities are shown in note 8 to the financial statements.

Retirement benefit obligations

Certain assumptions have been adopted for factors that determine the valuation of the Group's liability for pension obligations at the period end and charges to the income statement. The assumptions have been determined in consultation with the Group's actuary considering market and economic conditions. Assumptions can vary from period to period because of changing conditions and other determinants which may cause increases or decreases in the valuation of the Group's liability for pension obligations.

The objective when setting pension scheme assumptions for future periods is to reflect the expected actual outcomes, other than the discount rate, which must be set by reference to the yield on high quality corporate bonds with a term consistent with the obligations. The impact of the change in assumptions on the valuation of the net financial position of the Group pension scheme is recorded as a net actuarial gain or loss and is reflected in the statement of comprehensive income.

The triennial Trustee valuation of the scheme was completed during 2025 and included updates to mortality rates as well as other key demographic indicators, which have been used to inform management assumptions used as at 31 December 2025.

Management have reviewed the assumptions underlying the valuation of retirement benefit obligations. The main estimations made that have a significant risk of resulting in a material adjustment to the carrying value of the assets and liabilities relating to the scheme have been assessed as: a) Discount rate, b) Inflation rates, and c) Mortality/Life expectancy changes. Sensitivities have been run to analyse the impact of a reasonable change in these estimations informed by discussions with scheme actuaries ISIO and internal Heathrow experts. The results of the sensitivities are shown in note 17.

Derivatives - loss given default and assumed recovery rates

Accounting standards require that the fair value of financial instruments reflect their credit quality, and also the assumed recovery rate which then implies a loss given default rate. The credit risk associated with the Company's derivatives is updated monthly based on current market data, and industry standard default rates. However certain derivatives are ranked higher in the waterfall priority payments schedule such as interest rate swaps and inflation-linked swaps and therefore apply a super senior recovery rate. The results of the sensitivities are given in note 15.

Investment impairment review

Refer to details under note 10.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2025

1 REVENUE

The Company is organised into business units according to the nature of the services provided to Airport users. All revenue arises in the United Kingdom and is derived from aeronautical and commercial operations within the Airport and its boundaries.

	Year ended 31 December 2025	Year ended 31 December 2024
	£m	£m
Revenue		
Aeronautical		
Movement charges	837	850
Parking charges	110	76
Passenger charges	1,311	1,303
Total aeronautical revenue	2,258	2,229
Retail		
Retail concessions ⁽¹⁾	293	300
Non-concession retail ⁽¹⁾	112	109
Catering	96	89
Car parking	197	185
Travel services ⁽¹⁾	93	89
Total retail revenue	791	772
Other		
Other regulated charges	288	287
Property revenue	32	32
Property (lease related income)	135	123
Intercompany support services	17	16
Non-Heathrow Express rail income	26	23
Total other revenue	498	481
Total revenue	3,547	3,482

	Year ended 31 December 2025	Year ended 31 December 2024
	£m	£m
Adjusted EBITDA	1,969	1,968
Reconciliation to statutory information:		
Depreciation and amortisation	(648)	(623)
Operating profit (before certain re-measurements and exceptional items)	1,321	1,345
Exceptional items	-	(22)
Fair value (loss)/gain on investment properties (certain re-measurements)	(93)	147
Operating profit	1,228	1,470
Finance income	385	447
Finance costs (after certain re-measurements)	(601)	(538)
Dividend income	106	-
Profit before tax	1,118	1,379

(1) As noted in the basis of preparation on page 121, the Directors have updated the aggregation of some items of revenue. The updated aggregation has been reflected in the comparative amounts. This affects the categories of 'retail concessions' (2024 as previously reported of £274 million), 'non-concession retail' (previously 'other retail' of £72 million in 2024), and 'travel services' (previously 'other services' of £152 million in 2024).

Revenue of £1,033 million (2024: £1,095 million) was derived from a single external customer.

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

2 OPERATING COSTS

Operating costs comprise:

	Year ended 31 December 2025	Year ended 31 December 2024
	£m	£m
Employment		
Wages and salaries	425	405
Social security costs	51	44
Pension costs	18	39
Other staff related costs	25	27
Own staff costs capitalised	(54)	(41)
	465	474
Operational ⁽¹⁾	474	444
Maintenance	258	235
Business rates	114	114
Utilities	140	155
Other general expenditure ⁽²⁾	127	92
Operating costs before depreciation, amortisation, certain re-measurements and exceptional items	1,578	1,514
Depreciation and amortisation		
Property, plant and equipment	591	584
Intangible assets	57	39
	648	623
Operating costs before certain re-measurements and exceptional items	2,226	2,137
Fair value loss/(gain) on investment properties (certain re-measurements)	93	(147)
Exceptional items (note 3)	-	22
Total operating costs⁽³⁾	2,319	2,012

(1) Operational costs consist of expenditure in relation to the standard operations of the airport.

(2) The largest balance in this category is marketing costs of £58 million (2024: £49 million). Other expenses in this category are individually immaterial.

(3) Eligible research and development expenditure is identified retrospectively annually, following detailed review work. It is not therefore known with precision at the accounting date.

Rentals under operating leases

	Year ended 31 December 2025	Year ended 31 December 2024
	£m	£m
<i>Operating costs include:</i>		
Land and buildings ⁽¹⁾	16	15
Other ⁽²⁾	37	33
Total rentals under operating leases	53	48

(1) The Company leases various offices and warehouses under non-cancellable operating lease agreements. The leases have various terms, escalation clauses and renewal rights. The amounts above are stated net of discounts.

(2) A significant portion of the operating rental costs relates to electricity supply equipment at the airport leased on agreement with UK Power Networks Services Limited ('UKPNS').

Auditors' remuneration

Audit fees and non-audit fees for the wider Heathrow Group for the current and preceding financial years were borne by the Company. The specific fees that relate to the Company are as follows:

	Year ended 31 December 2025	Year ended 31 December 2024
	£m	£m
Fees payable to the Company's auditors for the audit of the:		
Company's annual financial statements	0.2	0.2
Total audit fees	0.2	0.2
Fees payable to the Company's auditors and their associates for other services specific to the Company:		
Audit related assurance services ⁽¹⁾	0.2	0.2
Total non-audit fees	0.2	0.2
Total fees	0.4	0.4

(1) Non-audit fees predominantly relate to services provided in connection with bond issuances and other treasury related activities.

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

2 OPERATING COSTS (CONTINUED)

Employee information

The Company has a monthly average of 7,789 employees (2024: 7,968) who are all employed to provide services to the operation of the airport. The Directors note that although the employees remain legally employed by LHR Airports Limited, the Company makes all employment decisions; consequently, employee numbers for those providing services to the operation of the airport are reported in the financial statements of the Company and not in the financial statements of LHR Airports Limited.

	Year ended 31 December 2025	Year ended 31 December 2024
	Number of employees	Number of employees
By activity		
Operations	6,069	6,321
Support services	1,720	1,647
Total	7,789	7,968

Directors' remuneration

	Year ended 31 December 2025	Year ended 31 December 2024
	£m	£m
Aggregate emoluments ⁽¹⁾	5.2	3.5
Aggregate amounts receivable under long-term incentive schemes	2.3	1.5
Company pension contributions	0.1	0.3
Termination benefits	-	0.2
	7.6	5.5

(1) Aggregate emoluments includes salaries, allowances, director fees, accrued bonuses and other benefits.

Thomas Woldbye and Sally Ding were directors of a number of companies within the Heathrow Airport Holdings Limited Group during the year. Their remuneration for the year ended 31 December 2025 was included in the disclosure in the financial statements of Heathrow Airport Holdings Limited. The directors do not believe it is possible to accurately apportion their remuneration to individual companies based on services provided and therefore their remuneration is not included in the numbers above.

The directors participate in the Heathrow Long-Term Incentive Plan designed to reward them for the success of Heathrow over a three-year period. In respect of the Plans, a cash amount is granted which could vest in future periods contingent on achieving or surpassing EBITDA and other carbon and operational targets over a three-year period.

None of the directors (2024: none) exercised share options during the year in respect of their services to the HAHL Group.

One of the directors (2024: three) had retirement benefits accruing to them under a defined benefit scheme and two of the directors (2024: two) were members of a defined contribution scheme.

Highest paid director

	Year ended 31 December 2025	Year ended 31 December 2024
	£'000	£'000
Aggregate emoluments ⁽¹⁾	1.2	0.9
Aggregate amounts receivable under long-term incentive schemes	0.7	0.5
	1.9	1.4

(1) Aggregate emoluments includes salaries, allowances, director fees, accrued bonuses and other benefits.

The highest paid director participates in the Heathrow Long-Term Incentive Plan designed to reward them for the success of Heathrow over a three-year period. In respect of the Plans, a cash amount is granted which could vest in future periods contingent on achieving or surpassing EBITDA and other carbon and operational targets over a three-year period.

The highest paid director did not exercise (2024: none) any share options during the year in respect of their services to the HAHL Group.

The highest paid director had no retirement benefits accruing to them under a defined contribution scheme and no retirement benefits accruing to them under a defined benefit scheme.

Directors of other companies in the Heathrow Airport Holdings Limited Group

The Company has employees who are not directors of Heathrow Airport Limited but are directors of other companies in the Heathrow Airport Holdings Limited Group. Heathrow Airports Limited bears the full cost of their employment and such costs are not recharged to other Group companies. It is not possible to accurately apportion their remuneration to individual companies within the Group based on services provided. Their remuneration is disclosed in the table below.

	Year ended 31 December 2025	Year ended 31 December 2024
	£m	£m
Aggregate emoluments ⁽¹⁾	1.1	0.9
Aggregate amounts receivable under long-term incentive schemes	0.2	0.1
Company pension contributions	0.1	0.1
Termination benefits	-	-
	1.4	1.1

(1) Aggregate emoluments includes salaries, allowances, director fees, accrued bonuses and other benefits.

These directors participate in the Heathrow Long-Term Incentive Plan designed to reward them for the success of Heathrow over a three-year period. In respect of the Plans, a cash amount is granted which could vest in future periods contingent on achieving or surpassing EBITDA and other carbon and operational targets over a three-year period.

The number of these directors that exercised share options and had retirement benefits are disclosed in the financial statements of the Company that they are directors of.

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

3 EXCEPTIONAL ITEMS

	Year ended 31 December 2025	Year ended 31 December 2024
	£m	£m
Asset write-off	-	22
Loss on exceptional items after tax	-	22

Asset write-off

In the year ended 31 December 2024, the Company conducted a review of existing Long-term Growth related assets in the course of construction for obsolescence resulting in a £22 million non-cash write-off charge. Further details are provided in the significant accounting judgement disclosure on pages 132 to 133. There were no exceptional items in 2025.

4 FINANCING**Net finance costs before certain re-measurements**

	Year ended 31 December 2025	Year ended 31 December 2024
Note	£m	£m
Finance income		
Interest receivable from group undertakings ⁽¹⁾	308	348
Interest on deposits	77	99
Total finance income	385	447
Finance costs		
Interest payable to group undertakings ⁽²⁾	(1,011)	(899)
Interest on borrowings	(85)	(75)
Facility fees and other charges	(5)	(2)
Net pension finance costs	(6)	(7)
	(1,107)	(983)
Less: capitalised borrowing costs ⁽³⁾	7	93
Total finance costs	(992)	(890)
Net finance costs before certain re-measurements	(607)	(443)

Note	Year ended 31 December 2025	Year ended 31 December 2024
	£m	£m
Certain re-measurements		
Fair value gain/(loss) on financial instruments		
Foreign exchange contracts	2	(4)
Interest rate swaps	116	245
Index-linked swaps	273	111
Fair value gain on financial instruments	391	352
Net finance costs	(216)	(91)

(1) These amounts relate primarily to interest accrued on balances due from Heathrow (SP) Limited (note 14).

(2) These amounts relate mainly to interest due on the Borrower Loan Agreement ('BLA') advances and back-to-back derivatives not in hedge relationship with Heathrow Funding Limited.

(3) Capitalised interest included in the cost of qualifying assets arose on the general borrowing pool and is calculated by applying an average capitalisation rate of 5.57% (2024: 6.97%) to expenditure incurred on such assets.

5 DIVIDENDS

During the year ended 31 December 2025, the Company received £106 million in dividends from its subsidiary, Heathrow Express Operating Company Limited (2024: £nil).

No dividends were paid during the year ended 31 December 2025 (2024: £nil).

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

6 TAXATION CHARGE

	Year ended 31 December 2025			Year ended 31 December 2024		
	Before certain re-measurements	Certain re-measurements	Total	Before certain re-measurements	Certain re-measurements	Total
	£m	£m	£m	£m	£m	£m
UK corporation tax						
Current tax						
Current tax charge at 25% (2024: 25%)	(183)	(3)	(186)	(222)	(10)	(232)
Prior year credit/(charge)	5	-	5	(5)	-	(5)
Deferred tax						
Current year charge	(44)	(80)	(124)	(57)	(129)	(186)
Prior year (charge)/credit	(2)	1	(1)	3	2	5
Taxation charge for the year	(224)	(82)	(306)	(281)	(137)	(418)

The taxation charge on the Company's profit before tax differs from the theoretical amount that would arise by applying the UK statutory tax rate to the accounting profit of the Company for the reasons as set out in the following reconciliation:

	Year ended 31 December 2025	Year ended 31 December 2024
	£m	£m
Profit before tax	1,118	1,379
Reconciliation of the tax charge		
Tax calculated at the UK statutory rate of 25.0% (2024: 25.0%)	(280)	(345)
Net non-deductible expenses	(22)	(58)
Adjustments in respect of current income tax of previous years	5	(5)
Adjustments in respect of deferred income tax of previous years	(1)	5
Difference in deferred tax movements for investment properties and financial instruments	(8)	(15)
Taxation charge for the year	(306)	(418)

The total tax charge for the year ended 31 December 2025 was £306 million (2024: £418 million) based on a profit before tax of £1,118 million (2024: £1,379 million).

The tax charge on profits before certain re-measurements and exceptional items was £224 million (2024: £281 million). Based on a profit before tax, certain re-measurements and exceptional items of £820 million (2024: £902 million), this results in an effective tax rate of 27.3% (2024: 31.2%). The tax charge is higher than the statutory rate of 25% (2024: higher than the statutory rate of 25%) primarily due to a large amount of depreciation, which is unallowable for tax purposes, increasing the tax charge for the

year (2024: primarily due to a large amount of depreciation, which is unallowable for tax purposes, increasing the tax charge for the year).

In addition, for the year ended 31 December 2025, a tax charge of £82 million (2024: £137 million) was recognised on certain re-measurements arising from fair value movements on financial instruments and investment properties of £298 million (2024: £499 million).

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%. The legislation implements a domestic top-up tax and a multinational top-up tax, effective for accounting periods starting on or after 31 December 2023. Management has performed an assessment of the UK Pillar 2 rules based on the 2025 data and based on the assessment, the Group qualifies for one of the transitional safe harbours provided in the UK Pillar 2 rules. The Group does not have any current tax exposure in relation to Pillar 2.

The Group has a captive insurance company located in the Isle of Man, a jurisdiction with a statutory corporate income tax rate below 15%. As a result, the profits arising in this entity are likely to attract the domestic top-up tax in the Isle of Man. For UK tax purposes these profits are captured by the Controlled Foreign Company ('CFC') regime, against which management expects to receive a tax credit for the Isle of Man domestic top-up tax.

The Company applies the exception under FRS 102 'income taxes' amendment for recognising and disclosing information about deferred tax assets and liabilities related to top-up income taxes.

There are no items which would materially affect the future tax charge.

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

7 PROPERTY, PLANT AND EQUIPMENT

		Terminal complex	Airfields	Plant and equipment	Land and support facilities	Rail	Assets in the course of construction	Total
	Note	£m	£m	£m	£m	£m	£m	£m
Cost								
1 January 2024		12,005	2,197	1,084	376	1,217	1,677	18,556
Additions		-	-	-	-	-	1,050	1,050
Reclassification		155	(151)	-	(4)	-	3	3
Write-offs		-	-	-	-	-	(23)	(23)
Borrowing costs capitalised	4	-	-	-	-	-	93	93
Disposals		(34)	(4)	(16)	(1)	(7)	-	(62)
Transfer to investment properties	8	-	-	-	-	-	(1)	(1)
Transfer to intangible assets	9	-	-	-	-	-	(13)	(13)
Transfer to completed assets		139	105	84	141	11	(480)	-
31 December 2024		12,265	2,147	1,152	512	1,221	2,306	19,603
Additions		-	-	1	-	-	1,226	1,227
Write-offs		-	-	-	-	-	(3)	(3)
Borrowing costs capitalised	4	-	-	-	-	-	115	115
Disposals		(13)	(3)	(13)	-	-	-	(29)
Transfer to investment properties	8	-	-	-	-	-	(32)	(32)
Transfer to intangible assets	9	-	-	-	-	-	(123)	(123)
Transfer to completed assets		22	198	44	27	(9)	(282)	-
31 December 2025		12,274	2,342	1,184	539	1,212	3,207	20,758

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Terminal complex £m	Airfields £m	Plant and equipment £m	Land and support facilities £m	Rail £m	Assets in the course of construction £m	Total £m
Accumulated depreciation								
1 January 2024		(6,055)	(668)	(733)	(148)	(567)	-	(8,171)
Charge for the year	2	(426)	(54)	(65)	(15)	(25)	-	(585)
Disposals		34	4	16	1	2	-	57
31 December 2024		(6,447)	(718)	(782)	(162)	(590)	-	(8,699)
Charge for the year	2	(421)	(59)	(73)	(14)	(24)	-	(591)
Disposals		13	3	12	-	-	-	28
31 December 2025		(6,855)	(774)	(843)	(176)	(614)	-	(9,262)
Net book value								
31 December 2024		5,818	1,429	370	350	631	2,306	10,904
31 December 2025		5,419	1,568	341	363	598	3,207	11,496

Land and support facilities

Land and support facilities are freehold.

Assets in the course of construction

The major balances in assets in the course of construction include accumulated costs related to the Long-term Growth of Heathrow, baggage programme projects to install the latest generation of baggage screening machines, the Asset Management programme to replace assets at the end of their useful life, and the Airport resilience programme including tunnels and airfield improvements.

Accelerated depreciation

Depreciation includes £3 million (2024: £2 million) of accelerated depreciation.

Management considered climate-related risks (as described in the CFD from page 38) and associated strategic capital projects that could impact the useful economic lives of Property, Plant and Equipment with no resultant change to useful economic lives.

Write-offs

As outlined on page 9, the regulatory environment that the Group operates in provides cash flow predictability, supporting investment. This limits the Group's exposure to impairment of assets in the course of construction to market conditions, though assets remain exposed to physical damage or obsolescence. In 2025, the Group wrote-off £3 million (2024: £1 million) relating to capital projects paused and discontinued. The Group also wrote-off £nil (2024: £22 million) of Long-term Growth related assets in the course of construction as a result of obsolescence. See the Group's Significant Accounting Judgements and Estimates on pages 132 to 133 for more details.

Borrowing costs capitalised

During the year ended 31 December 2025, borrowing costs of £115 million were capitalised (2024: £93 million). Capitalised borrowing costs were calculated by applying an average interest rate of 5.57% (2024: 6.97%) to expenditure incurred on qualifying assets.

A tax deduction of £115 million (2024: £93 million) for capitalised borrowing costs was taken in the year. Subsequent depreciation of the capitalised borrowing costs is disallowed for tax purposes. Consequently, the capitalised borrowing costs give rise to a deferred tax liability, which is released each year in line with the depreciation charged on the relevant assets.

Regulatory asset base ('RAB')

The regulatory asset base is a regulatory construct, based on predetermined principles not based on IFRS. By investing efficiently in the Airport, we add to the RAB over time. The RAB is an important measure as it represents the invested capital on which Heathrow are authorised to earn a cash return and is used in the financial ratios used to assess covenant compliance as detailed in the financial review. It is used in key financial ratios and in our regulatory financial statements.

RAB as at 31 December 2025 was £21,263 million (2024: £20,422 million). The year-on-year increase is primarily driven by inflation as the RAB is directly linked to the Retail Price Index ('RPI').

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

8 INVESTMENT PROPERTIES

	Car parks £m	Airport operations £m	Commercial land and buildings £m	Total £m
Valuation				
1 January 2024	1,284	505	660	2,449
Additions	-	-	71	71
Transfer from property, plant and equipment	-	-	1	1
Disposals	-	-	(1)	(1)
Investment property fair value movements ⁽¹⁾	75	43	29	147
31 December 2024	1,359	548	760	2,667
Additions	-	-	4	4
Transfer from property, plant and equipment	29	-	3	32
Investment property fair value movements ⁽¹⁾	(110)	6	11	(93)
31 December 2025	1,278	554	778	2,610

(1) Fair value losses in 2025 are primarily due to the revaluation of a multi-storey car park. Fair value gains in 2024 are primarily due to the impact of improved trading performance across the portfolio.

	Level 2			Level 3		Total £m
	Car parks £m	Airport operations £m	Commercial land and buildings £m	Car parks £m	Commercial land and buildings £m	
Valuation						
1 January 2024	302	505	545	982	115	2,449
Additions	-	-	1	-	70	71
Transfer from property, plant and equipment	-	-	1	-	-	1
Disposals	-	-	(1)	-	-	(1)
Investment property fair value movements ⁽¹⁾	-	43	24	75	5	147
31 December 2024	302	548	570	1,057	190	2,667
Additions	-	-	4	-	-	4
Transfer from property, plant and equipment	-	-	3	29	-	32
Reclassification	-	-	70	-	(70)	-
Investment property fair value movements ⁽¹⁾	19	6	11	(129)	-	(93)
31 December 2025	321	554	658	957	120	2,610

(1) Fair value losses in 2025 are primarily due to the revaluation of a multi-storey car park. Fair value gains in 2024 are primarily due to the impact of improved trading performance across the portfolio.

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

8 INVESTMENT PROPERTIES (CONTINUED)

Investment properties valuations are prepared in accordance with the valuation manual issued by the Royal Institution of Chartered Surveyors and appraised by our property management company CBRE Limited, who are independent and have appropriate recognised qualifications and experience in the categories and location of our investment properties being valued.

Management conducts a detailed review of each property to ensure the correct assumptions and inputs have been used. Meetings with the valuers are held on a periodic basis to review and challenge the assumptions used in the valuation techniques, where they are classified into 3 categories as follows:

Level 1 inputs are quoted prices from active markets at the measurement date using relevant information generated by market transactions involving identical or comparable (similar) assets.

Level 2 inputs are other quoted market prices directly or indirectly observable and involve a combination of inputs. Non-revenue generating employee car parks, airport operations and land valuations were generated by a market approach involving similar observable transactions along with land value reversion whilst the other assets were valued using the capitalised income approach incorporating net initial and equivalent yield. Some of the valuation incorporated rent free and void periods where relevant in order to determine the most reasonable valuation.

Level 3 inputs are based on unobservable inputs which relate to discounted cash flow technique using an appropriate asset discount rate including growth rates for the relevant revenues and costs based on our business plan. Most of this classification is made up of commercial car parks which account for 89% (2024: 85%) of the valuation. In the case of land, the discounted cash flow methodology has incorporated exit yields, occupancy and ancillary revenues.

On 24 December 2024, the Company acquired a new investment property at an acquisition cost comprising of the purchase price, stamp duty, and associated professional and legal fees. The purchase price was appraised by an external valuer during the bidding process. Following the acquisition, management conducted a review as of 31 December 2024 and concluded that the fair value of the investment property approximates the final purchase price in the completed transaction six days prior, as there had been no significant changes in the valuation assumptions that were previously applied. It was classified as a Level 3 valuation. The investment property was included in the CBRE valuation described above as at 31 December 2025, resulting in a £70 million reclassification to Level 2 valuations.

There were no further transfers between the fair value classifications for investment properties during the year.

By their nature, investment property valuations incorporate long-term passenger trends that incorporate market assumptions on climate change.

Changes in fair values are presented in the income statement as part of operating costs.

The investment property asset class balance consists of 49% (2024: 51%) car parks, 21% (2024: 21%) airport operations and 30% (2024: 28%) commercial land and buildings. Level 2 to 3 is split according to the following percentiles respectively: 59% (2024: 53%) and 41% (2024: 47%).

Of the level 3 valuations, 89% (2024: 85%) relates to commercial car parks. The discount rate applied in determining level 3 fair value of commercial car parks varies for each car park, with the rates applied across the portfolio ranging from 8.75% to 9.50%. The sensitivity analysis below relates specifically to fair value movements in car parks within the level 3 valuation.

(Decrease)/increase in asset valuation	31 December 2025	31 December 2024
	£m	£m
Car parks – discount rate		
+0.5% pa	(45)	(47)
-0.5% pa	48	50

The property rental income earned by the Company from its investment property, amounted to £282 million (2024: £276 million). Direct operating expenses arising on the investment property, all of which generated rental income in the period, amounted to £18 million (2024: £15 million). This excludes £9 million repair costs incurred for a multi-storey car park.

Securities granted by the Group over its assets, including investment properties, are disclosed in note 14

Historical cost

The historical cost of investment properties and land held for development as at 31 December 2025 was £848 million (2024: £812 million).

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

9 INTANGIBLE ASSETS

	<i>Note</i>	Software £m	Rail intangibles £m	Software in the course of construction £m	Total £m
Cost					
1 January 2024		376	94	-	470
Disposals		(11)	-	-	(11)
Transfer from property, plant and equipment	7,8	13	-	-	13
31 December 2024		378	94	-	472
Additions		-	-	42	42
Disposals		(5)	-	-	(5)
Transfer from property, plant and equipment	7,8	87	-	36	123
31 December 2025		460	94	78	632
Accumulated amortisation					
1 January 2024		(245)	(4)	-	(249)
Charge for the year	2	(33)	(6)	-	(39)
Disposals		11	-	-	11
31 December 2024		(267)	(10)	-	(277)
Charge for the year	2	(50)	(7)	-	(57)
Disposals		5	-	-	5
31 December 2025		(312)	(17)	-	(329)
Net book value					
31 December 2024		111	84	-	195
31 December 2025		148	77	78	303

Software costs

These software costs principally relate to operating and financial software, amortised over a period of between four and fifteen years. Amortisation for the year has been charged through operating costs.

Rail intangibles

Rail intangibles relate to payments made to Crossrail in return for a service level commitment to operate services to Heathrow for a period of 15 years, which forms the amortisation period. Amortisation for the year has been charged through operating costs.

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

10 INVESTMENT IN SUBSIDIARY

	2025	2024
	£m	£m
Cost at 1 January and 31 December	42	42

Subsidiary	Nature of business	% of share capital held	Class of share
Heathrow Express Operating Company Limited	Railway Operator	100	Ordinary shares of £1 each

Heathrow Express Operating Company Limited, a company registered in the England, United Kingdom, operates the express rail service between Heathrow and central London. The registered address of the company is The Compass Centre, Nelson Road, Hounslow, Middlesex, TW6 2GW.

The Investment in subsidiary is assessed annually to determine if there is any indication that the investment might be impaired. At 31 December 2025, although the operational and financial performance of Heathrow Express Operating Company Limited ('HEX') continued to meet budget, the net assets of HEX was reduced below the carrying value of the investment as at 31 December 2025.

As a result, Management performed an impairment assessment by calculating value in use. Value in use was calculated using a discounted cash flow model based on Management's most recent cash flow forecasts, discounted at a weighted-average cost of capital of 8.9%. The resulting value in use exceeded the carrying amount and no impairment was recognised.

A key assumption in the assessment is the renewal of the HEX track access agreement beyond 2028, which has been reflected in Management's value in use calculation. If the agreement were not renewed, the carrying value of the investment could be reduced by approximately £18 million.

No indicators of impairment were identified as at 31 December 2024. Accordingly, Management did not estimate a value in use in the prior year.

11 INVENTORIES

	31 December 2025	31 December 2024
	£m	£m
Consumables	20	17

The total value of inventories consumed in the year was £1 million (2024: £1 million). There is no material difference between the value of inventories in the statement of financial position and their replacement cost.

12 TRADE AND OTHER RECEIVABLES

	31 December 2025	31 December 2024
	£m	£m
Non-current		
Amounts owed by group undertakings – interest-bearing ⁽¹⁾	4,466	4,410
Less: provision for impairment	(6)	(6)
Prepaid debt fees ⁽²⁾	1	3
Prepayments	10	10
	4,471	4,417
Current		
Trade receivables	113	142
Accrued income ⁽³⁾	125	103
Trade receivables and accrued income	238	245
Less: provision for impairment	(9)	(10)
Trade receivables after accrued income after impairment	229	235
Prepayments	73	103
Interest receivable from group undertakings	93	364
Other receivables ⁽⁴⁾	81	53
	476	755

(1) Amounts owed by group undertakings – interest-bearing represents loans receivable from Heathrow (SP) Limited of £4,466 million with and interest rate of Bank of England base rate+1.5% (2024: loans receivable of £4,264 million and £785 million promissory notes offset by a promissory note payable of £679 million which have interest rates of Bank of England base rate+1.5%, 5.82% and 5.82% respectively, as well as an amount due from LHR Airports Limited of £40 million with an interest rate of 5.88%).

(2) Prepaid debt fees largely relate to financing fees paid on facilities not yet drawn and are amortised over the term of the facility.

(3) Accrued income is net of any amounts received in advance from customers.

(4) The largest receivable in this balance is a VAT receivable of £73 million (2024: £32 million). Other items in this balance are various individually immaterial receivables.

The fair value of trade and other receivables is not materially different from the carrying value.

Trade receivables are non-interest-bearing and are generally on 14-day terms. No collateral is held as security.

As at 31 December 2025, trade receivables of £63 million (2024: £65 million) were fully performing. Trade receivables of £50 million (2024: £76 million) were past due. These relate to a number of independent customers for whom there is no recent history of default.

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

12 TRADE AND OTHER RECEIVABLES (CONTINUED)

Movement in the provision for impairment of trade receivables is as follows:

	£m
1 January 2024	13
Impairment of trade receivables	(3)
31 December 2024	10
Impairment of trade receivables	(1)
31 December 2025	9

As at 31 December 2025, trade receivables were considered for impairment under IFRS 9 resulting in a decrease in provision of £1 million (2024: £3 million).

During the year, £1 million of trade receivables (2024: £1 million) were written off.

The individual impaired receivables mainly relate to customers who are in difficult economic situations. The creation and release of any provisions for impaired receivables have been included within 'other general expenditure' operating costs in the income statement as shown in note 2. Amounts charged to the provision account are generally written off when there is no expectation of recovery, with additional impairment for forward looking ECL and probable default.

IFRS 9 also required the Company to recognise a provision for impairment against amounts owed by group undertakings for which £6 million (2024: £6 million) was provided. These amounts are expected to be fully recoverable.

The Company is not exposed to significant foreign currency exchange risk as the majority of trade and other receivables are denominated in Sterling.

13 CASH AND CASH EQUIVALENTS AND TERM DEPOSITS

	31 December 2025	31 December 2024
	£m	£m
Cash at bank and in hand	13	26
Short-term deposits	285	1,105
Cash and cash equivalents	298	1,131
Term deposits	816	425
Cash and cash equivalents, and term deposits	1,114	1,556

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates and is subject to interest rate risk. The fair value of cash and cash equivalents approximates to their book value.

Heathrow Airport Limited holds investments in term deposits, which have an original maturity of more than three months.

14 BORROWINGS

	31 December 2025	31 December 2024
	£m	£m
Current		
Secured		
Class A2 term loan due 2025	-	100
Term notes due 2026	100	-
BLA advances from Heathrow Funding Limited	1,015	945
Total current (excluding interest payable)	1,115	1,045
Interest payable – external	22	15
Interest payable – owed to group undertakings	186	567
Total current	1,323	1,627
Non-current		
Secured		
BLA advances from Heathrow Funding Limited	13,120	12,901
Class A3 term loan due 2029	200	200
Class B1 term loan due 2032	50	-
Term notes due up to 2054 ⁽¹⁾	1,700	1,562
Total non-current	15,070	14,663
Total borrowings	16,393	16,290

(1) Includes £20 million (2024: £20 million) in US private placements which is a green bond issuance.

The table below analyses the contractual maturity of the Company's borrowings falling due after more than one year:

	31 December 2025	31 December 2024
	£m	£m
One to two years	595	1,114
Two to five years	2,987	2,201
Over five years	11,488	11,348
	15,070	14,663

Borrowings from group undertakings

Heathrow Funding Limited, a fellow subsidiary company, raises funds from external sources through the issuance of external bonds and use of external derivatives. The proceeds raised are distributed to the Company under the terms of the BLAs.

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

14 BORROWINGS (CONTINUED)

Advances under the BLAs are secured and are issued on substantially the same terms as the bonds issued by Heathrow Funding Limited, taking into consideration certain of the related hedging instruments. Interest rate swaps, index-linked swaps and cross-currency swaps are entered into by Heathrow Funding Limited to hedge Heathrow (SP) Group's exposures. Interest rate and index linked derivatives are mainly passed through to the Company as back-to-back derivatives, or otherwise incorporated into the related BLAs. Cross-currency swaps are packaged with external non-Sterling debt and passed through to the Company under the BLAs.

During the year, following new bonds issued by Heathrow Funding Limited, further advances were made to the Company for £1,116 million (2024: £541 million), net of transaction costs. In the same period, the Company made repayments of £948 million (2024: £879 million). The effective interest rate on the BLA advances varies between 0.01% and 7.39% (2024: 0.01% and 7.39%).

Facilities

All of the facilities are carried at amortised cost.

The Company had £1,536 million undrawn committed borrowing facilities available as at 31 December 2025 (2024: £1,436 million). In addition, as at 31 December 2025, there was an overdraft limit up to a maximum net overdraft balance of £10 million (2024: £10 million).

The Company has a Revolving Credit Facility ('RCF') of £1,386 million. As at 31 December 2025, the final maturity date was 30 September 2027. On 23 January 2026, the Company extended the maturity by 2 years to 30 September 2029. The Company's RCF and Working Capital Facility is a Sustainability-Linked Loan ('SLL'). The SLL has three ESG KPIs, two of which reference the Company's scope 1, 2 and 3 carbon emissions (together addressing the entire carbon footprint at the airport), and gender and ethnicity representation in senior manager roles.

Securities and guarantees

The Company, Heathrow Express Operating Company Limited, Heathrow (SP) Limited and Heathrow (AH) Limited (together, the 'Obligors') have granted security to Deutsche Trustee Company Limited (in its capacity as the 'Borrower Security Trustee', for itself and as trustee for the Borrower Secured Creditors) over their property, assets and undertakings to secure their obligations under various financing agreements. Each Obligor has also guaranteed the obligations of each other Obligor under such financing agreements.

The total value secured is £16,173 million (2024: £15,479 million), equal to the gross value of Heathrow (SP) Group debt.

BAA Pension Trust Company Limited, as a trustee from time to time of the BAA Pension Scheme, is a Borrower Secured Creditor and ranks equally in an amount up to £284 million with senior (Class A) debt.

The Company and Heathrow Express Operating Company Limited have provided a guarantee and indemnity in favour of Lloyds Bank plc (in its capacity as the Borrower Account Bank) in respect of each other's obligations under the Borrower Account Bank Agreement and associated financing agreements.

15 DERIVATIVE FINANCIAL INSTRUMENTS

	Notional £m	Assets £m	Liabilities £m	Total £m
31 December 2025				
Current				
Foreign exchange contracts	84	-	-	-
Interest rate swaps	2,205	-	(104)	(104)
Index-linked swaps	200	-	(45)	(45)
Total Current	2,489	-	(149)	(149)
Non-current				
Foreign exchange contracts	23	-	-	-
Interest rate swaps	5,673	520	(311)	209
Index-linked swaps	4,631	193	(411)	(218)
Total non-current	10,327	713	(722)	(9)
Total derivative financial instruments	12,816	713	(871)	(158)

	Notional £m	Assets £m	Liabilities £m	Total £m
31 December 2024				
Current				
Foreign exchange contracts	47	-	(1)	(1)
Interest rate swaps	-	-	-	-
Index-linked swaps	470	1	(5)	(4)
Total current	517	1	(6)	(5)
Non-current				
Foreign exchange contracts	66	-	(2)	(2)
Interest rate swaps	7,378	633	(640)	(7)
Index-linked swaps	4,831	193	(612)	(419)
Total non-current	12,275	826	(1,254)	(428)
Total derivative financial instruments	12,792	827	(1,260)	(433)

The Company has index-linked derivative financial instruments where changes in RPI are capitalised to the carrying value of the instrument over its life, with scheduled payments every 5 years.

During the year, the Company paid scheduled accretion of £86 million (2024: £10 million) and also elected to make early cash repayments of £157 million (2024: £632 million) of its accrued accretion and an additional £nil (2024: £28 million) of prepaid accretion in advance of the schedule repayment dates, which has had the effect of reducing future accretion payments by £162 million (2024: £684 million). The accretion accrual over index linked swaps at 31 December 2025 is £501 million (2024: £394 million).

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

15 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The nominal value of index-linked derivative financial instruments is £4,977 million (2024: £5,447 million), and cumulative accretion over the life of the instruments is £3,277 million (2024: £3,281 million).

Derivative financial instruments at fair value

The Company enters into derivative transactions, principally interest rate swaps, index-linked swaps and foreign exchange contracts. The purpose of these transactions is to manage interest rate, inflation and currency risks arising from the Company's operations and sources of finance. The Company does not apply hedge accounting in relation to any of its derivative financial instruments.

INTEREST RATE SWAPS

Interest rate swaps are maintained by the Company, and designated as cash flow hedges, where they qualify, against variability in interest cash flows on current and future floating or fixed borrowings. The gains and losses deferred in equity on the cash flow hedges will be continuously released to the income statement over the period of the hedged risk.

INDEX-LINKED SWAPS

Index-linked swaps have been entered into in order to economically hedge debt instruments, RPI linked revenue and the Regulatory Asset Base ('RAB').

Financial instruments at fair value by category

All of the Company's financial assets and financial liabilities that are held at fair value are classified as derivative financial instruments and are disclosed above. As at 31 December 2025 and 2024, all fair value estimates on derivative financial instruments are included in level 2.

Treasury risk management

The Company's financial risk management objectives are aligned with Heathrow Airport Holdings Limited, which is the level at which financial risks for the Company are managed. The treasury policies of the Heathrow Airport Holdings Limited have been disclosed in the internal controls and risk management section of the Strategic report in its statutory annual report and financial statements.

Fair value estimation

The fair value of financial instruments that are not traded in an active market (such as derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques and inputs used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Applicable market-quoted swap yield curves adjusted for relevant basis and credit default spreads.
- The recovery rate and associated reduction in credit risk of super senior ranking derivatives (interest rate and index-linked swaps).
- The fair value of derivatives and certain financial instruments are calculated as the present value of the estimated future cash flows based on observable market inputs such as RPI and credit default swap curves.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

16 DEFERRED INCOME TAX LIABILITIES

The net movement on the deferred income tax account is as follows:

	31 December 2025	31 December 2024
	£m	£m
1 January	647	457
Under/(over) provision in respect of prior periods	1	(5)
Charged to income statement (note 6)	124	186
Charged to other comprehensive income	25	9
31 December	797	647

Deferred tax is analysed as follows:

	31 December 2025	31 December 2024
	£m	£m
Excess of capital allowances over depreciation	348	308
Retirement benefit obligations	(1)	(29)
Other timing differences	(6)	(7)
Financial instruments	64	(31)
Revaluation of investment property to fair value	337	351
Tax on rolled over gains	12	12
Revaluations of property, plant and equipment	43	43
Deferred income tax liability	797	647

Provision has been made for deferred taxation in accordance with FRS 102.

The net deferred tax liability is expected to increase in 2026 by £39 million. This primarily relates to movements in accelerated capital allowances and financial instruments.

Deferred income tax assets have been recognised in respect of all deductible temporary differences where it is considered probable that there will be sufficient future taxable income against which these assets will be recovered. There are no unrecognised deferred income tax assets. UK tax losses have no expiry date. The recognition of these deferred income tax assets is supported by a combination of the reversal of taxable temporary differences and forecast future taxable income up to 2051, the year the deferred tax assets are expected to unwind fully.

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

16 DEFERRED INCOME TAX LIABILITIES (CONTINUED)

In assessing the risks associated with future taxable income forecasts that have been used to support recognition, management have concluded that there is significant headroom (over 50%) above the amounts required to support recoverability of the deferred income tax assets. The reliance on future taxable profits has been made with a high level of certainty as there is considerable headroom in the Company's long-term forecasts over and above the amount forecast to be utilised to support recoverability of the deferred income tax assets.

Based on the improved trading performance in the year to 31 December 2025, management consider that the conclusion that deferred tax assets may be recovered against the unwind of existing deferred tax liabilities and future forecast taxable profits, remains appropriate.

17 RETIREMENT BENEFIT OBLIGATIONS

The Company has applied the requirements of the standard IAS 19 'Employee Benefits (Revised 2011)' ('IAS 19R') for the year ended 31 December 2025.

LHR Airports Limited, which is an indirect subsidiary of HAHL Group, is the sponsor of the Defined Benefit ('DB') pension scheme, the Unfunded Unapproved Retirement Benefit ('UURBS') scheme and the Post-Retirement Medical Benefits ('PRM') scheme. Following a decision to re-assess the Company's relationship with the legal sponsor of the retirement benefit schemes, it was determined that Heathrow Airport Limited, and therefore the Company, should act as sponsor in relation to these schemes. As a result, the Company recognises retirement benefit obligations within its financial statements.

The Company's primary defined benefit pension scheme (the 'BAA Pension Scheme' or the 'Scheme') is now closed to new employees. As required by UK pension law, there is a Pension Trustee Board that, together with LHR Airports Limited, is responsible for governance of the Scheme. The employer's contributions are determined based on triennial valuations conducted on assumptions determined by the Trustee and agreed by LHR Airports Limited. The defined benefit obligation or surplus is calculated quarterly by independent actuaries.

LHR Airports Limited also provides unfunded pensions in respect of a limited number of former directors and senior employees whose benefits are restricted by the rules of the Scheme. In addition, LHR Airports Limited provides post-retirement medical benefits to certain pensioners.

LHR Airports Limited operates a defined contribution pension scheme for all employees who joined the Group after 15 June 2008. The Company has no further payment obligations once the contributions have been paid. The total cost of defined contribution pension arrangements is fully expensed as employment costs.

Amounts arising from pensions related liabilities in the Company's financial statements

The following tables identify the amounts in the Company's financial statements arising from its pension related liabilities. Further details of each scheme (except defined contribution schemes) are within sections a) and b).

Income statement

Pension and other pension related liabilities costs

	Year ended 31 December 2025	Year ended 31 December 2024
	£m	£m
Employment costs:		
Defined contribution schemes	24	26
BAA Pension Scheme	9	10
Past service (credit)/charge - BAA Pension Scheme	(15)	3
	18	39
Finance charge - BAA Pension Scheme	5	7
Finance charge - Other pension and post-retirement liabilities	1	1
Total pension charge	24	47

Other comprehensive income

Gain on pension and other pension related liabilities

	Year ended 31 December 2025	Year ended 31 December 2024
	£m	£m
BAA Pension Scheme gain	98	35
Unfunded schemes gain	1	1
Actuarial gain recognised before tax	99	36
Tax charge on actuarial gain	(25)	(9)
Actuarial gain recognised after tax	74	27

For the year-ended 31 December 2025, a past service credit of £15 million (2024: £3 million charge) was recognised. The past service credit in 2025 was in relation to a Pension Increase Exchanges and Bridging Pension Options exercise during the year. The past service charge in 2024 was in relation to a change to scheme rules which ensures the final pensionable salary of scheme members was not impacted by 2020 salary changes.

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

17 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Statement of financial position – net defined benefit pension (deficit)/surplus and other pension related liabilities.

The net deficit or surplus of the LHR Airports Limited retirement benefit schemes, being the BAA Pension Scheme, Unfunded Unapproved Retirement Benefit Scheme and Post-Retirement Medical Benefit Scheme, are recognised within non-current assets or non-current liabilities if the pension schemes are in a surplus or deficit position respectively. The net surplus or deficit is presented below for the current and previous four financial years.

	31 December				
	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m
Fair value of plan assets	2,490	2,497	2,782	2,735	4,886
Benefit obligation	(2,474)	(2,596)	(2,910)	(2,839)	(4,543)
Surplus/(deficit) in BAA Pension Scheme	16	(99)	(128)	(104)	343
Unfunded pension obligations	(19)	(20)	(22)	(21)	(29)
Post-retirement medical benefits	(1)	(1)	(1)	(1)	(1)
Deficit in other pension related liabilities	(20)	(21)	(23)	(22)	(30)
Net (deficit)/surplus in pension schemes	(4)	(120)	(151)	(126)	313
Company share of net (deficit)/surplus in pension schemes	(4)	(120)	(151)	(126)	313

The Company has the ability to recognise any surplus in the BAA Pension Scheme in full, because the Company has an unconditional right to a refund of surplus upon gradual settlement of liabilities.

There are no reimbursement rights included within scheme assets which require separate disclosure.

(A) BAA pension scheme

The BAA Pension Scheme is a funded defined benefit scheme with both open and closed sections. The Scheme closed to employees joining the Company after 15 June 2008. The Scheme's assets are held separately from the assets of the HAHL Group and are administered by the trustee.

The value placed on the Scheme's obligations as at 31 December 2025 is based on the full actuarial valuation carried out as at 30 September 2024. This has been updated as at 31 December 2025 by ISIO Group Limited to take account of changes in economic and demographic assumptions, in accordance with IAS 19R. The Scheme assets are stated at their bid value as at 31 December 2025. As required by IAS 19R, the Group recognises re-measurements as they occur in the statement of comprehensive income.

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

17 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

(A) BAA pension scheme (Continued)

ANALYSIS OF MOVEMENTS IN PLAN ASSETS AND DEFINED BENEFIT OBLIGATIONS

	2025 £m	2024 £m
Fair value of plan assets as at 1 January	2,497	2,782
<i>Income statement:</i>		
Interest income on plan assets	132	122
Administration costs	(4)	(3)
<i>Other comprehensive income:</i>		
Re-measurement loss (return on assets in excess of interest income on plan assets)	(7)	(283)
<i>Cash flows:</i>		
Employer contributions (including benefits paid and reimbursed)	16	15
Members' contributions	1	1
Benefits paid (by fund and Group)	(145)	(137)
Fair value of plan assets as at 31 December	2,490	2,497
Defined benefit obligation as at 1 January	(2,596)	(2,910)
<i>Income statement:</i>		
Current service cost	(4)	(7)
Past service credit/(charge)	15	(3)
Interest cost	(137)	(129)
<i>Other comprehensive income:</i>		
Re-measurements of defined benefit obligation:		
Arising from changes in financial assumptions	80	321
Arising from changes in demographic assumptions	49	5
Experience loss	(24)	(8)
<i>Cash flows:</i>		
Members' contributions	(1)	(1)
Employer contributions	(1)	(1)
Benefits paid (by fund and Group)	145	137
Defined benefit obligation as at 31 December	(2,474)	(2,596)

The net actuarial gain before tax of £98 million (2024: £35 million) for the BAA Pension Scheme resulted from a decrease in obligations due to higher net discount rate of £81 million (2024: £321 million), offset by a decrease in assets of £7 million due to over performance relative to discount rates (2024: £283 million). In addition, there was a £50 million gain (2024: £5 million) attributable to updated demographic assumptions and a £24 million experience loss (2024: £8 million) when allowing for actual inflation.

The actuarial gain on change in financial assumptions is mainly attributable to an actuarial gain on liabilities resulting from an increase in the net discount rate of 0.05% over the year, based on a discount rate assumption of 5.45% and an RPI inflation assumption of 3.15% which outstripped a loss on assets. The discount rate used has increased from 5.40% in 2024 to 5.45% in 2025 and is derived from the yield on 'high quality corporate bonds' of duration consistent with liabilities of the scheme. The Company adopted a multi-agency approach to setting the discount rate, i.e. for a bond to be treated as high quality it must have a rating of AA (or equivalent) from at least two of the major ratings agencies.

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

17 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

ANALYSIS OF FAIR VALUE OF PLAN ASSETS

	31 December 2025			31 December 2024		
	Quoted ⁽¹⁾	Unquoted	Total	Quoted ⁽¹⁾	Unquoted	Total
	£m	£m	£m	£m	£m	£m
Fair value of plan assets						
Equity	86	413	499	63	456	519
Bonds	257	167	424	257	177	434
Cash	-	24	24	-	42	42
Liability driven investment	-	831	831	-	815	815
Buy in	-	374	374	-	364	364
Multi-strategy funds	-	338	338	-	323	323
Total fair value of plan assets	343	2,147	2,490	320	2,177	2,497

(1) Quoted assets have prices in active markets in which transactions for the asset take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

As at 31 December 2025, the largest single category of investment was a liability driven investment ('LDI') mandate, with a value of £831 million, being 33% of the asset holding (2024: £815 million, 33%).

LDI holdings are portfolios of bonds, repurchase agreements, interest rate and inflation derivatives which are intended to protect the Scheme from movements in interest rates and inflation, so that the fair value of this element of the portfolio moves in the same way as the fair value of Scheme's obligations.

RISK EXPOSURE

Through its defined benefit pension plans, the Company is exposed to a number of risks as detailed within the statement of investment principles and below:

- Funding: that the Scheme has insufficient assets to cover 100% of the accrued liabilities.
- Mismatching: arising from a difference in the sensitivity of asset and liability values to financial and demographic factors.
- Cash flows: arising from a shortfall of liquid assets relative to the Scheme's immediate liabilities.
- Investment managers: arising from a failure to meet target returns.
- Diversification: an inadequate spread of investments and sources of return.
- Covenant: the possibility of failure of the Scheme's sponsor.
- Counterparty: arising from the failure of a third party to fulfil its obligations under a financial (e.g. derivative or bulk annuity) contract entered into with the Scheme.
- Operations: fraud, poor advice or negligence.
- Leverage: an additional risk introduced if the economic exposure arising from investing in a derivative is greater than the capital committed to the investment.
- Regulatory: arises from investing in a market environment where the regulatory regime may change.
- Liquidity: the ease with which assets are marketable and realisable.

These risks are reduced by careful structuring of the Scheme's funding and investment management arrangements, and through the contracts with the investment managers. Counterparty risk is reduced by limiting the exposure to any one counterparty, together with the use of a collateral mechanism for derivative positions that is calculated daily. Operational risk is reduced as far as possible by due

diligence on the appointment and review of investment managers, annuity providers and advisors, and by contracts of engagement.

ANALYSIS OF FINANCIAL ASSUMPTIONS

The financial assumptions used to calculate Scheme assets and liabilities under FRS 102 were:

	31 December 2025	31 December 2024
	%	%
Rate of increase in pensionable salaries	1.90	1.90
Increase to deferred benefits during deferment	2.75	3.40
Increase to pensions in payment:		
Open section	2.95	3.15
Closed section	3.15	3.40
Discount rate	5.45	5.40
Inflation assumption	3.15	3.40

The assumptions relating to longevity underlying the pension liabilities at the reporting date are in line with those adopted for the 2024 actuarial funding valuation, removing prudence, and are based on standard actuarial mortality tables with an allowance for future improvements in longevity. The assumptions are equivalent to a life expectancy for a 65 year old male pensioner of 21.1 years (2024: 21.4 years) and 21.9 years (2024: 22.3 years) from age 65 for a 45 year old male non-pensioner.

The expected rate of inflation is an important assumption for salary growth and pension increase. A rate of inflation is 'implied' by the difference between the yields on fixed and index-linked government bonds.

Interest income on the plan assets is calculated by multiplying the fair value of the plan assets by the discount rate discussed above.

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

17 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

As required under FRS102, interest income on the plan assets is calculated by multiplying the fair value of the plan assets by the discount rate discussed above.

The funding valuation is used to judge the amount of cash contributions the Company needs to put into the pension scheme. It will always be different to the IAS 19 accounting deficit, which is an accounting rule concerning employee benefits and shown in the statement of financial position. Note that for the valuation at 31 December 2025, the assumptions have been updated from those detailed at the September 2024 triennial valuation to allow for actual realised inflation in 2025. The future inflation assumptions above are applied for future periods.

ANALYSIS OF FUTURE CASH FLOWS

UK legislation requires that pension schemes are funded prudently. In December 2025, the trustee of the BAA Pension Scheme concluded a formal actuarial valuation of the Scheme as at September 2024. The next actuarial valuation of the BAA Pension Scheme will be measured as at 30 September 2027.

The September 2024 funding valuation identified a surplus of £7 million, consequently LHR Airports Limited have agreed that there continues to be no deficit repair contributions required.

The valuation also considered the cost of the benefits that will be built up over the remaining future lifetime of active members. The table below gives a breakdown of the future service cost as at 30 September 2024 and the cost as at 30 September 2021 for comparison. Active members pay contributions to the Scheme as a condition of membership.

Future service contributions over the future lifetime of active members whilst employed by the Company

	30 September 2024	30 September 2021
	% of base salary including shift pay	% of base salary including shift pay
Cost of pension benefits	13.8	29.0
Plus administration expenses (including the PPF levy)	7.5	-
Less members' contributions	(3.0)	(3.4)
Employer future service contribution rate	18.3	25.6

SENSITIVITY ANALYSIS OF SIGNIFICANT ASSUMPTIONS

The following tables present a sensitivity analysis for each significant actuarial assumption showing how the defined benefit obligation would have been affected, before and after tax, by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

The standard market practice is to include sensitivity to a change of between 0.1% and 1%. We considered 1.0% for discount rate and 0.5% for inflation rate to be reasonable and in line with market practice and the movements in assumptions observed in 2025.

(Decrease)/increase in defined benefit obligation	31 December 2025		31 December 2024	
	Before tax	After tax	Before tax	After tax
	£m	£m	£m	£m
Discount rate				
+1.00% (2024: +1.00%) discount rate	(277)	(208)	(323)	(242)
-1.00% (2024: -1.00%) discount rate	320	240	400	300
Inflation rate				
+0.50% (2024: +0.50%) inflation rate	110	83	130	98
-0.50% (2024: -0.50%) inflation rate	(116)	(87)	(128)	(96)
Mortality				
Increase in life expectancy by one year	71	53	77	58

The sensitivity analysis is based on a change in one assumption while holding all other assumptions constant, therefore interdependencies between assumptions are excluded, with the exception of the inflation rate sensitivity which also impacts salary and pension increase assumptions. The analysis also makes no allowance for the impact of changes in gilt and corporate bond yields on asset values. Sensitivities calculated for 2025 have been updated for the CMI 2024 model as noted above in the analysis of financial assumptions.

The total contributions by the Company to the defined benefit pension scheme in 2026 are expected to be £11 million. The levels of contributions are based on the current service costs and the expected cash flows of the defined benefit pension scheme. The Company estimates the present value of the duration of the Scheme liabilities on average fall due over 13 years (2024: 15 years).

The Company is aware of the High Court's judgement in June 2023 (upheld in July 2024) in the case of Virgin Media Limited vs NTL Pension Trustees II Limited, which means that for some defined benefit pension schemes, amendments made between 1997 and 2016 will be void unless the amendment was accompanied by confirmation that specific criteria were met. This created uncertainty in the measurement of the defined benefit obligation.

In September 2025, the UK Government announced future legislation that aims to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards. Timescales for the new legislation are yet to be finalised but it should dissolve any uncertainty.

The Company is not currently aware of any effect on the Scheme. Therefore, the defined benefit obligation for the Scheme has been calculated on the basis of the pension benefits currently being administered

Management believes that the scheme has no significant plan specific or concentration risks.

(B) Other pension and post-retirement liabilities

LHR Airports Limited also provides unfunded pensions in respect of a limited number of former directors and senior employees whose benefits are restricted by the Scheme rules. The unfunded pension obligations amount to £19 million (2024: £20 million) and are included in the statement of financial position.

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

17 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

In addition, LHR Airports Limited provides post-retirement medical benefits to certain pensioners. The present value of the future liabilities under this arrangement is £1 million (2024: £1 million) and this is also included in the statement of financial position.

The value of these unfunded pensions has been assessed by the actuary using the same assumptions as those used to calculate the Scheme's liabilities.

18 TRADE AND OTHER PAYABLES

	Year ended 31 December 2025	Year ended 31 December 2024
	£m	£m
Non-current		
Other payables	2	1
	2	1
Current		
Deferred income	24	12
Trade payables ⁽¹⁾	213	231
Other tax and social security	10	9
SAF incentive scheme accrual ⁽²⁾	60	76
Other payables ⁽²⁾⁽³⁾	10	39
Capital payables	239	181
Amount owed to group undertakings – interest-free	-	83
Amounts owed to group undertakings – interest-bearing ⁽⁴⁾	4	107
	560	738

(1) Trade payables are non-interest bearing and are generally on 30-day terms.

(2) As noted in the basis of preparation on page 121, the Directors have updated the aggregation of some items of other payables. The SAF incentive scheme accrual has been presented separately from other payables. The updated aggregation has been reflected in the comparative amounts.

(3) This balance typically consists of individually immaterial amounts. In 2025 the largest item was £5 million of customer deposits. In 2024 the largest item was a payable under a commercial control of £31 million.

(4) Amounts owed to group – interest-bearing represents loans payable to Heathrow Express Operating Company Limited with an interest rate of Bank of England base rate+1.5%.

The fair value of trade payables and other payables are assumed to materially equate to their carrying value due to their short-term nature.

19 SHARE CAPITAL AND RESERVES

	Number of shares	Nominal value £m
Called up, allotted and fully paid		
Ordinary shares of £1.00 each		
1 January 2024	647,051,095	647
Bonus issue on 19 February 2024	500,000,000	500
Bonus issue on 23 August 2024	458,000,000	458
1 January 2025	1,605,051,095	1,605
Bonus issue on 6 March 2025	291,000,000	291
Bonus issue on 24 July 2025	153,000,000	153
Capital reduction 4 March 2025	(250,000,000)	(250)
Capital reduction 9 September 2025	(300,000,000)	(300)
31 December 2025	1,499,051,095	1,499

Heathrow Airport Limited issued bonus shares and performed capital reductions as part of distributable reserves management.

Nature and purpose of reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Revaluation reserve	This is the cumulative fair value gains and losses on investment property, less amounts used to pay bonus shares and capital reductions.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

20 COMMITMENTS AND CONTINGENT LIABILITIES**Non-cancellable operating lease commitments – Company as a lessee**

Total future minimum rentals payable as at the year-end are as follows:

	31 December 2025		31 December 2024	
	Land and buildings	Other	Land and buildings	Other
	£m	£m	£m	£m
Within one year	5	36	5	35
Within two to five years	17	119	17	135
After five years	22	465	24	463
	44	620	46	633

The Company leases various offices, warehouses, plant and machinery under non-cancellable operating lease agreements.

A significant portion of the commitments classified as 'other' relate to the UK Power Networks Services Limited ('UKPNS') lease. The amounts disclosed are the total estimated charges under the agreement including both the actual lease commitment and the significant maintenance element of the fee payable to UKPNS, as neither the Company nor UKPNS are able to split the base fee between a 'capital' and 'maintenance' charge. This is because the component parts within the distribution network will be replaced throughout the arrangement.

Non-cancellable operating lease commitments – Company as a lessor

Total future minimum rentals receivable as at the year-end are as follows:

	Year ended	Year ended
	31 December 2025	31 December 2024
	£m	£m
Within one year	81	84
Within two to five years	240	270
After five years	2,347	2,068
	2,668	2,422

The Company uses a number of different leasing and contractual structures depending on the type and location of the investment property. Typically, in multi-let offices and industrial premises a standard indefinite tenancy is used, which is terminable by the tenant on three months' notice at any time. However, it is common for the accommodation to remain let or be quickly re-let should it be vacated. For larger, stand-alone premises, e.g., cargo sheds, longer leases of multiples of three years are used.

Car rental facilities are operated under concession agreements subject to minimum guaranteed payments and the amounts are included above. Public car parks are covered by a single management contract.

Commitments for capital expenditure

The figures in the following table are contractual commitments to purchase goods and services at the reporting date.

	31 December 2025	31 December 2024
	£m	£m
Contracted for, but not accrued:		
Asset management and compliance	353	258
Carbon and sustainability	21	16
Commercial proposition	64	29
Improve efficiency and service	43	12
Terminal 2 baggage system	337	176
Next generation security	98	146
Modernising Heathrow	13	2
Expanding Heathrow	12	-
	941	639

Contingent liabilities

As at 31 December 2025 the Company has no external contingent liabilities (2024: £nil).

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

21 RELATED PARTY TRANSACTIONS

The Company is exempt under the terms of FRS 102 from disclosing related party transactions with entities that are wholly owned subsidiaries of the FGP Topco Limited Group.

During the year the Company entered into the following transactions with related parties that are not wholly owned subsidiaries of the FGP Topco Limited Group.

Purchase of goods and services from related parties	Year ended	Year ended
	31 December 2025	31 December 2024
	£m	£m
Amey OWR Limited	-	1
Ferrovial Construction (UK) Limited	50	85
	50	86

Sales to related parties	Year ended	Year ended
	31 December 2025	31 December 2024
	£m	£m
Harrods International Limited	11	10
Qatar Airways Limited	73	67
Riyadh Air	1	-
	85	77

Balances outstanding with related parties

	31 December 2025		31 December 2024	
	Amounts owed by related parties	Amounts owed to related parties	Amounts owed by related parties	Amounts owed to related parties
	£m	£m	£m	£m
Ferrovial Construction (UK) Limited	-	-	-	3
Qatar Airways Limited	2	-	2	-
Riyadh Air	2	-	-	-
	4	-	2	3

The related parties outlined above are related through ownership by the same parties. The transactions relate primarily to construction projects, loans, interest payable, concession fees and aeronautical revenue, and are conducted on an arm's length basis.

22 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent entity of the Company is Heathrow (AH) Limited.

The ultimate parent entity and controlling party is FGP Topco Limited.

FGP Topco Limited is the parent entity of the largest group to consolidate these financial statements. The parent entity of the smallest group to consolidate these financial statements is Heathrow (SP) Limited. Copies of the consolidated financial statements can be obtained by writing to the Company Secretarial Department at the registered office of The Compass Centre, Nelson Road, Hounslow, Middlesex, TW6 2GW.

23 SUBSEQUENT EVENTS

On 23 January 2026, the Company extended its existing revolving credit facility of £1,386 million by 2 years to 30 September 2029.

Registered office

Heathrow Airport Limited, The Compass Centre, Nelson Road, Hounslow, Middlesex, TW6 2GW

Registered in England Number: 01991017

ALTERNATIVE PERFORMANCE MEASURES ('APMS') – UNAUDITED

The Company presents its results in accordance with United Kingdom Generally Accepted Accounting Practice ('UK GAAP') - Financial Reporting Standard 102 ('FRS 102'). Management also produces Alternative Performance Measures ('APMs') which are other financial measures not defined by FRS 102. Management relies on these APMs for decision making and for evaluating the Company's performance. Below we provide an explanation of each APM.

EBITDA

EBITDA is profit or loss before interest (net finance costs), taxation, depreciation and amortisation. EBITDA is a useful indicator as it is widely used by investors, analysts and rating agencies to assess operating performance.

	Year ended 31 December 2025	Year ended 31 December 2024
	£m	£m
Profit for the year	812	961
Tax charge	306	418
Net finance costs	216	91
Dividend income	(106)	-
Operating profit	1,228	1,470
Depreciation and amortisation	648	623
EBITDA	1,876	2,093

ADJUSTED EBITDA

Adjusted EBITDA is profit or loss before interest (net finance costs), taxation, depreciation, amortisation, fair value gains and losses on investment properties and exceptional items (if any). Fair value gains and losses on investment properties are excluded as they can vary significantly from one year to the next due to market perceptions of the value of the property and the accounting method used to calculate the fair value. Exceptional items are outlined in note 3. These are excluded due to their size and the fact that they are not representative of a normal trading year. Adjusted EBITDA is an approximation of pre-tax operating cash flow and reflects cash generation before changes in working capital and investment. The APM assists investors to value the business (valuation using multiples) and rating agencies and creditors to gauge levels of leverage by comparing adjusted EBITDA with net debt.

	Year ended 31 December 2025	Year ended 31 December 2024
	£m	£m
Profit for the year	812	961
Tax charge	306	418
Net finance costs	216	91
Dividend income	(106)	-
Operating profit	1,228	1,470
Depreciation and amortisation	648	623
Exceptional items	-	22
Fair value loss/(gain) on investment properties	93	(147)
Adjusted EBITDA	1,969	1,968

ADJUSTED OPERATING PROFIT

Adjusted operating profit or loss shows operating results excluding fair value gains and losses on investment properties and exceptional items. These are excluded as they can vary significantly from one year to the next due to market perceptions of the value of the property and the accounting method used to calculate the fair value. The adjusted measure is used to assess underlying performance of the trading business.

	Year ended 31 December 2025	Year ended 31 December 2024
	£m	£m
Operating profit⁽¹⁾	1,228	1,470
Exceptional items	-	22
Fair value loss/(gain) on investment properties	93	(147)
Adjusted operating profit	1,321	1,345

(1) Operating profit is presented on the Company income statement; there is no mandatory requirement to disclose an operating profit line however it is a generally accepted profit measure.

ALTERNATIVE PERFORMANCE MEASURES ('APMS') – UNAUDITED
(CONTINUED)**NET FINANCE COSTS BEFORE CERTAIN RE-MEASUREMENTS**

Net finance costs before certain re-measurements exclude fair value gains and losses on financial instruments. Excluding fair value gains and losses can be useful to investors and financial analysts when assessing the Company's underlying profitability, as measured by adjusted EBITDA, because they can vary significantly from one year to the next. A significant portion of the fair value gains and losses on financial instruments occur due to the business entering into arrangements to hedge against future inflation. As the Company does not apply hedge accounting, fair value gains and losses create significant volatility in our income statement.

	Year ended 31 December 2025	Year ended 31 December 2024
	£m	£m
Finance income	385	447
Finance costs	(601)	(538)
Net finance costs after certain re-measurements	(216)	(91)
Fair value gain arising on re-measurement of financial instruments	(391)	(352)
Net finance costs before certain re-measurements	(607)	(443)

ADJUSTED PROFIT BEFORE TAX

Adjusted profit or loss before tax excludes fair value gains and losses on investment properties and financial instruments and exceptional items. Excluding these can be useful to investors and financial analysts when assessing the Company's underlying profitability, because they can vary significantly from one year to the next.

	Year ended 31 December 2025	Year ended 31 December 2024
	£m	£m
Profit before tax	1,118	1,379
Exceptional items	-	22
Fair value loss/(gain) on investment properties	93	(147)
Fair value gain arising on re-measurement of financial instruments	(391)	(352)
Adjusted profit before tax	820	902

ADJUSTED PROFIT AFTER TAX

Adjusted profit or loss after tax excludes fair value gains and losses on investment properties and financial instruments, exceptional items and the associated tax. Excluding these can be useful to investors and financial analysts when assessing the Company's underlying profitability, because they can vary significantly from one year to the next.

	Year ended 31 December 2025	Year ended 31 December 2024
	£m	£m
Profit after tax	812	961
Exceptional items	-	22
Fair value loss/(gain) on investment properties	93	(147)
Fair value gain arising on re-measurement of financial instruments	(391)	(352)
Tax charge on fair value loss/(gain) on investment properties and re-measurement of financial instruments	82	137
Adjusted profit after tax	596	621

REGULATORY ASSET BASE ('RAB')

The regulatory asset base is a regulatory construct, based on predetermined principles not based on UK GAAP. By investing efficiently in the Airport, we add to the RAB over time. The RAB is an important measure as it represents the invested capital on which Heathrow are authorised to earn a cash return and is used in the financial ratios used to assess covenant compliance as detailed in the financial review. It is used in key financial ratios and in our regulatory financial statements.

	31 December 2025	31 December 2024
	£m	£m
Regulatory Asset Base ('RAB')	21,263	20,422

GLOSSARY

AICC	Assets held In the Course of Construction
AGM	Annual General Meeting
ANPS	Airports National Policy Statement
APM	Alternative Performance Measure
ASQ	Airport Service Quality. Quarterly Airport Service Quality surveys directed by Airports Council International. Survey scores range from 1 up to 5.
ATM	Air Transport Movement. A flight carried out for commercial purposes. Includes scheduled flights operating according to a published timetable, charter flights and cargo flights but excludes empty positioning flights and private non-commercial flights.
BLA	Borrower Loan Agreement
CAA	Civil Aviation Authority
CEO	Chief Executive Officer
CFD	Climate-related Financial Disclosures, relating to the disclosure requirements of the Companies (Strategic Report) (Climate-Related Financial Disclosure) Regulations 2022
CFO	Chief Financial Officer
CGU	Cash Generating Unit
CO2e	Absolute carbon emissions
DCO	Development Consent Order
EBITDA	Earnings (profit or loss) Before Interest (net finance costs), Taxation, Depreciation and Amortisation
ECL	Expected Credit Loss
ED&I	Equality, Diversity and Inclusion
ESG	Environmental, Social and Governance
FRC	Financial Reporting Council
FRS	Financial Reporting Standard
FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair Value Through Profit or Loss
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GHG	Greenhouse Gas emissions

H7 / H8 / H9	Our regulatory periods, set by our regulator, the CAA. H7 is 2022 to 2026, H8 is 2027 to 2031 and H9 is 2032 to 2037.
HAHL	Heathrow Airport Holdings Limited
HAHL Board	The Board of Directors of Heathrow Airport Holdings Limited as defined on page 74.
HAL	Heathrow Airport Limited
HEX	Heathrow Express Operating Company Limited
IAS	International Accounting Standard
ICR	Interest Cover Ratio
IFRS	International Financial Reporting Standards
KPI	Key Performance Indicator
LDI	Liability Driven Investment
LTG	Long-Term Growth
MPM	Management-defined Performance Measure
Net Zero Plan	Heathrow's sustainability strategy entitled "Connecting People and Planet" published in 2022.
Nominal Net Debt	Short- and long-term debt less qualifying cash and cash equivalents and term deposits.
OCI	Other Comprehensive Income
ORC	Other Regulated Charges
PRS	Passengers Requiring Support
RAB	Regulatory Asset Base. A regulatory construct, based on predetermined principles not based on IFRS. The RAB represents the invested capital on which Heathrow are authorised to earn a cash return.
RAR	Regulatory Asset Ratio. The ratio of consolidated nominal net debt to the RAB.
RCF	Revolving Credit Facility
RCP	Representative Concentration Pathway (climate change scenario)
RPI	Retail Price Index
SAF	Sustainable Aviation Fuel
SLB	Sustainability Linked Bond
SLD	Sustainability Linked Derivative
SORC	Sustainability and Operational Risk Committee
SSA	Shared Services Agreement

SSP	Shared Socioeconomic Pathway (climate change scenario)
TCFD	Taskforce on Climate-related Financial Disclosure
TNFD	Taskforce on Nature-related Financial Disclosure
UEL	Useful Economic Life
WACC	Weighted Average Cost of Capital