MATERIALITY *Assessment*

In 2019, we celebrate 100 years of leadership in hospitality and a decade of our work on sustainability. On the eve of our anniversary, we launched new 2030 Goals to redefine sustainable travel, by committing to doubling our investment in social impact and cutting our environmental footprint in half.

Our Travel with Purpose 2030 Goals are the evolution of our identification of and approach to material issues since we launched our environmental and social impact tracking platform, LightStay, in 2009, and our comprehensive corporate responsibility strategy, Travel with Purpose, in 2011.

We completed various iterations of materiality assessments to define and evolve our strategy and develop our 2030 Goals.

HIGH

Effective Partnerships

Environment:
– Energy, Waste, Water
– Supply Chain

Inclusive Growth
& Human Rights:
– Modern Slavery
– Tolerance and Diversity
– Trafficking, Violence
– Data Privacy

Biodiversity

Diversity and
Gender Equality –
Empowering Women

Governance –
Bribery, Corruption,
Risk management

Team Members*
– Equal Opportunities
– Career Development
– Employee Welfare

Local Communities
– Economic impact
– Volunteering

Philanthropic
Giving

Celebrating cultural
diversity

Food and Beverage
Health and Nutrition

Veterans

Supply of Skilled
Team Members

Guest Awareness

Regulatory Complinace

Disaster Support

EXTERNAL IMPORTANCE

LOW

INTERNAL IMPORTANCE

Each impact area corresponds to each section of our value chain, as reflected in our 2030 Travel with Purpose Goals.

● **Our Operations**   ● **Our Communities**   ● **Our Supply Chain**   ● **Overarching Impact**

* Team Members include employees at Hilton corporate offices and its owned and managed properties, and employees of franchisees who work on-property at independently owned and operated franchise properties in the Hilton portfolio.

2014 MATERIALITY ASSESSMENT

We engage with stakeholders on an ongoing basis to inform our strategy and get insight on their expertise, expectations, feedback and priorities. In 2014, we conducted an in-depth materiality assessment. We interviewed a panel of internal and external stakeholders and reviewed a number of internal and external documents to gather the information:

Internal stakeholders on their sustainability and responsibility priorities for Hilton and beyond:

1,100
Team Member surveys across markets

50+
corporate Team Member interviews

Internal data and documents review:

- Spend data (to identify areas of impact)

- LightStay data – data on all of our hotels' energy, water and waste reported since 2009

- Strategic documents, policies and sustainability reports

External stakeholders on their sustainability and responsibility expectations from hotels:

400
guest surveys (US and China)

400+
hotels covered by owner interviews

200
Non-governmental organizations in six markets

- International Tourism Partnership materiality matrix, based on stakeholder engagement roundtables with investors, labor unions, NGOs, ownership groups, certification bodies and industry groups in London and Hong Kong

- In-depth engagement with key partners (e.g. the International Youth Foundation and the World Wildlife Fund)

External data review:

- Competitor benchmark

- Utility cost trends in key markets

- Media analysis

- Online hotel discussion and rating platforms (reviewed for insight on traveller priorities)

- Priorities of suppliers, clients, investors and policy makers

The materiality assessment was complemented with deeper analysis in two key areas: supply chain and human rights.

The supply chain mapping exercise analyzed:

- Interviews with 17 internal supply chain stakeholders across seven support functions and operations

- Gap analysis against best practices from other external organizations

- Spend data through Hilton Supply Management (the procurement arm of Hilton)

- Category risks assessments across environmental, social and economic factors based on external indices

The global human rights impact assessment followed a robust methodology informed by the United Nations (U.N.) Guiding Principles on Business and Human Rights, and based on:

- Interviews with 14 internal human rights stakeholders across eight support functions and operations

- Gap analysis against best practices from other external organizations

- Likelihood, scale, severity and remediability of impacts

- Company's operating context (influence, business dependencies, structure)

2017-18 ENHANCEMENT AND SITUATIONAL ASSESSMENT OF KEY TOPICS

Throughout 2017 and early 2018, we conducted an update of our materiality assessment to test the validity of our direction and inform the definition of our Travel with Purpose 2030 Goals (launched in May of 2018). We consulted with key internal and external stakeholders and integrated strategic insight based on the following reviews

- **Mapped 100% of our hotels and pipeline countries** against 24 chosen social and environmental risk indices from Verisk-Maplecroft. We found that the prevalence of water and modern slavery risks were more significant and higher than in 2014.

- **Surveyed 73,000 Hilton guests in November 2017, and 72,000 Hilton guests in May 2018** who recently stayed at our hotels. The results confirmed that guests value a hotel company's corporate responsibility practices and that local sourcing is important to them.

86% guests say hotel environmental and social responsibility is important to them, and that it will have at least some influence in their booking decisions over the next 12 months, an 8 point increase compared to the previous 12 months.

33% guests actively seek this information before booking, including 44% of under-25 year olds.

56% guests buy local, organic or fair trade at least once a week.

- **Included social and environmental risk questions** in the annual internal Global Enterprise Risk Survey, distributed internally to over 200 Hilton leaders. We identified human rights as a material issue at an enterprise level.

HIGH

Human Rights were included in one of the top risk categories that emerged from the Survey.

Corporate Responsibility (CR) was included in the annual financial report for the first time in 2018.
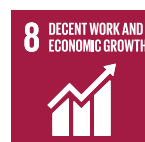
- **Gap analysis against best practices and/or expectations from other external organizations** (companies, investors, clients, governments, benchmarks and rankings). The trend shows increasing expectations for transparent, science-based and meaningful targets, practices and impact in terms of human rights and environmental management. We notably reviewed the expectations for the following two rankings, which we report to each year.

Dow Jones Sustainability Index – 77% of the scoring methodology depends on environmental and social criteria. The 2018 ranking increased its weighting and focus on transparency, and strengthened its requirements significantly for the following categories (in this order): human rights, environmental policy and management systems, economic dimension, codes of business conduct, social dimension.

JUST Capital – the benchmark is based on U.S.-wide polling to identify seven sets of issues that matter most to Americans in defining corporations' most just behavior in 2018 (vs. 2017): 25% workers (23%), 18% customers (19%), 14% products (17%), 13% environment (13%), 12% jobs (10%), 11% communities (11%), 8% leadership and shareholders (6%)

- **Mapped our CR programs against the U.N. Sustainable Development Goals** (SDGs). We found that we contribute to all 17 of the SDGs, and can have the most significant impact on

DEFINING OUR 2030 GOALS

The 2017-18 mapping refresh led us to elevate the following areas on the materiality matrix compared to 2014:

| Diversity and inclusion | Local sourcing | Modern slavery | Guest awareness of CR issues |

Based on our updated Materiality Matrix, we developed our Travel with Purpose 2030 Goals, with an overarching commitment to cut our environmental footprint in half and double our investment in social impact by 2030. This framework is supported by 23 detailed objectives which address our material issues. See below for our list of material issues mapped against our Hilton enterprise and Travel with Purpose 2030 Goals.

Impact Area	Material Issue	Hilton Goals	Value Chain Area	SDG
Social Impact				
Youth	Talent Pipeline	Double our investment in youth opportunity programs in countries with lowest youth wellbeing	Communities	SDG 5 SDG 8 SDG 10 SDG 17
Inclusive Growth	Diversity and inclusion	Double our investment in programs that contribute to sustainable solutions and economic opportunity for all (e.g. women, veterans, persons with disabilities, etc.)	Operations	SDG 1 SDG 4 SDG 5 SDG 8 SDG 10
	Equal opportunities	Double our investment in youth opportunity programs in countries with lowest youth wellbeing	Communities	SDG 1 SDG 4 SDG 5 SDG 8 SDG 10 SDG 12
		Double our sourcing spend from local, small and medium-sized enterprises and minority-owned suppliers	Supply Chain	
		Double our investment in programs that contribute to sustainable solutions and economic opportunity for all	Operations	
	Career development	Train employees at Hilton managed hotels on relevant environmental and social issues	Operations	SDG 3 SDG 8
		Help employees thrive in body, mind and spirit	Operations	
	Employee Welfare	Help employees thrive in body, mind and spirit	Operations	SDG 3 SDG 8
	Empowering women	Double our investment in programs that contribute to sustainable solutions and economic opportunity for all (e.g. women, veterans, persons with disabilities, etc.)	Operations	SDG 5 SDG 8 SDG 10 SDG 12
		Double our sourcing spend from local, small and medium-sized enterprises and minority-owned suppliers	Supply Chain	
		Create an environment where all women can thrive	Operations	
	Supporting Veterans	Double our investment in programs that contribute to sustainable solutions and economic opportunity for all (e.g. women, veterans, persons with disabilities, etc.)	Operations	SDG 8 SDG 10

Impact Area	Material Issue	Hilton Goals	Value Chain Area	SDG
Human Rights	Health and safety	Offering a healthy and safe environment to our Team Members, guests and business partners	Operations	SDG 1 SDG 4 SDG 5 SDG 8 SDG 10
	Modern slavery	Embed human rights due diligence across our global operations	Operations	SDG 1 SDG 4 SDG 5 SDG 8 SDG 10 SDG 12
		Embed human rights due diligence in our supply chain and partner with suppliers to eradicate any form of forced labor or trafficking	Supply Chain	
		Create and partner with cross-industry networks to advance international human rights	Communities	
	Human trafficking	Embed human rights due diligence across our global operations	Operations	SDG 3 SDG 8
		Embed human rights due diligence in our supply chain and partner with suppliers to eradicate any form of forced labor or trafficking	Supply Chain	
		Create and partner with cross-industry networks to advance international human rights	Communities	
Community Investment	Economic impact	Double our sourcing spend from local, small and medium-sized enterprises and minority-owned suppliers (managed hotels and corporate offices)	Supply Chain	SDG 1 SDG 4 SDG 8 SDG 9 SDG 10 SDG 12 SDG 13 SDG 14 SDG 16 SDG 17
		Double our investment in programs that contribute to sustainable solutions and economic opportunity for all (e.g. women, veterans, persons with disabilities, etc.)	Operations	
		Double Action Grants for social and environmental impact projects in our communities	Communities	
		Promote environmental awareness and open our LightStay technology in school educational programs	Communities	
	Volunteering	Contribute 10 Million volunteer hours to activate our Travel with Purpose commitment in our communities	Communities	SDG 8 SDG 17
	Disaster relief support	Double our monetary response, empowerment efforts and investment in resiliency against natural disasters	Communities	SDG 11 SDG 13
	Philanthropic giving	Double Action Grants for social and environmental impact projects in our communities	Communities	SDG 11
Environmental Impact				
Energy & carbon	Energy and climate change	Reduce Scope 1 and 2 carbon intensity by 61%	Operations	SDG 7 SDG 12 SDG 13
Water	Water	Reduce water use in our managed operations by 50%	Operations	SDG 6 SDG 12
		Activate 20 context-based water projects in our communities and watersheds of top water risk	Communities	

Impact Area	Material Issue	Hilton Goals	Value Chain Area	SDG
Waste	Waste	Reduce waste output in our managed operations by 50%	Operations	SDG 3 SDG 11 SDG 12 SDG 14
		Zero soap to landfill by recycling all used guest soap bars where available	Operations	
		Reduce food waste sent to landfill by 50% in our managed operations	Operations	
		Participate in food donation programs where allowed by law	Communities	
Responsible sourcing	Responsible sourcing	Sustainably source (e.g. certified) all meat and poultry, produce, seafood and cotton at managed hotels (where available)	Supply Chain	SDG 12 SDG 14
		Encourage suppliers to set goals and validate through auditing and incentive program	Supply Chain	
		Create framework for collaboration program with top-tier suppliers	Supply Chain	
		Increase data visibility by incorporating social and environmental criteria into supplier registration and enquiry processes	Supply Chain	
Overarching Impact				
Governance and ethics	Anti-corruption	Support the HILTON values: Hospitality, Integrity, Leadership, Teamwork, Ownership, Now	Operations Communities Supply Chain	SDG 16
	Risk management	Map 100% of our hotels against social and environmental risk areas	Operations	SDG 12 SDG 13 SDG 14
	Regulatory compliance	Support the HILTON values: Hospitality, Integrity, Leadership, Teamwork, Ownership, Now	Operations Communities Supply Chain	SDG 16
Overarching impact	Effective partnerships	Double Action Grants for social and environmental impact projects in our communities	Communities	SDG 12 SDG 17
		Create and partner with cross-industry networks to support policies for a low carbon future and to advance international human rights	Communities	
		Create framework for collaboration program with top-tier suppliers	Supply Chain	
	Guest awareness of CR issues	Adopt a global standard for responsible travel and tourism, complementing our existing environmental certifications	Operations	SDG 12 SDG 13 SDG 14
		Engage guests in supporting responsible travel in destination hot spots	Operations	

Hilton

WALDORF ASTORIA   LXR   CONRAD   canopy   Signia Hilton   Hilton   CURIO COLLECTION   DOUBLETREE   TAPESTRY COLLECTION   EMBASSY SUITES   MOTTO   Hilton Garden Inn   Hampton   tru   HOMEWOOD SUITES   HOME2 SUITES   Hilton Grand Vacations

Hilton HONORS