

HILTON SUSTAINABLE SEAFOOD REPORT

Hilton's Journey to Responsibly Source Seafood
by 2022: Year 1 Milestones and Lessons Learned

1 OVERVIEW

THE CHALLENGE

What we buy, source, use and serve every day are essential components of the exceptional experience we deliver—every hotel, every guest, every time. Seafood is an important part of diets for more than 3 billion people and with 90% of our fish stocks overfished or fished to their ecological limit, the need to source seafood from responsible fisheries and farms is more critical than ever.

THE APPROACH

Global Goals to Drive Responsible Seafood Sourcing Across our Value Chain.

THE JOURNEY



2015: Hilton conducted a thorough risk and capability analysis of our global supply chain. Following evaluation of economic, social and environmental factors, seafood was identified as a high-risk category. To drive responsible sourcing in seafood and other high-risk categories, Hilton created a dedicated role and a cross-functional advisory group to oversee development of a comprehensive **responsible sourcing strategy**, and guide global decisions related to implementation.



June 2016: Hilton announced its **global commitment** to responsibly source its seafood by 2022. These goals will help Hilton:

- **Source** seafood that is managed in an environmentally and socially responsible manner.
- **Ensure** a viable seafood supply for our Food & Beverage operations for years to come.
- **Meet** our guests' expectations to deliver consistent, exceptional experiences.



Our global commitment **aligns with our Travel with Purpose strategy** to Preserve the Environment, and helps us meet the needs of our business today while positively influencing the world of tomorrow.



The commitment is also in line with our global ban on **shark fin** in 2014, and is supported by our work with our signature environmental partner **World Wildlife Fund** (WWF) initiated in 2015.

“ Identifying, implementing and scaling up responsible sourcing practices is a huge and complex task, but we are committed to addressing the environmental and social impacts of our supply chain – beginning with where we can have a big impact: seafood. ”

- Maxime Verstraete, VP of Corporate Responsibility, Hilton

WHY SUSTAINABLE SEAFOOD?

- People are eating more seafood than ever.
- 90% of our oceans are overfished or fully fished.
- Businesses and consumers can make a difference by knowing where our seafood comes from and sourcing responsibly.

2 HILTON'S SUSTAINABLE SEAFOOD GOALS

PROTECT THE ENDANGERED

By 2022, we will **eliminate the procurement of endangered species** identified by WWF utilizing International Union for Conservation of Nature (IUCN) and Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) rankings from all owned, leased, managed and franchised Hilton properties.

BUY FROM THE BEST

By 2022, we will **source at least 25%** of our total global seafood procurement volume for owned, managed and leased properties from: Marine Stewardship Council (MSC) certified fisheries, and Aquaculture Stewardship Council (ASC) certified farms.

INVEST IN THE REST

By 2022, we will **source the rest** of our owned, managed and leased seafood volume from: fisheries and farms that have entered into the official process of full assessment for certification against MSC or ASC standards; comprehensive fishery improvement projects; aquaculture improvement projects aiming to meet the ASC standards; tuna products sourced from International Seafood Sustainability Foundation (ISSF) participating companies; and "green" seafood species on WWF seafood guides.

3 HILTON'S APPROACH



REPORT AGAINST GOALS

Measure and update on our seafood progress over time.



TRAIN OUR TEAMS AND INVOLVE OUR GUESTS

Train our teams in responsible seafood sourcing. Involve our guests in our seafood commitment.



DEEPEN PARTNERSHIPS WITH NGOS AND SUPPLIERS

Collaborate with WWF on responsible seafood sourcing. Work with companies that are committed to sustainable seafood.

4 OUR PROGRESS IN YEAR 1

OUR PROGRESS REPORT AGAINST GOALS

Collected and analyzed available 2015 seafood purchasing data for our global owned, managed and leased properties*. This initial data collection exercise reviewed input from more than 350 hotels, 500 suppliers and across 57 species groups (each comprising multiple species). This formed the baseline for our multi-year seafood efforts, and enabled us to assess the data quality of known global seafood volume across our global operations, identify high volume markets, hotels or seafood species, and map out key gaps and opportunities.

KEY FINDINGS*



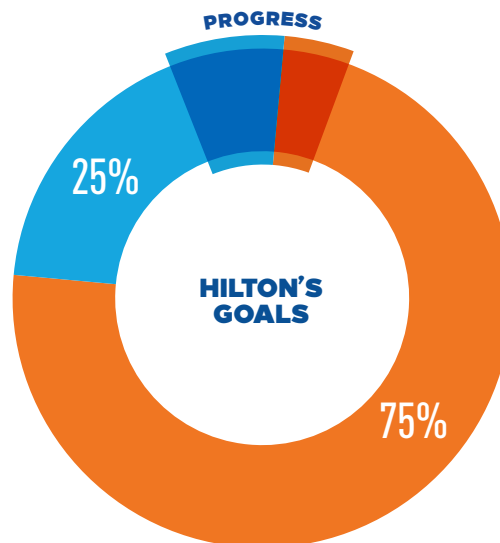
Salmon and shrimp are our **top sourced species** by volume globally.



An estimated **10%** of our known seafood procurement volume meets our "Buy from the Best" and "Invest in the Rest" criteria.



While almost **7%** of the total volume has been reported to come from MSC certified fisheries and ASC certified farms, there is a need to improve our procurement tracking to ensure traceability to sustainable and responsible sources.



BUY FROM THE BEST

- Goal: 25%
- 2015 Baseline: 6.55%

INVEST IN THE REST

- Goal: 75%
- 2015 Baseline: 3.91%

*Based on known global seafood volumes provided by owned, managed and leased hotels and their suppliers in 2015

OUR PROGRESS

TRAIN OUR TEAMS AND INVOLVE OUR GUESTS



- **Global rollout of responsible sourcing and seafood eLearning modules**, supported by complementary training resources, to increase internal awareness, drive tangible action and engage suppliers.



- **First global hotel company to achieve MSC group certification for 60 owned, leased and managed hotels in Europe** – specifically within the UK, Netherlands and Belgium. Presently, they serve up to 14 MSC certified species (including cod, pollock, salmon and scallop) in their outlets.



- **Hilton Singapore was the first hotel in Asia to receive Chain of Custody certification** for MSC and ASC certified seafood in January 2015. Dishes with MSC certified seafood initially represented about 15% of the hotel's menus. That has since increased to about 50% of the hotel's menus, across their F&B outlets and in-room dining. The hotel has also recorded growing sales and positive guest feedback of its MSC certified dishes, with several among its bestsellers.

OUR PROGRESS

DEEPEN PARTNERSHIPS WITH NGOS AND SUPPLIERS



- Collaborated with WWF, MSC and ASC on development of **seafood training resources**.



- **Worked with Sysco on a national shrimp program in the Americas.** Sysco is a major foodservice distributor to our Americas portfolio, and its sustainable seafood commitment includes its top volume aquaculture species groups, with a preference for sourcing ASC certified product when available. As a first step, Hilton and Sysco are offering Best Aquaculture Practices (BAP) certified shrimp to Hilton's guests, and will work together to transition to ASC certified product offerings by 2022.



- **Participated in the International Mahi Mahi Fishery Improvement Project (FIP) Workshop** in Peru, and signed support for the FIP alongside 25 other major US-based seafood buyers and importers.

5 LOOKING AHEAD

- **Monitor global completion rate** of our seafood training resources, and improve our teams' understanding and engagement in Hilton's sustainable seafood goals.
- **Continue engaging internal and external stakeholders** to define next steps in our priority markets, as well as improve data quality and collection. This includes working towards **improved traceability** to responsible sources, for instance by leveraging **MSC and ASC Chain of Custody certification**.

