

NATS

Corporate Responsibility Report 2013-14



Welcome!

Our Corporate Responsibility Report is in three sections:

1

Air Traffic Management

How we are working with industry partners and communities to reduce fuel burn, CO₂ emissions and noise impacts to drive towards a more sustainable future for aviation.

2

Estate

How we are making smarter investments and seeking everyday efficiencies to systematically reduce the impact of our activities on the environment.

3

People and Community

How we are leading the transformation of NATS people practices in support of a sustainable and growing business.

Section 1

Air Traffic Management

Our on-going 'Acting Responsibly' environment programme is focused on minimising the environmental impact of Air Traffic Management (ATM).

By working with our industry partners and communities to reduce fuel burn, CO₂ emissions and noise impacts we are driving towards a more sustainable future for aviation.

1.1 Our targets and future direction

- > How our strategic CO₂ reduction targets, 3Di performance targets and near-term fuel savings targets all link together to drive us towards meeting our customers' high priority for reduced emissions and fuel burn

1.2 Our progress in reducing CO₂

- > Our progress towards our targets, including cumulative savings delivered since 2006

1.3 3Di – Second year performance

- > Our second year performance against this world leading metric
- > NATS latest award recognition for 3Di

1.4 4% Action Plan

- > Measures we are taking to further push us towards achieving a 4% per flight reduction by 2015

1.5 Environmental training and awareness

- > Our employee environmental awareness programme and how it is helping to improve our environmental performance

1.6 Working in Partnership

- > How we are working with aviation industry partners to find new and quicker ways of implementing environmental solutions

1.7 Some of our recent innovative solutions

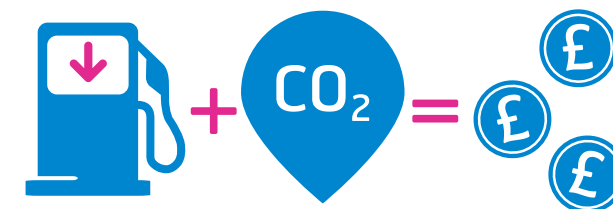
- > Heathrow Innovative noise trials
- > Oceanic optimised flight trial – Topflight
- > Information in the Ops Room
- > Continuous Descents

1.8 Airspace Efficiency Groups

- > How our focal points are delivering significant savings from the ground upwards

NATS was the first ATM organisation in the world to set environmental targets for reducing CO₂ emissions (in 2008). We were also the first to develop ways of measuring our performance and the first to include a metric (3Di) in our regulatory framework (in 2012). Our extensive programme of work to reduce CO₂ emissions, a key contributor to climate change, also makes financial sense too; there is a proportional relationship between CO₂ and fuel, with a 1% reduction to ATM CO₂ emissions saving over £50 million in avoided fuel costs.

Our 2013-14 Corporate Responsibility Report is our fifth since 2008, when we embedded environment as one of our core business values.



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1.1 Our Targets and future direction

We have a number of targets that drive us towards meeting our customers' high priority for reduced emissions and fuel burn, which reduces airline costs and helps to ensure a long term sustainable future for the aviation industry. These include:

- › A long term strategic target to reduce ATM CO₂ emissions by an average 10% per flight by 2020, from a 2006 baseline. This targets UK and North Atlantic en-route and airports services
- › An interim target to achieve an average 4% per flight reduction by the end of 2014 calendar year, against the 2006 baseline
- › Annual calendar year 3 Dimensional Inefficiency Score (3Di) which financially incentivise our performance in line with our strategic target. This targets UK en-route services only
- › Specific short-term fuel savings targets agreed annually with customers via the Operational Partnership Agreement (OPA) and the Fuel Efficiency Partnership (FEP). These target UK and North Atlantic en route and airports services.

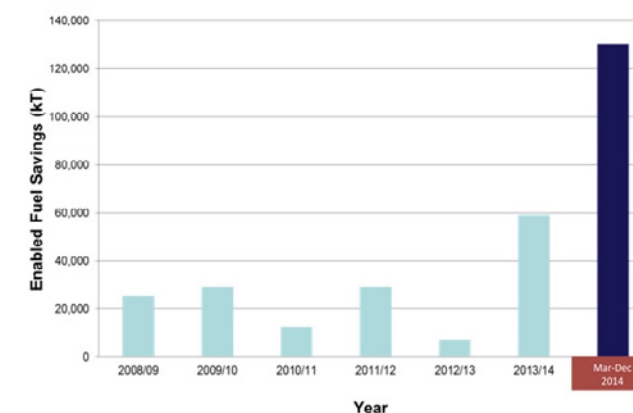


Find out about all the initiatives we run with airline customers and partners, and by ourselves, to reduce fuel, save energy, and build a sustainable future for aviation.

Strategic target

Our strategic target to reduce emissions by 10% per flight by 2020 is extremely challenging but, supported by major long term investments we have included in our Reference Period 2 (RP2) plans and the short term procedural or tactical changes we have planned, we believe it is achievable.

To meet our 4% interim target, we have implemented a large number of relatively small scale operational improvements at our centres and airport ATC units. As the chart below shows, last year the pace of delivery stepped up, but to achieve the target we will need to deliver significant change through the 2014 calendar year to enable 130,000 tonnes of fuel savings (worth more than £84m at today's fuel prices and 400,000 tonnes of 2 reductions).



Our operational units have embedded business plan targets to deliver this extraordinary outcome.

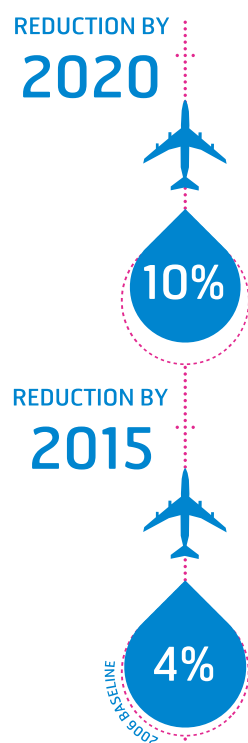
Beyond 2015 our plans focus on emissions reductions enabled by large scale airspace modernisation and new technologies linked to our long-term capital investment programme. The London Airspace Management Programme (LAMP) is key among those developments and is the largest ever airspace re-organisation in NATS history, and possibly the world. This is a highly complex programme and NATS has already begun to consult on the changes it will deliver in RP2.

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3Di Environmental performance metric

Our strategic target is supported by an incentivised flight efficiency measurement for our domestic en-route services – known as the ‘3D inefficiency score’ (3Di). There is no equivalent measurement for ATM environmental performance anywhere in the world.

While our CO₂ metric essentially captures structural changes in our operations (e.g. from projects and specific initiatives),



3Di reflects actual day-to-day operations that includes both structural and tactical improvements. In 2012, 3Di was adopted by the CAA and our airline customers as the key metric for incentivising our delivery of fuel burn and CO₂ performance improvements within our en-route regulated business (NERL).

By analysing historic performance, a ‘par’ or average performance score was set by the CAA for 2012, 2013 and 2014. Bonuses and penalties apply within a ffl3 3Di unit range around the par value. For 2012 and 2013 the 3Di target set by our regulator was 24, we beat that target in both years. In 2014, the CAA further tightened the target and we are now striving to achieve a 3Di score of 23 for the calendar year. This year to achieve this new target our Swanwick and Prestwick ATC units have individual target profiles and through our new ‘Business Intelligence’ platform, access to unprecedented levels of detailed environmental performance data to track their progress.

In total, the CAA estimate that achieving the 3Di target will generate 600,000 tonnes of CO₂ savings compared to historic levels (2006 – 2010) by the end of 2014, worth over £120 million to airlines and equivalent to 2,000 flights from London to New York. Significantly, achieving a further one unit 3Di reduction is equivalent to around 35,000 tonnes of fuel, which means a further saving to customers of around £22 million.

Near-term fuel savings targets

We also focus on making near-term fuel savings through joint initiatives with our customers in the Operational Partnership Agreement (OPA) and Flight Efficiency Partnership (FEP).

Challenging annual targets are set by the OPA which count towards our strategic ATM CO₂ target above. These joint initiatives are mostly small scale procedural improvements across our airspace network that deliver fuel savings.

Future regulatory context

During 2013 NATS consulted extensively with our airline customers on the services it provides, and prices to be applied, during the Single European Sky (SES) Reference Period 2015–2019 – known as RP2. Price reduction is, as always, a key concern for our customers. With this in mind our RP2 Business Plan proposed significant price reductions in RP2 against different service offerings that provide a degree of choice for customers. But at the core of our offerings, responding to clear calls from the airlines, remains a redoubled effort to deliver fuel and emissions savings as part of our service.

We will face challenges in continuing to deliver an air traffic management service that further reduces fuel burn and emissions:

1. Achieving our CO₂ target beyond 2015 is heavily dependent upon investment. If our regulator signals a need for significant cutbacks in investment in RP2 to achieve lower prices could materially affect those key programmes that enable flight efficiencies, impacting our environmental performance in RP2.
2. The Single European Sky (SES) performance scheme will restrict its environment target to en-route horizontal flight efficiency only (otherwise known as the KEA metric), rather than the far more significant CO₂ saving through improved vertical and horizontal profiles in all airspace (including terminal areas) as per our 3Di metric. Analysis

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of our UK airspace network operation shows that the opportunity for reducing en-route track extension is small and, in our view, the proposed SES target would set the wrong focus for our efforts in RP2. We have proposed to our regulator that our 3Di metric should continue to be our focus during RP2, to drive the best fuel and emission reduction outcomes. If this proposal is accepted NATS will continue to be the only air traffic control organisation financially incentivised on such broad scope metric. We also expect to be the only organisation across the European airspace network, to have environmental performance metrics other than KEA driving its service delivery.

1.2 Our progress in reducing CO₂

We have already enabled an estimated 2.2% reduction in ATM CO₂ emissions across our airspace including En-Route, Airport and Oceanic operations.

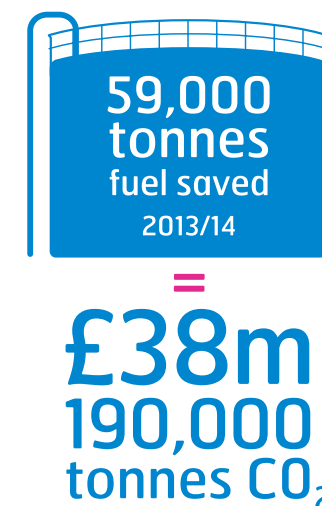
This reduction equates c. 170,000 tonnes of fuel per annum against our 2006 baseline, enabling savings of c. £110m each year to airline customers (based on £650 per metric tonne of fuel).

Specific progress in 2013/14

Our main focus over the last year has been the '4% Plan' project, a programme of activities established to deliver additional short-term flight efficiency measures to achieve NATS interim 4% target, due by the end of 2014. The focus of this project, which started in 2012, has been to bring forward to implementation additional fuel and emissions saving measures, or speeding-up delivery of existing projects, originally planned to deliver after 2014. We're now fully in delivery mode, and accelerating the pace. For example, the last year saw over 75 specific fuel saving changes delivered whereas in previous years this has averaged around 30.

These changes helped us to deliver the biggest annual savings to fuel burn and CO₂ emissions since the programme began: we enabled fuel savings of 36,000 tonnes equivalent to 114,000 tonnes of CO₂ worth £23m to our airline customers.

During the year improved analytical techniques have allowed us to assess for the first time benefits of airspace efficiency measures and past projects. We are now able to capture the benefits delivered tactically on-the-day by our front-line operational staff such as the impact of greater sharing of airspace with our military counterparts and continuous climbs and descent operations. Taking these into account for 2013/14 total enabled fuel savings were 59,000 tonnes, equivalent to 190,000 tonnes of CO₂, worth £38m.



The annual profile of delivery is as follows:

Financial years ended							Target
Tonnes ('000s)	2009	2010	2011	2012	2013	2014	Apr-Dec 2014
Fuel enabled savings	25	29	16	29	7	59	130
CO ₂ enabled savings	80	93	50	93	22	190	413

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Capturing the full picture of benefits

We reported last year that we had not been able to capture all the fuel saving benefits delivered since our programme began and that we were exploring means of capturing these through the use of technology, for example, using 3Di and the Flight Profile Monitor tools. Over the past year we have been able to close this gap by understanding further areas where we have delivered positive changes. As mentioned previously we are now able to capture the impact of enhanced airspace sharing with our military counterparts, and improvements to continuous climbs and continuous descent operations, all areas showing savings in absolute terms since our 2006 baseline. These, along with other smaller improvements have changed the profile of the cumulative savings and helped increase overall savings in the last year. This information has enabled us to update the profile of benefits delivered since the programme began, shown in the table below:

Financial years ended								Target
Tonnes ('000s)	2008	2009	2010	2011	2012	2013	2014	Apr-Dec 2014
Fuel enabled savings	7	26	27	16	31	20	36	130
CO ₂ enabled savings	23	83	86	52	100	63	114	413

The above table expresses benefits enabled based on when projects actually delivered change (when benefits were enabled) rather than when projects been formally claimed benefits, which often happens some time after delivery.

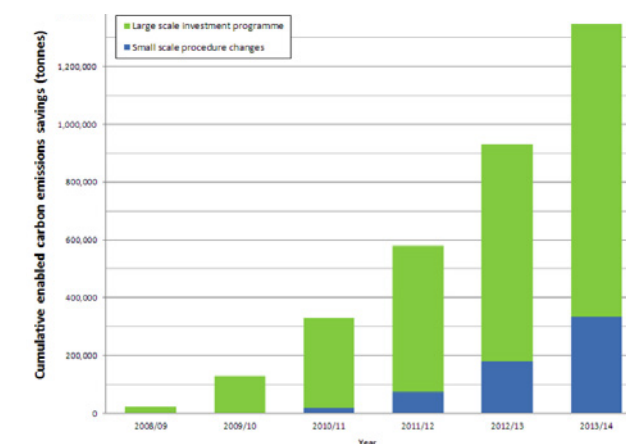
As such the above table provides the most robust estimate of NATS benefits delivery profile. NATS cumulative assessments have been based upon this profile.

It is also acknowledged that our airspace efficiency assessments lag the delivery of airspace improvements. For example, whilst we currently estimate that we have achieved a 2.2% reduction in ATM CO₂ emissions (vs. 2006) we have a number of assessments outstanding from airspace efficiency initiatives delivered last year which may improve this estimate based on the same period. With this in mind we will report on progress against our 4% target in next year's annual corporate responsibility report, expected early summer 2015. Lastly, we typically present our performance data in this report by aggregating together individual emissions assessments of specific changes, with the sum of all projects representing total fuel and CO₂ savings delivered. This is called a project based delivery approach to assessing target achievement. In addition, when we report progress against our 4% target, we will be demonstrating our progress using a range of 'out-turn' metrics. These metrics are based on empirical data and will demonstrate the observed or measured change in performance across NATS airspace.

Cumulative fuel saving since 2006

These compound annual savings really add up over time. Looking at the cumulative fuel burn savings enabled since 2006, this amounts to over 1.3 million tonnes CO₂ (414,000 tonnes of fuel) and £270 million in reduced fuel costs to our airline customers. These figures have been calculated by adding the annually delivered savings up over time – for conservatism benefits have only been counted for the year

after delivery, whereas in reality it would be expected that benefits would accrue within the year of delivery also. For example 2013/14 savings will only be counted next year.



3Di performance

3Di is unique in that it provides meaningful and credible ways of measuring actual performance, to give our airline customers proper insight into the level of flight efficiencies we are delivering for them. As such, the 3Di metric essentially supports achievement of our strategic target by incentivising us to focus on making structural and tactical improvements to our operations that deliver fuel burn and CO₂ performance improvements.

For the 2013 calendar year NATS delivered more than the CAA's 3Di target with a score of 23.7 points, a 0.3 point improvement against the 24.0 target value set. This is the

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second year running that we have achieved our regulatory 3Di target. This year the 3Di gets harder to achieve with a par value set at 23.0.

Delivery against OPA near-term targets

The Operational Partnership Agreement (OPA) has a specific focus on near-term fuel savings and sets challenging targets annually to drive joint flight efficiency initiatives with our customers. Most of the changes made by these OPA initiatives take the form of flight plannable direct routes or improvements to our ATC procedures that reduce fuel burn.

In 2013/14 we set targets to enable 12,000 tonnes of fuel (18,000 tonnes fuel stretch). We enabled savings just beyond the stretch target of 18,000 tonnes fuel. For the period April 2014 until the end of the calendar year, marking the end of this regulatory Control Period, we have agreed a new target of 5,000 tonnes fuel, with a stretch of 10,000 tonnes.

1.3 3Di – Second year performance

On 1st January 2012, we began an entirely new way of measuring the environmental performance of UK airspace using the ‘3D inefficiency score’ (3Di) method, a pioneering development by NATS in consultation with airline customers and our regulator. This was another world first. There is no equivalent measurement for ATM environmental performance anywhere in the world.

3Di compares the actual trajectory that aircraft fly (from real radar data) with an optimal or airline preferred flight trajectory that minimises fuel burn and CO₂ emissions. Or put another way, it measures how close to the ‘perfect flight’ NATS delivers its operations. The 3Di score applies to the airborne portion of all flights whilst they are within UK airspace.

3Di also forms the cornerstone of our regulatory financial incentivisation scheme. The CAA has set ‘par’ or average performance scores for 2012, 2013 and 2014 based on analysing our historic performance. According to the CAA, achieving the 3Di target will generate 600,000 tonnes of CO₂ savings compared to historic levels by the end of 2014, worth over £120 million to airlines in fuel savings.

NATS financially benefits too from exceeding the CAA target, but can also be penalised for failing to deliver the expected efficiency gains; we’re the only air traffic service provider in the world to be incentivised in this way.



Ian Jopson discusses the 3Di metric

Our second year performance

Data for 2012 showed that during the first year in operation a 3Di score of 23.9 was achieved against a target of 24, as based on the scale set by the CAA. This represents an improvement of 0.3 compared with a score of 24.2 in January 2012. During 2013, the second year of operation of the 3Di metric, NATS again delivered more than the CAA’s 3Di target with a score of 23.7 points, a 0.5 point improvement against historical levels.

For 2014, the CAA has further tightened the 3Di target for NATS; we now have to drive the 3Di score down to 23 to hit our target. Early indications of our performance for 2014 are promising, with the year to March showing further improvement to 23.6 points.

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The feedback loop

By making this comparison between actual and optimum trajectories, we are able to establish a clear indication of the environmental efficiency of the service NATS provides. 3Di performance is computed and fed back to our Air Traffic Control Centres to highlight potential areas for improvement in our operations. This feedback loop clearly shows the extent to which new procedures our controllers are following make a real difference to our environmental performance.

3Di industry awards

The application of NATS' collective technical knowledge to develop this innovative metric has been recognised by leading industry awards, including:

- > Sustainable Products and Services 2014 Business in the Community 'Big Tick' Award
- > Jane's ATC 2012 Environment Award
- > Transport Times 2012 Award for Contribution to Sustainable Transportation
- > The Operational Research Society's President's Medal 2011 for the best practical application of operational research in industry.

More Information

Read more about 3Di www.nats.aero/environment/3di/

1.4 4% Action Plan

In 2008 we set a clear environmental target to reduce air traffic related CO₂ by an average of 10% per flight by 2020 (from a 2006 baseline) with a challenging interim target to achieve a 4% reduction per flight by the end of 2014.

2014↓4%

Where are we on the 4% Plan?

The 4% CO₂ reduction programme demonstrates that NATS is leading the way amongst ANSPs in our responsibility towards the environment. We've committed to make a substantial contribution to reducing airlines' indirect costs of ATM by enabling significant fuel burn savings.

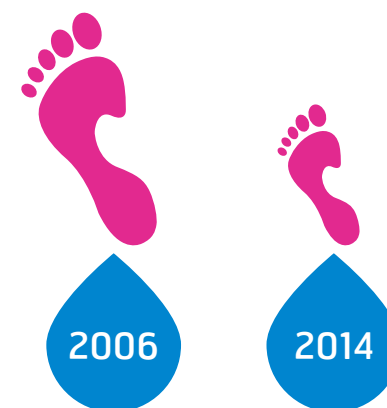
In 2012, the on-going monitoring of our progress indicated that the environmental benefits from a number of major strategic airspace projects would be realised beyond 2015. The '4% Plan' was established to deliver additional short-term flight efficiency measures to fill the gap and ensure we achieve the 4% target. The plan is now firmly in place and we're going all out to achieve the 4% target by the end of 2014. The current forecast shows that this will still take significant effort, some innovative thinking and collaborative working with our customers and neighbouring ANSPs.

The scale and effort of the 4% programme is unprecedented; we've assigned more people, resources and continue to accelerate the pace of delivery. This was our best year yet; we've delivered more airspace changes, involved more people and enabled more savings with bigger reductions.

To date we've achieved over 2.2% CO₂ savings on average per flight, enabling annual fuel savings worth over £110m to airline customers, equivalent to around 170,000 tonnes of fuel per annum. We continue to call on the knowledge and expertise of our front-line operational staff as well as our aviation industry partners to help us achieve the 4% CO₂ reduction target.

1.5 Environmental training & awareness

We have had an environmental awareness programme in place in NATS for the past five years which has helped to move us forward considerably.



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Today, the environment is becoming part of NATS' DNA, just like safety. Day-to-day our people offer access to fuel efficient cruise levels, manage speeds, provide direct routes and assist with continuous climbs and descents, all helping to reduce aircraft fuel use and CO₂ emissions. Discussion in almost any forum now includes 'What's the effect on the environment and 3Di?'

Nevertheless, we continue to build on this so people can make safe and informed choices to improve environmental performance. This is especially important as we provide new technology and optimum airspace designs to help them achieve fuel-efficient flight profiles.

Environmental awareness programme

We continue to run our popular Environmental Awareness Course for our staff, and have added a one-day workshop to our programme and run a series of these tailored to different groups around the Business. In October we took the course to Prestwick to reach the Airspace Efficiency Group there and combined the event with a 4% Plan 'marketplace' to answer questions and discuss further fuel saving ideas with controllers based at Prestwick. As ever, the Dragons' Den style event produced valuable fuel saving ideas which we're pursuing to bring into practice.

We have also continued to offer our online environmental awareness module which has now been completed by over one thousand NATS employees.



4% communications

During 2013/4 much of our communication and awareness material focussed on the 4% Plan with intranet news reports keeping everyone up to speed with progress and posters dotted around NATS sites. The most eye catching installations were undoubtedly the huge runway progress trackers at Swanwick and Prestwick.

1.6 Working in Partnership

Aviation's sustainability performance is heavily dependent upon collaboration and shared delivery that involves airlines, airports, manufacturers and ATC providers; working collectively we can deliver more than we can alone.

We therefore continue to work with industry partners to find new and quicker ways of implementing environmental solutions. These partnerships are evident across a wide variety of our contacts and interfaces.



Flight Efficiency Partnership

Over the last few years NATS has hosted a series of airline workshops to discuss operational efficiency. Last year, a new Flight Efficiency Partnership (FEP) was set up as a sub-group of our Operational Partnership Agreement (OPA) to provide a regular forum for NATS and airlines to work together to develop and deliver quick win improvements to flight efficiency.

The group's focus has been on agreeing the shorter term improvements that can be made in and around UK airspace, as well as exploring opportunities for working together to ensure the most effective use of airspace. This year, the FEP has identified some 14 new opportunities to reduce fuel burn and emissions in NATS airspace. These opportunities are now logged in our dedicated database (The Airspace Efficiency Database) and will be worked through by the NATS Flight Efficiency teams at Swanwick and Prestwick centres – where they are being evaluated for operational viability and emissions benefits.

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Future Airspace Strategy (FAS)

FAS describes the UK's ambition to modernise the airspace system – in particular the airspace structure, the routes aircraft fly and the procedures used to manage the flow of traffic. The FAS Industry Implementation Group (FASIIG) is a joint undertaking between CAA, NATS, IAA, airlines, airports, MOD, business aviation and other aviation industry stakeholders.

FASIIG is linking our major airspace and ATC technology programmes with industry investment plans into an industry-wide deployment plan. This work is a major opportunity to provide a new foundation for future airspace design to support sustainable growth in the industry, in particular the opportunity for significant environmental benefits from optimising aircraft performance. Our major airspace and technology programmes have formed a key role in the development of the cross-industry FAS Deployment Plan to join up airspace initiatives across Aircraft Operators, Airports and the Regulator. We expect significant environmental benefits from:

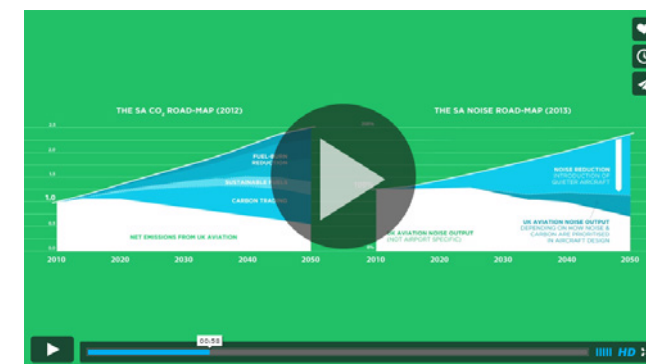
- > Implementing a fundamentally more efficient route structure in terminal airspace designed to satellite based precision navigation (PBN) standards.
- > Sequencing the flow of inbound traffic to reduce stack holding and enable aircraft to approach airports quietly and efficiently.
- > The goal of allowing aircraft to climb continuously on departure from take-off to cruise.

- > Removing fixed airspace structures and pinch points in the upper airspace across the UK and Ireland FAB to allow for more direct routes and efficient flight profiles.

Sustainable Aviation

We were among the founding members of the Sustainable Aviation coalition in 2005, and we continue to devote significant effort to this important and unique industry partnership. Over the past year NATS has been a key contributor to:

- > A continuous descent operations (CDO) action plan targeting more than 30,000 additional aircraft movements that will use this technique to reduce noise and emissions on approach to airports in the UK. This collaborative programme has the potential to save around £2m in fuel costs overall and reduce noise by 1 to 5 decibels per arrival.
- > Development and publication of a Noise Road-Map for UK Aviation out to 2050 setting out how the aviation industry believes through reduction of aircraft noise at source, operational procedures, land use planning, community engagement and operating restrictions noise can be limited and reduced in the UK, despite growing traffic levels. NATS sponsored the Noise Road-Map in Sustainable Aviation and the document sets out detailed options that NATS can deploy with other partners to reduce noise around airports.



Find out about NATS' work with Sustainable Aviation and the Continuous Descent Operation campaign.

ICAO's Committee on Aviation Environmental Protection (CAEP)

NATS continues to use the expertise developed in the Acting Responsibly programme to advise the UK State representative at CAEP and to support the 'Operations' working group within CAEP. Specifically, NATS is supporting the Operations working group in preparing:

- > Guidance material to support States, airports, ANSPs and airlines in addressing community concerns about the noise and emissions impacts of aviation
- > A web-based repository of information about how trade-offs between environmental impacts (e.g. noise vs. emissions) should be managed, as well as guidance on how environmental impacts can be balanced with non-environmental issues such as capacity and delay

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- > A compendium of best practice environmental assessments, to assist States in compiling their State Environmental Action Plans
- > Detailed environmental benefits analysis of ICAO's Aviation System Block Upgrades programme, to be adopted by States under the Global Air Navigation Plan

Working with communities, airports and airlines on noise

We're very aware of the impact aircraft noise has on those who live under flight paths. That's why we work with airports and airlines to help them minimise the effect of noise. Last year we started a trial at Heathrow designed to provide defined periods of noise respite to people living directly under the flight path. The concept was formed in partnership with the noise community group HACAN, British Airways and the airport itself.

The trial, which concluded in March 2013, was focused on the early morning period and had defined zones in the approach area above London and over Berkshire that were 'active' sequentially week by week. Pilots were directed by our controllers to avoid flying through the zone that was active for that particular week to give predictable respite from the noise of overflying aircraft. The trial was the first of its kind and while the results were mixed, some perceiving benefits, others not, the learning is informing an on-going programme of trials.

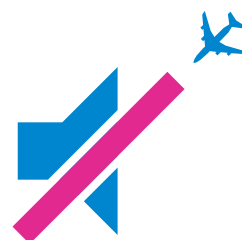
Civil Air Navigation Services Organisation (CANSO)

CANSO is the global trade association for ANSPs where we are working in the Environment Work Group to develop a global understanding of how ATM can limit aviation's environmental impact and to exchange best practice on improving environmental performance. In 2013 took the lead in a task to benchmark ANSP estate CO₂ footprints. We are now looking to develop metrics to evaluate where best practice is most effective at driving down the footprint of air traffic service provision. In the coming year this work will deliver a guidebook for CANSO members on evaluating their CO₂ footprints with practical advice and real life examples of where CO₂ reductions can be targeted.

1.7 Some of our recent innovative solutions

Heathrow innovative noise trials

At NATS we're supporting our airport and airline customers to deliver innovative solutions to better manage the impact of aircraft noise on local communities at the most sensitive times of the day.



At NATS we're very aware of the impact aircraft noise has on those who live under flight paths. That's why we work with airports and airlines to help shape and inform options to better manage the effect of noise on communities and minimise the impacts wherever possible. Part of the support we give to airports and airlines focuses on ensuring that the trials are completely safe, whilst trying new, innovative ideas to explore potential solutions based on community feedback and operational requirements. A significant and important part of any new noise trial is ensuring that communities are involved wherever possible.

Last year we started a trial at Heathrow designed to provide defined periods of noise respite to people living directly under the flight path. The concept was formed in partnership with the noise community group HACAN, British Airways and the airport itself. The trial was focused on the early morning arrival period when people living under the flight path are most affected by aircraft noise.

Following a six month arrivals trial, we're now supporting a trial focused on applying new 'offset' departure trial at Heathrow Airport. The trial keeps aircraft within existing departure routes called Noise Preferential Routes (NPRs – Agreed by the UK government and key London Airports) whilst flying 'offsets' from the existing centreline of the route. The Offset Standard Instrument Departure (SID) trial utilises modern aircraft precision navigation (RNAV) techniques to fly a precise track 1km from the centreline of the current SID which alternates from 'left' to 'right' on a weekly basis. This lateral 'side step' can potentially reduce concentrations of noise beneath existing departure routes, providing a form of predictive noise respite.

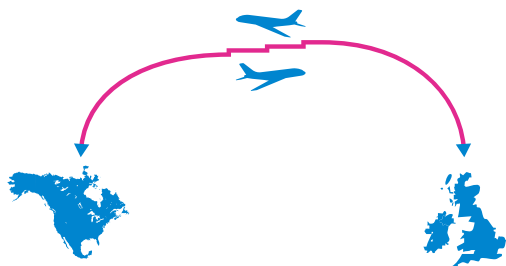
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Feedback on the Heathrow predictive noise respite arrival trial was mixed, with some community groups perceiving benefits, whilst others felt the trial did not work for them. The trials serve the very important purpose of improving the industry understanding of what communities want from a noise mitigation perspective, based on the trial of ideas turned into reality. The trial was the first of its kind in the world, demonstrating real innovative action by the industry to tackle noise disturbance to communities and will contribute to improving our understanding of the issues around concentrated versus dispersed noise at and around airports.

Building on the learning and experience of the Heathrow Airport arrivals trial, we've also supported innovative trials at London's Gatwick Airport and Stansted Airport during the night period. We continue to work with other airports to identify the feasibility of further options and help to gain agreement of common ground for future trials.

Topflight – Perfect transatlantic flights

Building on the success of our 'Perfect Flight' project in 2010, NATS have headed up an industry consortium to take environmentally-friendly flying to the next level, right across the North Atlantic.



Building on the success of our 'Perfect Flight' project in 2010 in which a British Airways (BA) Heathrow to Edinburgh flight was environmentally optimised through all stages of the journey, NATS launched an even more ambitious trial to carry out environmentally 'optimised' flights from Heathrow across the North Atlantic during 2013.

TOPFLIGHT is a NATS led project designed to test elements of the SESAR concept in a real operational environment. As well as NATS and British Airways, the TOPFLIGHT partners include the Canadian air traffic service NAV CANADA, Airbus ProSky, Boeing and Barco Orthogon. It is also being supported by the Irish Aviation Authority and part funded by the SESAR Joint Undertaking.

The first phase of the TOPFLIGHT trial has already successfully demonstrated the feasibility and benefits of key elements of the SESAR concept in a real operational environment. Last year, 100 transatlantic flights were optimised to maximise efficiency and save fuel by providing an initial Oceanic profile before departure; the use of continuous climb and descent profiles and direct routings; the use of more flexible Oceanic clearances; the flexible use of military airspace, as well as reduced engine taxiing.

The project has analysed a significant amount of data on each flight in order to understand where efficiencies have been made. By combining the different operational elements above, the trial has helped to save up to half a tonne of fuel per-flight, equivalent to nearly 1.6 tonnes of CO₂ emissions.

'We're delighted with the results because they demonstrate that elements of the SESAR concept are truly scalable and can deliver substantial benefits to airspace users in today's operational environment.' Joe Baker, NATS project manager.

Phase two of TOPFLIGHT will begin in early 2014 and focus on the use of the NATS Cross Border Arrival Management (XMAN) tool to reduce the amount of time aircraft spend in holding stacks at Heathrow. During the trial, when significant delay is anticipated, aircraft will be slowed en-route to London by air traffic controllers working in France, the Netherlands, Scotland and Ireland. The FABEC XMAN initiative has been enabled by significant NATS programmes investment and is thought to be the first cross-border arrivals management trial of its kind anywhere in the world. It is hoped that other airlines and ATC providers will pick up the TOPFLIGHT baton.

'The next phase of the project is very exciting. It will see NATS collaborating with our partner ANSPs to cut orbital holding times at Heathrow by around 25%, saving fuel, cutting CO₂ emissions, reducing aircraft noise over the south east of England and demonstrating that large-scale sustainable air travel is achievable.' Joe Baker, NATS project manager.

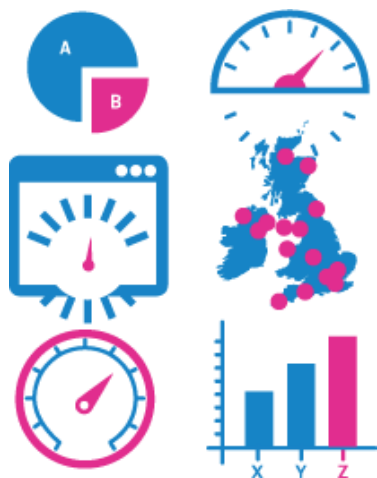
Information in the Ops Room

Smart data, smart thinking – We've made real progress in driving environmental performance data closer to our operation.

Since the introduction of the 3Di metric on the 1st January 2012, we've sought to integrate environmental information even further into our day to day operations. Project Insight is a strategic Business Intelligence (BI) initiative which is aimed at making operational data more readily available to more NATS staff, in order to help us gain deeper insights to our environmental and business performance. To do this,

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the Project Insight team has combined our operational data sources into one “data warehouse”, allowing us to automate back-end manual processes and increase the quality and accessibility of data.



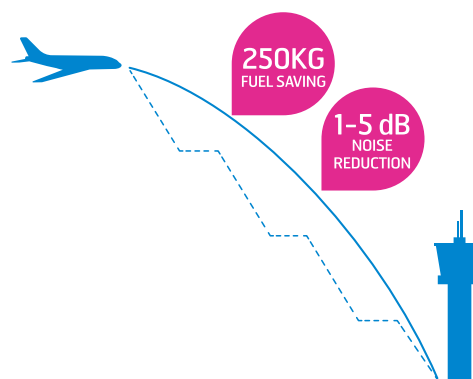
Over the last twelve months, we've worked in conjunction with our air traffic controller (ATCO) community to create customised ‘dashboards’ which were developed to provide reports based on common questions about their environmental performance, bringing more up to date data closer to the time when decision making happens. We believe this initiative will give our operational staff a more powerful set of tools to extract timely, reliable and credible data on our environment performance.

We expect that by automating much of the data analysis, it will increase our capacity to deliver even better

environmental performance over time by building our operational understanding of what works best in the different demanding situations that our operational staff face every day. By providing our ATCOs with the tools necessary to understand and change our environmental performance, we aim to identify where further reduction opportunities exist, enhance the leadership position of NATS in ATM environmental performance and bring greater fuel and cost reductions for our airline customers.

Continuous Descents

Flight Profile Monitor (FPM) is an environmental tool developed by NATS that can track aircraft performance at any phase of flight, enabling us to look at detailed characteristics to determine a flight's efficiency.



First deployed into our UK ATC units in 2011, its initial focus was on monitoring the achievement of continuous climb and descent operations at NATS' UK airport ATC units.

Its main benefit is to provide ATC, airports and airlines with access to information about the environmental performance of arriving and departing aircraft that was simply not available before. FPM's data therefore provides new opportunities for saving fuel, cutting CO₂ emissions and reducing noise in communities under flight paths.

Bristol Continuous Descent Trial

Following the trial we ran at Edinburgh in 2012, there has continued to be considerable interest from airports and airlines in FPM. In September 2013, we ran a further trial with easyJet at Bristol Airport to improve continuous descent achievement. With combined effort from NATS Operational Analysis, NATS Bristol ATC, NATS Environment and easyJet base captain and crew we saw a remarkable 11% increase in CDA achievement during the trial month.

We followed up the trial with detailed analysis of the flights that didn't achieve CDA and are now building on this insight and experience as we move into the next phase with FPM.

Sustainable Aviation CDO Improvement Campaign

The launch of the Sustainable Aviation Noise Roadmap in 2013 was broadly welcomed by stakeholders as it demonstrated that the aviation industry's investment in new technology for engines and airframes can decouple aviation growth from noise impacts. As technology improvements can take time to penetrate the aircraft

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operational fleet, there were also questions from stakeholders keen to understand what further action the industry could take to reduce noise in the short term.

As Chair organisation of the Sustainable Aviation Operational Improvements and Noise Working Groups, NATS has responded to this challenge by adopting the lead role in a UK-wide Sustainable Aviation campaign to improve continuous descent achievement. Continuous descents have a triple benefit: reduced noise, reduced CO₂ emissions and reduced fuel costs.

This year Sustainable Aviation has set its sights on achieving a step change in CDO performance especially beyond the major London airports where CDO achievement is already excellent.

The campaign is due to launch in the second half of 2014 and NATS flight profile monitor is proving the perfect tool to establish a UK baseline for CDO performance as well as offering the opportunity for airlines and airports, who may not have their own CDO monitoring tool, the ability to receive detailed performance analysis.

efficiency for their 'watch', helping identify opportunities for improvement and drive action to meet the unit's fuel burn and CO₂ reduction targets.

Together with airline and airport customer ideas the Airspace Efficiency Groups have identified and been working on over 500 potential improvements to airspace since they formed in 2009. All of these ideas are captured in our Airspace Efficiency Database, a central database which provides a framework to help identify, prioritise and deliver near-term fuel burn and CO₂ savings. Of course, not all ideas can be delivered immediately – viability, cost, resource and regulatory requirements all need to be factored in, but the procedures teams at Swanwick and Prestwick are working hard to select and deliver those that are viable and offer greatest potential fuel and emissions savings.

1.8 Airspace Efficiency Groups

Our Airspace Efficiency Groups, comprising air traffic controllers and operational expertise at our Prestwick and Swanwick centres continue to be a major success by supporting the delivery of short term procedural and tactical changes to airspace.

Each member's role is to champion environment and fuel

Section 2

Estate

Alongside our demanding targets for improving airspace efficiency, we are delivering a programme of work to minimise the impact of our operations on the environment.

Our comprehensive approach focuses on reducing energy consumption, water, waste and employee commuting impacts.

The table below summarises the information within the Estate section of our Corporate Responsibility Report. Click the links to find out more.

2.1 Our progress – reducing our impacts

- › How we are reducing energy and water consumption, reducing waste and increasing reuse and recycling

2.2 Environmental Management System

- › A further milestone on our journey is the implementation of an environmental management system in accordance with the international standard ISO 14001 by 2014

2.3 Sustainable travel

- › Initiatives to reduce our CO₂ footprint in commuting to and from work – including our highly popular Low Emissions Car Scheme and Cycle to Work Scheme

2.4 Driving sustainability through our supply chain

- › How we ensure that our suppliers are environmentally and socially sustainable and able to support our sustainability commitments

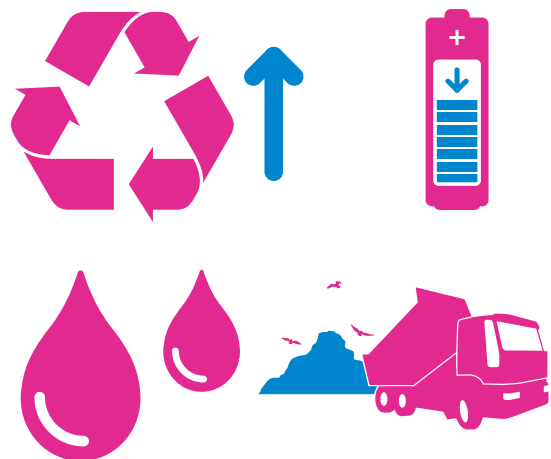


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2.1 Our progress – reducing our impacts

Our operation is wide and diverse. We operate our 24/7 safety critical services from three main sites as well as at control towers at many major airports, and we have a nationwide network of communications, navigation and radar facilities at more than 100 remote sites.

Reducing energy and water consumption, reducing waste and increasing reuse and recycling will all help to save money, reduce our direct CO₂ footprint and preserve natural resources. We are constantly looking to find better ways of doing more with less.



Energy

Our direct CO₂ emissions relate mostly to the fuel and energy we use in operating our air traffic control facilities and infrastructure. Here, powering our systems, technology and infrastructure makes us a major consumer of energy. This is therefore the largest part of our estate CO₂ footprint and where the biggest benefits can be derived.

Our overall energy consumption across the NATS UK estate is down by 29% in absolute terms since 2006, enough to power 1800 family homes each year (based on the assumption that an average medium house uses 19,800 kWh in electricity and gas a year). These savings have been achieved through measures such as:

- > Investing in energy efficient facilities (our new Prestwick and Training centres) and the associated decommissioning of ageing infrastructure
- > Optimising building management systems to ensure that lighting, heating, ventilation and air conditioning systems operate as efficiently as possible
- > Replacing end-of-life equipment with more efficient lower energy, lower CO₂ models
- > Zero maintenance systems at remote sites to reduce our business travel footprint.

The improvements we have made have reduced NATS energy CO₂ footprint by 16,000 tonnes of CO₂ per year and have led directly to cost savings for the business, with the reductions in energy consumption (electricity, gas and oil) saving £3.3m a year, and £14m cumulatively since 2006 (based on NATS current electricity, gas and oil prices).

Given our high energy use, we have been exploring whether renewable energy sources could help lower the CO₂ intensity of our operations, while providing energy security for NATS. Could we generate renewable power at our sites? Since 2008 NATS has periodically reviewed all available renewable technologies and their potential for use across the NATS estate, including our remote communications and navigations sites. The results showed that while there are many feasible renewable projects, the return on investment was borderline compared to conventional low CO₂ technologies which offered larger CO₂ savings potential. A mixture of these solid low CO₂ engineering technologies and small scale renewable projects now feature in our investment plans.

In the last year a number of these have progressed into implementation:

- > In collaboration with our long term suppliers in Scotland, Ness Engineering Ltd and Balfour Beatty Engineering Services we have installed a raft of low energy and renewable energy solutions across our remote sites, including the installation of a Biomass wood pellet boiler heating system at our Stornoway Radar station. These microgeneration units dramatically reduce our CO₂ footprint and energy costs. A similar project is underway at our Glasgow Air Traffic Control Tower, and further sites are currently being assessed for a wider role out of this solution. Other savings have been delivered from the installation of LED lighting at 15 of our Scottish remote sites, replacing inefficient conventional lighting.
- > Upgrades to the air conditioning system at our major Swanwick Air Traffic Control Centre have led to the implementation of energy efficient chillers, which are

Section 2 Estate

expected to save c.600 tonnes of CO₂ annually. Further low CO₂ engineering solutions to reduce the consumption of our plant and technical equipment are in project definition stage.

- > The installation of a photovoltaic (PV) array at one of our southern radar stations is helping to reduce the energy consumption from the grid. The feasibility to extend PV implementation across more remote sites is underway.

We continue to work towards a voluntary target to reduce energy consumption by 10% by the end of this year, compared to a 2011 baseline. Achieving this target remains a significant challenge as a number of projects delivering low CO₂ engineering solutions have been delayed, and having already delivered a 29% absolute reduction in energy consumption our opportunities for improvement are becoming fewer and smaller.

Water

Our consolidation into just 3 main sites with fewer people has dramatically reduced our water consumption. Along with a range of local measures to save water, our overall consumption is down by a massive 50% since 2006 (45% this time last year). We are saving 38 million litres of water per year compared to 2006, enough to fill 15 Olympic swimming pools (based on 1 Olympic swimming pool requiring 2.5 million litres of water). Increased metering, further building consolidation and the trial of new solutions continue to drive consumption down, for example at our Prestwick Air Traffic Control Centre these measure have helped to reduce site consumption by over 20% between 2012 and 2013 (based on calendar year).

Waste and recycling

We continue to reduce the amount of waste we send to landfill whilst continuing our work to increase the proportion being recycled. In the last financial year 55% of our waste was recycled, 41% went to 'waste to energy' plants and just 4% to landfill. These figures are based on our three main sites in the UK: Prestwick and Swanwick Operational Centres, and our main Corporate and Technical Centre headquarters.

These results represent mixed outcomes; the proportion of waste recycled has reduced from 69% in 2012 to 55% in the last year as a result of the completion of a number of major projects, which had contributed to the previous year's high recycling rate. For example, with the new Prestwick Centre in operation, its predecessor Atlantic House building was being decommissioned and demolished throughout 2012. The scale of the task was immense given the amount of equipment and documentation built up over 40 years of operation. Large volumes of equipment and materials were recovered, recycled or reused. Overall, a 92% recycling rate was achieved on this project, demonstrating how our supply chain practices can deliver good environmental outcomes, but at the same time helping to explain the drop in recycling levels.

However, the proportion of waste to landfill has reduced from 11% in 2012 to just 4% in the last financial year. Similarly, the significant reduction in major decommissioning and refurbishment projects has helped reduce NATS overall waste tonnage (including recyclable and non-recyclable materials) by 40%. In the coming year NATS are planning re-new and redouble efforts to reduce waste at source and improve the ratio of waste that is recycled.

2.2 Environmental Management System

Through our Acting Responsibly programme, environmental management is firmly embedded in NATS' corporate philosophy.

We are already well advanced in our ability to deliver environmental improvements across our estate infrastructure and our airspace management activities. This is evidenced by our estate reductions in energy consumption, water usage and waste, and our delivery of airspace CO₂ dioxide and fuel burn efficiencies, underpinned by our strategic Air



Section 2 Estate

Traffic Management targets to help ensure the long-term sustainability of the aviation industry as a whole.

However, a further milestone on our journey is the implementation of an Environmental Management System (EMS) certified against the well-recognised international standard ISO 14001.

EMS certification to ISO 14001 will further demonstrate to employees and stakeholders NATS commitment to achieving the highest environmental standards. The benefits of this development are numerous, it will:

- > Further embed environmental considerations into everything we do, enhancing our programme, and ensuring we focus priorities on our key sustainability issues
- > Deliver improved environmental performance and costs efficiencies by reducing our impacts and our use of natural resources
- > Help NATS manage compliance with environmental legislation as it evolves, by understanding how NATS activities may impinge on the environment, and what control measures are in place or need to be put into place
- > Demonstrate NATS commitment to effective environmental management, and at the same time support our growth aspirations in commercial work by providing assurance to external stakeholders that NATS is managing its environmental activities and risks in a systematic manner.

In the last year, NATS have implemented an environmental management system for our UK operations. The first

steps towards certification at our Corporate and Technical Centre have already been completed and the team will be progressing work towards our target for gaining certification by the end of 2014. Shortly after this we will be expanding the scope of certification out to our two major air traffic control centres, Swanwick and Prestwick.

2.3 Sustainable travel

Under our Acting Responsibly programme, NATS people have embraced initiatives to reduce their CO₂ footprint in commuting to and from work.

Employee's commuting habits are often considered 'out of scope' of company environmental plans. NATS takes a different approach. Since 2008 we have implemented a raft of sustainable travel measures such as car sharing, 'salary sacrifice' schemes for bicycles and buses, a low emission car scheme, season ticket loans, motorbike purchase scheme and increasingly flexible IT to promote connectivity away from the office.

As well as reducing emissions, saving fuel, and improving health, these schemes have helped reduce congestion and free-up valuable parking space at our main sites.



The two most popular schemes are:

Low emissions car scheme

The Government's tax rules for 'benefit in kind' for low emission vehicles has made the provision of a lease car via a salary sacrifice scheme a very attractive proposition to employees. It also allows employers to introduce this valuable benefit at no net cost.

Employees receive income tax and national insurance savings by making payments from their gross salary. Salary sacrifice works for low CO₂ emission cars (at 120 g/km and below) because under HMRC rules, the lower the CO₂ emissions the less income tax people pay on the benefit.

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Under the scheme, our people have access to a brand new, fully maintained, fuel efficient lease car; do not need to pay a large deposit; secure discounted rates from NATS' corporate purchasing power; and benefit from the income tax offset.

Not surprisingly, the scheme has been immensely popular since it launched in the spring of 2012. Around 2,500 people have registered their interest (61% of the eligible staff population), and over 350 low emission cars have been ordered to date (8.7% of the eligible population). Average CO₂ emissions for cars ordered under the NATS scheme for all members in the scheme registers at 104g/km which is well below the national average for new production vehicles. The scheme's administrator – Zenith – says it is one of the most successful schemes in the country in terms of uptake.

Cycle to work scheme

This salary sacrifice scheme enables employees to lease bicycles and safety equipment, saving up to 42% of the full cost. The scheme encourages people to reduce their reliance on cars, reduce their CO₂ footprint, and develop a healthier lifestyle. Since its launch in 2009 the Cycle to Work Scheme has helped up to 20% of NATS people to 'get on their bikes', making it one of the most popular in the country.

2.4 Driving sustainability through our supply chain

Our supply chain decisions have a number of dimensions impacting sustainability, CO₂ footprint, and responsible and ethical behaviour.

We need our supply chain to remain committed to sustainable sourcing, whilst ensuring our processes continue to support the balance between managing our environment and social impacts with our drive for cost efficiency.

A sustainable policy

We have a policy in place to select suppliers that are environmentally and socially sustainable and able to support our sustainability commitments. It's also our policy to maintain professional and mutually beneficial relationships where we work together to find new, more sustainable solutions to our needs. In particular, we have:

- > Implemented risk assessments across our supply base to ensure ethical sourcing
- > Updated our supply chain processes to ensure that they are based on the best sustainable procurement practices
- > Introduced contract incentives to encourage suppliers to find ways to reduce ours and their environmental impacts
- > Developed joint business plans with key suppliers to incorporate joint sustainability targets
- > Supported our business partners in developing and implementing sourcing activities to deliver NATS' environmental targets

Communication and collaboration

NATS uses over 1,000 suppliers and recognises the importance they play in our service. Our key suppliers account for more than 80% of our expenditure, so it is vital they share our values and goals. Therefore, we ensure that we communicate our requirements to our suppliers so they can help us create a culture of environmental and ethical excellence. We were one of the first organisations to achieve BS 11000 for collaborative business relationships and successfully secure re-certification.

Validating sustainability credentials

We have enhanced our questionnaire to obtain information on suppliers' corporate responsibility credentials and conduct supplier anti-bribery risk assessments. Our supplier management process includes measurement of environment and social sustainability performance. We use this data to decide which suppliers we use and to develop an improvement plan that encourages new ideas for further reducing the environmental impact of the services they provide. On an annual basis we review our supplier segmentation and how to manage our suppliers.

Developing our capabilities

We continue to develop the skills of our team in adopting sustainable procurement practices and incorporating sustainability objectives as part of a balanced value approach. Recent examples of our sustainable sourcing include:

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- > We supported the sourcing activities for FM Asset replacement projects to reduce CO₂ emissions
- > Together with our business stakeholders we manage our key suppliers to support NATS' KPI Targets for CO₂ reduction across the Estate
- > We are driving down the demand for travel by improving on-site video conferencing as well as maximising the use of internal meeting room space
- > The NATS Low Emission Car Scheme is entering its 3rd year with an average emission of 104 CO₂
- > The 'Car share' programme is now being promoted for Car Hire bookings We have set environmental targets for our function to further enhance our environmental awareness and to measure the implementation progress of sustainability activities across the end-to-end supply chain

Future developments

As we continue our commitment to supply chain sustainability, our plans through 2014 are to;

- > Embed the category management approach ensuring a robust strategic supply chain methodology which is sustainable and aligned to balanced business objectives and value on a whole life cycle basis
- > Continue to review our processes, tools and templates to further adopt best practice and ensure that CSR is embedded throughout the end to end supply chain
- > Work with our supply chain to ensure it supports our aspiration of achieving ISO 14001 certification
- > Continue to work with individual suppliers to reduce energy consumption, waste and CO₂ footprint



Section 3

People and Community

NATS has around 4,500 employees based in the UK and overseas in roles ranging from air traffic controllers and engineers to scientists, lawyers and marketers.

We never lose sight of the fact that our people are our most valuable asset, so we take great pride in how we look after them while providing the tools and support they need to act responsibly, both environmentally and within our communities.

The table below summarises the information within the People and Community section of our Corporate Responsibility Report. Click the links to find out more.

3.1 Supporting charities and communities

- > How volunteering and fundraising by our employees has supported local communities and charities
- > Corporate giving via our 'Footprint Fund' that helps our volunteering effort and local communities / charities

3.2 Continued support for Aerobility

- > How we continue to support the charity, through fundraising, sponsorship and practical help

3.3 A great place to work

- > How we provide a working environment that engages, motivates, supports and develops our people

3.4 Employee health and wellbeing

- > Our programme to promote a healthy lifestyle that encourages people to take personal responsibility for their well-being

3.5 Investing in wildlife and supporting biodiversity

- > Protecting the natural environment around us – in particular the Swanwick Lakes Nature Reserve
- > Demonstrating our commitment through becoming a Wildlife Investor and gaining the Biodiversity Benchmark

Section 3 People and Community

3.1 Supporting charities and communities

Our Community Affairs programme, focusing on social responsibility was first launched in 2008 to develop strong community partnerships, to support local projects and charities, and to support our colleagues in their volunteering, fundraising and environmental endeavours.



Our community programme is based around three key strands of activity:

Employee giving

Our staff donated £126,000 to charities they care about in 2013/14 through tax free donations using the 'Give As You Earn' company Payroll Giving scheme. This is almost

£30,000 more than the previous year due to a series of campaigns to raise awareness and attract more donors to the scheme.

Road shows at our major sites and an internal communications initiative increased the numbers of employees donating through 'Give As You Earn' from 4% in 2012 to 8% in 2014. As a result, NATS were awarded The Payroll Giving Silver Award in 2013 for passing the 5% benchmark.

We have continued to strengthen our relationship with Aerobility the disabled flying charity and NATS CEO's Charity of the Year 2011/2012, supporting through sponsorship and fundraising. Over the last couple of years, working with the trades unions, our employees, their families and friends have now raised £180,000 for Aerobility.

On top of this, our people raised more than £60,000 for their chosen charities through their own fundraising events. Examples of support include:

- > NATS employees at Swanwick, Prestwick and our Corporate Centre supported their local food bank for the second year running. During the Christmas period employees donated 42 trolley loads of food and household goods and £5,000 to support local people in need
- > Employees at our Edinburgh control tower, in aid of Sport Relief, scaled the height of Everest by repeatedly climbing the tower stairs and raised over £3,000

A 'your fundraising' portal on the company's internal website highlights upcoming events with links on how to donate to people's nominated causes.

This has been an amazing achievement for a relatively small company.

Corporate giving

We have an established corporate social responsibility fund – the 'Footprint Fund' – which aims to encourage employees individually, or in teams, to give something back to the communities in which they live and work. Our people can apply for funding to support their active involvement with local charities and communities.

In addition to the amount raised by our employees in 2013/14, the Footprint Fund donated a further £31,000 to over 50 local causes including:

- > Scottish Dark Sky Observatory, which educates people in astronomy, and provides outreach activities to local schools and community groups
- > Julia's House, a local children's hospice dedicated to helping life-limited children and their families
- > Coxford & District Youth Project, which provide arts, crafts and sports activities for local disadvantaged children
- > Order of Malta Ambulance Corps, a voluntary ambulance and first aid organisation which provide first aid training, care facilities and services in the community
- > Trinity Concert Band, a band which bring together musicians spanning a wide technical ability

Section 3 People and Community

Employee volunteering

Many of our people volunteered their services during the year in support of community and charitable initiatives. Examples include working with local schools to give children an insight into careers in science and technology, developing an educational area to enhance outdoor learning, and conservation work in support of our local nature reserve.

Our Maths mentoring scheme which has changed young people's lives since 2008 by increasing the grade A-C GCSE Mathematics pass rate from 21% to 58%, was awarded 'Community Project of the Year' by the International Association for Project Management.

To support employees, we provide a community volunteering team leader's handbook and the 'NATS Gives' community volunteering portal that connects volunteers with each other and with volunteering opportunities in the community.

3.2 Continued our support for Aerobility

In 2011, NATS launched a trial 'charity of the year' initiative for 'Aerobility', which gives terminally ill and disabled people the chance to fly.

Our aim was to raise £100,000 to help them buy a specially adapted light aircraft so they could extend the joy of flying to even more people. After a year's impressive fundraising by people across NATS, £155,000 was raised, far exceeding the initial target.



How Our Contribution Was Raised

Our employee's commitment and support for Aerobility across our organisation was remarkable. In 2011/2012 we saw many members of NATS getting involved in supporting the project, with people often going to extreme lengths to raise enough cash, under the banner of 'do something BIG!'

- > Events took place across our sites including 'The BIG Pull', where NATS teams from across the country competed to be the fastest to pull a Second World War Harvard aircraft down the home straight on Goodwood's famous racetrack, a gala dinner organised by Prospect, the Union for UK Air Traffic Controllers, and a wide variety of other events, from sponsored cycle rides, to sponsored swims.
- > It was an extraordinary year which saw employees from every corner of NATS inspired to do something amazing, in support of this incredible charity.

In October 2012, a brand new Tecnam aircraft was presented to Aerobility in front of invited guests and dignitaries at the charity's headquarters at Blackbushe Airport.

Joined by Prospect Union representatives and NATS people, CEO Richard Deakin said: 'I am incredibly proud of NATS fundraising. This brand new, specially modified aircraft that we're handing over today is the crowning achievement of a year of non-stop fundraising which would not have been possible without the involvement of all of our people.'

While the presentation of the new aircraft marked the end of 'all things BIG', people at NATS quickly embarked on Aerobility's next fund raising initiative – an attempt to enter the Guinness Book of Records by 'flying' around the world, non-stop for 10 days in a flight simulator. It seems that this is just the beginning of our connection with the charity.

Our relationship with Aerobility has gone from strength to strength since we embarked on this fundraising challenge back in 2011. Employees continue to fundraise for the charity, and business areas have provided support and expertise. In the last year:

- > Our Occupational Health & Safety team conducted a review of the health and safety measures in place, provided advice and support on safety procedures, risk assessments and identified ways the charity can provide the best service to the pilots
- > Our Marketing Communications team continued to support the charity with marketing and sponsorship activities
- > Our Facilities Management team provided advice and support on updating Aerobility's Headquarters, including guidance with the relocation of a simulator, and design support to improve the office infrastructure.

Section 3 People and Community

3.3 A great place to work

NATS people are professional, committed and proud of the roles they undertake at work and in our society.

In the period since NATS became a private company in 2001, they have taken part in a transformational journey from a public sector heritage company to today's flexible, responsive and commercially orientated business.

Building upon this foundation, we want to provide a working environment that engages, motivates, supports and develops our workforce, so that they continue to produce unrivalled performance that contributes to NATS' success.

Clearly, competitive pay and benefits, career development and equal opportunities are all fundamental to attracting, retaining and supporting employees. However, it is vital that we continue to improve how we work together and develop our people so that we remain a high performing company. Key to this are:

- > Engagement – ensuring effective leadership, management development and employee communication and engagement. Employee feedback and benchmarking is used to identify our strengths as a company and also highlight key focus areas for improvement.
- > Flexibility – balancing the needs of our business with the lifestyle choices of our people in order to provide a flexible and responsive workforce
- > Focused development – identifying talent and developing career paths to ensure we have the right people, with the right training and skills to support our ambitions

- > Motivated and mobile – people are able to thrive within our evolving business, are highly motivated and recognise the part they play in our continued success, and welcome the opportunity to deploy to the various parts of NATS' business
- > Encouraging greater diversity – which enables us to benefit from a wider cultural pool of talent
- > An appropriate Human Resources infrastructure – to support our people as they contribute to delivering our targets and outcomes
- > Positive and constructive Employee Relations – working together through constructive dialogue and partnership in addressing the challenges going forward.



Key achievements 2013/14

Here is a snapshot of our achievements over the past year:

- > As NATS business landscape undergoes significant change, driven by tighter regulatory conditions, more demanding market pressures on our costs and continued international growth opportunities, the need for excellent leadership and management skills to enable, defend and grow the business has become ever more critical. Following a review of NATS 'bench strength', a new NATS development programme called PATH was developed to support our corporate succession strategy and embed a robust talent capability framework across all areas of the business. This is a 5-tiered development framework and caters for all levels and roles within the organisation. The approach has transformed talent management, and will make the business healthier, more competitive and better able to fulfil its strategic objectives and commitments to customers and shareholders.
- > A new system called Metis was implemented bringing together employee performance management, and training and development learning capabilities. Metis, an integrated talent management system (ITMS), offers NATS the opportunity to create robust succession planning, career development and the provision of real-time, on-demand information and reporting to support decision-making. This directly supports the goal that all NATS employees have a clear development framework against which their careers can be developed and opportunities identified.

Section 3 People and Community

- › In April 2013, NATS launched Total Reward Statements, helping employees understand the true value of their pay and benefits package, all in one place. The implementation of Total Rewards statements followed feedback from employees who indicated that they wanted to receive more information about their total reward package. Based on individualised statements, the provision of this new information aims to increase employee engagement and raise awareness of the benefits of being a NATS employee.
- › Viewpoint, was launched to gather employee's views, suggestions and comments across a wide range of topics to get a full measure of how employees feel about working in the company. As NATS continues to grow and evolve it is increasingly important to understand what matters to our employees and drives the business.
- › Reward Gateway continued to deliver increased employee benefit – a shopping discount platform allowing employees access to shopping discounts has been taken up by over 85% of employees and delivered over £450,000 in savings cumulatively since launch in November 2011 – £254k within the financial year, which marks a significant increase on the £140K in the preceding year.
- › NATS benefits strategy continues to support our environmental objectives; for example, to support sustainable travel options NATS run initiatives such as salary sacrifice for bicycles and buses, car sharing, a low emissions car scheme and provides access to season ticket loans.

3.4 Employee health and wellbeing

Our investment in well-being through our in-house Occupational Health Services is helping to make NATS a great place to work.

As well as where and how they work, we have a more general responsibility to our people for their health and well-being.

Our Occupational Health Service provides comprehensive services and advice to all our people, as well as promoting a healthy lifestyle programme that encourages people to take personal responsibility for their well-being.

Their list of proactive initiatives is impressive, including:

- › A Wellness@Work website with an introductory well-being survey linked to online resources.
- › A comprehensive programme of wellness activities at NATS Prestwick Centre has been delivered over the last year, including awareness days on healthy eating, smoking cessation and a Health & Safety awareness day. Planned activities over the next year include roadshows offering advice on staying physically and mentally healthy. These have helped NATS Prestwick Centre achieve Silver and Bronze Healthy Working Lives awards – an NHS Scotland programme.
- › Stress Awareness / Risk Assessment training for managers – now incorporated into PATH leadership training.
- › Health briefings to NATS employees and their spouses as part of Pre-Retirement Seminars.

- › Wellness events linked to our sports and social clubs at our units, which are funded through member subscriptions and a matching grant from NATS.
- › The provision of excellent gym facilities at our main sites.
- › We provide regulatory medicals for both NATS Air Traffic Controllers and external pilots and Air Traffic Controllers across the UK and Gibraltar. Over the past year, the demand for our services as an Aeromedical Centre has significantly increased.
- › A major part of this role is educating the aviation community about health issues that can affect their fitness to control or fly and advising the medical community when they treat safety – critical workers.
- › These activities in the short – and long-term contribute to the safety of the flying public.
- › We have updated our website which provides information to pilots and Air Traffic Controllers about both our responsibilities.
- › Future educational work includes an infographic to explain how the function of each body system is relevant to aviation professionals.

Section 3 People and Community

3.5 Investing in wildlife and supporting biodiversity

Our operation includes a mix of main sites and a nationwide network of remote infrastructure sites that are surrounded by green spaces.

While we have to be careful that plants, trees and wildlife don't impact our operational equipment and facilities, these green spaces provide a habitat for a diverse range of species to live alongside where we work.

Protecting the environment around us

At our Swanwick Centre in Hampshire, in partnership with the Hampshire and Isle of Wight Wildlife Trust (HIWWT), we created and continue to fund the 86 acre Swanwick Lakes Nature Reserve. It features scenic lakes, woods and grassland, in what was once a brick quarry and sits alongside our Air Traffic control centre. In addition to its rich habitat, there are over two miles of paths around the lakes and woods which provide a valuable space for local people to relax and learn about nature.

During 2013 the educational centre, embedded within the reserve, hosted almost 1000 local school children, 30 community groups and 30 public events, providing the opportunity for visitors of all ages and abilities to explore and learn about the countryside.

Swanwick Lakes and NATS celebrated the achievements of the partnership, at the Reserve's 20th anniversary in June 2013.

Becoming a wildlife investor

To demonstrate that we are committed to local wildlife, people and the environment, in March 2013, we formed a new partnership with HIWWT by becoming a 'Wildlife Investor'. For more than 50 years, the Trust has been protecting habitats and creating Living Landscapes to ensure a wildlife-rich countryside and local seas.

Being a Wildlife Investor with the Trust provides additional financial support to enable them to carry out their important conservation work and inspire local people to cherish their wildlife. It also allows us to work closely with people who share our passion for conservation in and around our sites and green spaces. In particular, we will be able to work more closely with our colleagues at Swanwick Lakes Nature Reserve on a range of projects that will benefit the partnership.

Biodiversity Benchmark

We are also working towards the Wildlife Trust's Biodiversity Benchmark for the Swanwick Lakes Nature Reserve, and continue to support the reserve with team volunteering days.

The Benchmark is a process that enables any organisation which owns or manages land to assess its impact on the natural world, improve its contribution to the environment and demonstrate its commitment to biodiversity. It is designed to ensure that sites are managed to the highest standard, while rewarding biodiversity improvement by companies.

We have implemented a Biodiversity Management System for Swanwick Lakes Nature Reserve and completed the stage one certification audit in March 2014. We are working to achieve certification for the site in the next year.





Acting Responsibly

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