

Responsible Sourcing

As a global hotel company that purchases food and beverage, linens, amenities, beds and energy, sourcing is a complex and often decentralized issue. Our suppliers extend beyond 97 countries and span multiple industries, legal contexts and infrastructure challenges. We depend on safe, high-quality and affordable supplies, amenities and raw materials to meet the demands of our operations and the expectations of our guests to deliver consistent and exceptional experiences.

Goal

Develop programs and initiatives that support business objectives while managing social and environmental impacts in our supply chain.

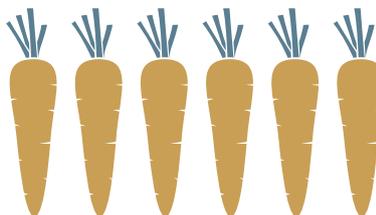
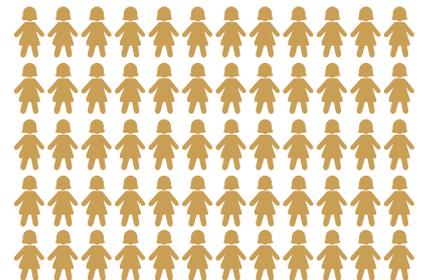
Introduction

Our guests, business partners and stakeholders are increasingly looking for transparency, expecting more from how companies purchase the goods and services they use. As we expand into new countries where operating norms are less familiar and there can be less transparency around the origin and creation of products, we may become exposed to reputational risks, potential disruptions in supply and environmental challenges. That's why, to continue to contribute to the long-term success of our business, it is vital to understand the potential social and environmental impacts among our categories of top spend and volume so that we can manage these considerations appropriately and ensure we have the quality products available to meet the needs of our guests.

Impact Highlights

4,000+
Suppliers

We have more than 4,000 partnerships with women, minority and veteran-owned businesses resulting in \$1 billion of spend with these partners since 2010.

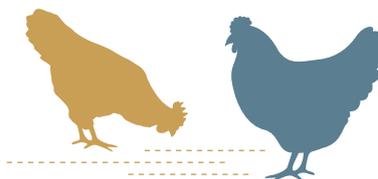


11
Major Markets

We have 40 hotels in 11 major markets in Europe, Latin America, and the United States and Canada participating in our local sourcing and education programs.

1,400+
Hotels

More than 1,400 hotels (across five brands) required to switch all egg usage to cage-free eggs by 2017 and gestation free pork by 2018.



100%

Shark fin banned in 100 percent of restaurants and F&B facilities in our hotels globally.

Our Approach

For more than a decade, we've cultivated relationships with women and diverse suppliers to use their insights and experience to meet the needs and preferences of our diverse guests. In the last five years, we've also started examining specific product categories in more detail, beginning with our work in the food and beverage area on shark fin and expanding to examine eggs and pork.

To build on this work, we developed a dedicated role and a cross-functional advisory group. Collectively this advisory group oversees the development of a comprehensive responsible sourcing strategy across our operations and sets the foundation for integration. It is designed to create further alignment across regions, share best practices and guide global decisions related to responsible sourcing.

Not only are we committed to our own responsible business practices, but it is also our goal to make sure that the suppliers providing Hilton with goods and services do the same. In 2015, we updated our [Responsible Sourcing Policy](#) to reinforce our expectation that our suppliers and partners support and work together with us on our goal of long-term sustainable supply by addressing known business, environmental and social issues.

This year, we also conducted an analysis to map areas of highest spend and volume to target potential social and environmental impacts in each product category to prioritize, monitor and manage more closely. We will use the results of this study to further focus on defining goals for our responsible sourcing efforts.

Action

Governance

While we have sourcing programs that have been in place for years and focus on a variety of products, our advisory group will help us scale existing programs, uncover new opportunities and share best practices across the portfolio.

Inclusive Sourcing

Our goal is to forge strong relationships with our wide range of vendors and suppliers that reflect the diversity of our global portfolio of hotels and guests. Through our award-winning Supplier Diversity Program in the United States, we have cultivated relationships with more than 4,000 women, minority and veteran-owned enterprises. We are currently evaluating ways to evolve our program into other markets.

Local Sourcing

Hilton Team Members*, franchise employees** and suppliers also look for local sourcing opportunities and form relationships with area farmers to collect and distribute products to our hotels. We work with suppliers to develop unique trainings for farmers related to the handling, safety guidelines and insurance requirements needed to supply our properties. To date we have more than 40 hotels in 11 major cities in Europe, Latin America, the United States and Canada participating in our local sourcing and education programs.

Working Toward Responsible Sourcing

"Hilton's shark fin ban will help preserve the longevity and future of sharks, which are critical for keeping the marine ecosystems healthy. By evaluating and taking responsibility for their impact on the environment, companies with strong leadership can play a major role in protecting our oceans. We'd like to thank Hilton for making this important decision."

— Ocean Conservancy

Animal Welfare and Sourcing

As a global operator of food and beverage experiences, we share public concerns about the health, care and welfare of animals raised for food. With the introduction of our Responsible Sourcing Policy, we address opportunities to support the care and welfare of the animals in our extended global supply chain.

Following the initial removal of shark fin from menus across all restaurants and food and beverage facilities operated by managed properties in China and Southeast Asia, we ceased serving shark fin across all properties globally in 2014. Following this accomplishment, Hilton Singapore became the first hotel in Asia to achieve Marine Stewardship Council and Aquaculture Stewardship Council chain of custody certification. To build on this work, in 2015, we began collaborating with World Wildlife Fund (WWF) to develop a global sustainable seafood approach that will initially prioritize markets based on a number of factors including procurement methods, demand for seafood, and annual seafood spend.

In 2015, we also announced a commitment to switch to cage-free eggs by December 31, 2017 for all Hilton Hotels & Resorts, Waldorf Astoria Hotels & Resorts, Conrad Hotels & Resorts, Canopy by Hilton and DoubleTree by Hilton hotels. Additionally, by December 31, 2018, all pork products for these properties must be purchased from suppliers that house breeding pigs in groups rather than gestation crates. These changes will initially apply in 19 countries where these products are currently available and will be adopted in additional markets as supply comes online.

Responsible Meetings

In 2015, we launched Meet with Purpose, a concept designed to make it easier for meeting professionals to incorporate balanced meals and wellness into meetings and events. Meet with Purpose encourages meeting and event planners to consider using locally sourced food items that can provide fresh and balanced menu options.



Partnerships | Associations Awards | Certifications

In 2015, we began working with **World Wildlife Fund (WWF)** to support our environmental goals and progress and drive value for our operations. WWF will help us expand our sustainable seafood efforts globally and continue to work with us to evolve our responsible sourcing strategy.



Through our membership with **WeConnect International**, an organization that empowers women business owners to succeed in local and global markets, we connect hotels throughout Asia with opportunities to consider diverse suppliers in their purchasing decisions.



In 2015, we participated for the second time in the **Carbon Disclosure Project (CDP)**, an organization that helps disclose the greenhouse gas emissions of major corporations. Improving on last year's score of 91-B, this year we earned a disclosure and performance score of 97-B.

Our environmental efforts have been recognized as a **Forbes** Top 50 Green Brand and as a **Newsweek** Top Green Company in the World in 2015.

* Hilton Team Members include employees of Hilton Worldwide at corporate offices, owned, managed, leased and timeshare properties.

** Franchise employees include employees at independently owned and operated franchised properties. While franchisees and their employees are not employed by us, they are a large part of our brands and our culture of hospitality. In addition to our corporate responsibility initiatives, we offer franchisees training and recognition programs and provide them with other resources that are relevant to them and their businesses.