

Our approach to Responsible Sourcing & Supplier Management

Sourcing for properties in 153 countries and territories, we recognize the importance and opportunity to create positive economic, environmental and community impact across our supply chain.

Supply Chain Program

Hilton Supply Management (HSM) supports the Hilton enterprise sustainability and community impact strategy, Travel with Purpose, through our Responsible Sourcing Program. Oversight of the company's supply chain sustainability program is managed by the Responsible Sourcing & Sustainability team, with direct oversight by Hilton's Senior Vice President and Chief Procurement Officer. Additional guidance is provided by Hilton's VP and Global Head of Sustainability and the Assistant General Legal Counsel. Strategic focus areas of the program include:

1

Conducting due diligence to ensure responsible business practices and mitigate risk

2

Engaging Team Members to drive actions that foster a responsible, inclusive and sustainable supply chain

3

Partnering with suppliers to advance shared responsible sourcing goals

4

Making progress against our industry-leading 2030 supply chain goals

Phases Of The Supplier Relationship

Identification

Corporate buyers leverage RFX processes (which include Requests for Proposal, Information and Quotation) to receive information on suppliers' businesses and capabilities. Suppliers respond to a set of questions through the RFX, which includes responsible sourcing-related items. Typically, responsible sourcing question responses are weighted at 5-10% of the supplier's overall score. Supplier scores are reviewed to identify finalists.

Screening

Hilton leverages Coupa Risk Assess (CRA) to collect supplier information to evaluate the company's risk. An initial screening questionnaire is completed to identify key suppliers* and determine what additional assessments are needed. Further due diligence is conducted for applicable suppliers, such as the Exiger Diligence review, our Human Rights Questionnaire (HRQ) and the EcoVadis Sustainability Assessment. A supplier must pass screening to move to the contracting phase. More information on the platforms and tools we leverage is provided below.

* Key suppliers include those that are high-spend and/or high-risk. High-spend includes suppliers with at least \$1 million USD actual and/or contracted Hilton spend annually. High-risk includes suppliers providing Hilton with labor or manufacturing rubber, cocoa, packaging, paper, textiles, and/or crops with annual Hilton spend of at least \$500,000 USD.

Contracting

Suppliers are required to adopt Hilton's standard contract template and contracts include the Hilton Responsible Sourcing Policy, which outlines our minimum responsible sourcing standards. In the contract, HSM also reserves the right to conduct audits and/or inspections of a supplier's facilities as deemed necessary. Any relevant clauses outlining supplier requirements, such as completion of the EcoVadis Sustainability Assessment, are added to the contract before signing.

Performance Management & Assessment

Corporate buyers continuously review supplier performance once contracted. An extensive review is conducted when a supplier contract is up for renewal. Dependent on the commodity provided by the supplier and its associated risk, Hilton may require HSM or a third party to conduct an on-site audit of the supplier's facilities. Safety and security inspections are conducted of certain high-risk suppliers, such as labor and food suppliers.

Key suppliers are required to complete the EcoVadis Sustainability Assessment and meet Hilton's minimum scores. Should a supplier not meet Hilton's minimum scores, the supplier is consulted and follow-up actions may be required. This includes but is not limited to committing to an EcoVadis Corrective Action Plan (CAP) to improve their score when assessed the following year.

Continued Development

Suppliers have access to development opportunities, such as Hilton's EcoVadis program. Through EcoVadis, participating suppliers have access to resources and information on how to improve their performance. Suppliers can benchmark their performance against peers, identify areas of improvement via the custom score analysis, and access the EcoVadis Academy.

Leveraging Advanced Tools To Assess Risk & Performance

Coupa Risk Assess (CRA)



CRA is a third-party risk management tool that enables Hilton to collect supplier information to evaluate the company's risk. Through CRA, Hilton's procurement team creates supplier relationship records and completes an initial screening questionnaire. Screening questions focus on the supplier's provided commodities, geographic location, spend, and practices to calculate the supplier's potential risk (including social and environmental impact) and determine further actions. The questionnaire is also used to identify Hilton's significant suppliers.

The initial questionnaire could trigger subsequent questionnaires and supplier risk assessments dependent on their response. Risk assessments cover various functions, including Security, Privacy, Legal Due Diligence, Sourcing and Finance.

Exiger



Exiger Diligence is a third-party risk and compliance assessment service provider. Hilton uses Exiger Diligence's Exiger Express platform powered by DDIQ, an automated risk analytics product. DDIQ scans thousands of international sources to flag potential risk and compliance issues of the supplier. The platform can scan across 48+ languages and validate the identified flags. A researcher manually reviews all findings before sharing the report back to Hilton. Suppliers identified by CRA that meet a certain spend threshold, provide certain commodities, or operate in certain high-risk countries must undergo review by Exiger Diligence.

EcoVadis



Hilton leverages the EcoVadis platform to assess suppliers assess supplier practices related to the environment, labor & human rights, ethics, and procurement activities. EcoVadis is the world's largest provider of sustainability ratings, with more than 100,000 businesses assessed. EcoVadis is a collaborative platform where buyers and suppliers engage to assess, track, and improve sustainability performance. Through their trusted methodology, EcoVadis assesses practices related to the environment, labor & human rights, ethics, and procurement activities. Suppliers also receive access to the EcoVadis Academy, an e-learning platform that provides training and guidance on improvement areas. HSM's corporate buyers are trained in the Hilton EcoVadis program.

Human Rights Questionnaire



The Human Rights Questionnaire was developed internally by Hilton to assess human rights risks associated with significant suppliers. The questionnaire comprises key questions that evaluate a supplier's approach to protecting human rights and mitigating potential human rights risks across its operations and supply chain.