



MATERIALITY
ASSESSMENT

Assessing our material issues

Hilton's presence in over 119 countries and territories means that our business is intrinsically linked to both global and local Environmental, Social and Governance (ESG) issues. We periodically assess our material issues to inform our programs and refine our focus as we seek to redefine sustainable travel.

Our process

In 2020, Hilton undertook a robust evaluation to assess the ESG priorities that are most material to the company. This assessment represented a comprehensive refresh of a previous ESG materiality assessments undertaken in 2014 and revisited in 2018. Working with a leading global professional services firm, Hilton's 2020 materiality assessment was conducted in alignment with international frameworks and standards, including the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) and the World Economic Forum (WEF). The assessment also included detailed benchmarking of 11

peer organizations and companies with strong sustainability programs, as well as research on current and emerging sustainability trends. Through this process, more than 200 relevant ESG topics were identified, examined, and then consolidated into a list of 17 material ESG Aspects aligned to industry guidance and sector trends. Detailed definitions were developed for each of the 17 Aspects, leveraging Hilton's existing descriptions of the company's programs and goals.¹ With this baseline work prepared, the company moved ahead to engage stakeholders to gather their views on the 17 Aspects.

Stakeholder engagement and validation

To assess the materiality of the 17 Aspects, Hilton engaged nearly 1,500 internal and external stakeholders through interviews and surveys. Stakeholders were selected following the principles of the AA1000 Stakeholder Engagement Standard, considering factors such as dependency, influence and diverse perspectives. As part of this process, Hilton engaged with internal leaders and business partners across functions and geographical scopes. Hilton also sought input from external stakeholders including community members, non-governmental organizations, suppliers, corporate customers and sustainable travel experts.

Related to this broader effort, Hilton also surveyed guests through its Hilton Online community, a group of engaged consumers and elite Hilton Honors

members in the U.S. and the U.K. Given the nature of this group, that survey focused on guest-facing Aspects and was primarily qualitative in nature.

As part of the assessment, stakeholders were asked to rate the identified ESG Aspects, on a scale of 1-5, based on their perceived importance and impact to Hilton's business, corporate goals and strategy. In addition, stakeholders shared insights on the ESG aspects that they viewed as growing in importance over the next three to five years.

The results of our stakeholders' feedback were then mapped onto the following Materiality Matrix and Stakeholder Priority Map. Results were presented to and reviewed by Hilton's executive leadership, including our CEO and the Board of Directors' Nominating & ESG Committee.

WE ENGAGED WITH STAKEHOLDERS

Internal

56
Members of
Hilton leadership

1,115+
Team Members

External

26
NGOs and Community
organizations

200
Guests via Hilton
Online Community

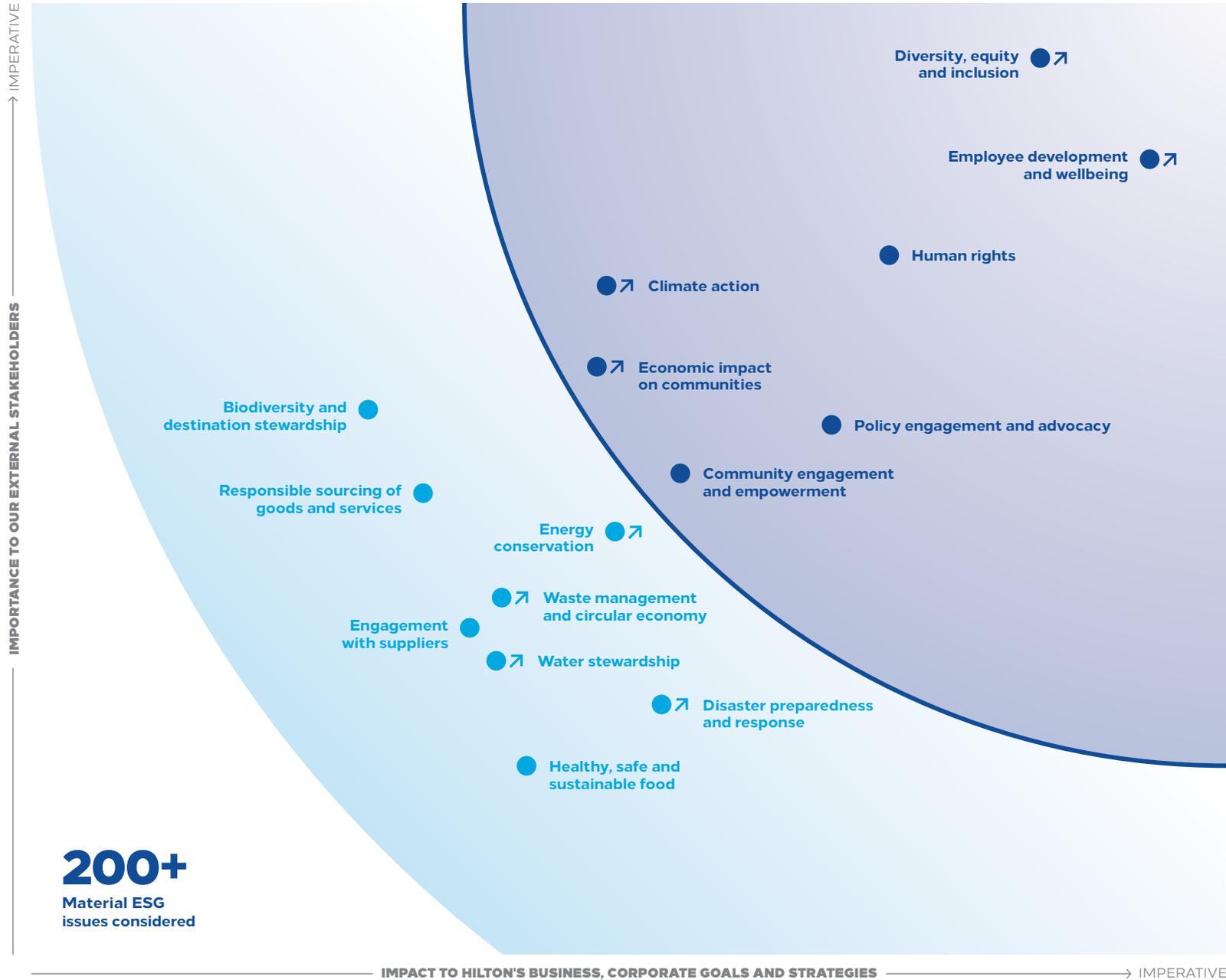
13
Owners and
developers

23
Suppliers

6
of our largest
investors

¹ Refer to the Appendix for the full list of Hilton's 17 ESG Aspects and their definitions.

Results: Materiality Matrix



- HIGHEST RATED ASPECTS:**
- Ethical business practices and regulatory compliance
 - Employee and guest health, safety and security

200+
Material ESG issues considered

↗ Identified as growing in importance over the next 3-5 years

Results: Stakeholder Priority Map



Key findings

Our materiality assessments inform the direction of our ESG programs and business strategy. Findings from our 2020 Materiality Assessment highlighted a heightened sense of urgency to tackle social aspects, strongly influenced by COVID-19. However, environment aspects emerged as growing significantly in importance in the near future.

Key findings from our assessment included:

- Every one of the 17 Aspects ranked as “Important” or higher to our stakeholders – meaning they ranked at least an average of 3.5+ out of 5 across all groups, with many scoring over 4. This indicates all Aspects are considered to be significant for our ESG programs.
- *Ethical Business Practices* and *Regulator Compliance* and *Employee and Guest Health, Safety and Security* were ranked the highest and considered “core aspects” irrespective of stakeholder group.
- Social Aspects were largely perceived as imperative to the business, including *Human Rights*, which scored consistently high with internal and external stakeholders.
- *Diversity, Equity and Inclusion* was rated as “Imperative” by all stakeholders and marked as growing in importance.
- Additionally, Hilton leadership identified key environmental Aspects, including *Climate Action*, *Energy Conservation* and *Water Stewardship*, as Aspects that will likely increase in importance over the next 3-5 years.
- In addition to emerging aspects identified by Hilton leadership, external stakeholders noted *Disaster Preparedness & Response*, *Waste Management*, *Economic Impact on Communities*, and *Employee Development & Wellbeing* as increasing in importance in the near future.
- Stakeholders noted that COVID-19 has highlighted the importance of a robust health and safety program.
- Multiple stakeholders identified *Policy Engagement & Advocacy* as an opportunity for Hilton to lead in the sector.
- Guests that participated in the Hilton Online Community survey indicated *Waste Reduction*, *Community Impact*, and *Water Stewardship* as priority focus areas

Next steps

The results of our materiality assessment will be used to ensure that Hilton’s ESG programs remain aligned with our most material issues, to drive long-term value for our business. Findings from the assessment will help guide the integration of Hilton’s ESG programs into overall business strategy across departments and geographic regions. The assessment will also inform management of ESG risks across our enterprise.

We recognize that ESG Aspects are interconnected in nature therefore performance on one can influence performance in another area, and we are taking this into account as we continue to enhance our ESG strategy and our Travel with Purpose 2030 Goals. We also recognize that the materiality assessment is a reflection of stakeholder views at a particular moment in time, and that 2020 was significantly impacted by the challenges brought by the COVID-19 pandemic. Hilton endeavors to evaluate the validity of the materiality assessment on an annual basis and carry out future materiality assessments every 2-4 years, to ensure that our programs remain closely aligned with the requirements and expectations of our key stakeholders.

Appendix

Hilton ESG Aspects and Definitions

On the right are the definitions for the 17 material ESG Aspects identified by Hilton. Each Aspect is mapped to the primary section of our [2020 ESG Report](#) where we disclose our approach towards and progress on this topic.

ASPECT	DEFINITION	2020 ESG REPORT SECTION
1 Biodiversity and destination stewardship	Ensuring healthy ecosystems and protecting the full variety of life on Earth. This includes assessing the impact of Hilton's operations on local ecosystems, and working to preserve destinations for future generations of travelers.	Preserving destinations (p. 12)
2 Climate action	Reducing Hilton's carbon footprint and mitigating the long-term impacts of climate change across the natural environment, communities and value chain. This includes assessing climate risks to the business, implementing practices that reduce greenhouse gas emissions (such as green building design, operational efficiency and use of renewable energy), and increasing climate change resiliency.	Energy and carbon (p. 20-21)
3 Community engagement and empowerment	Supporting our communities by partnering with local organizations, engaging employees in volunteer/donation projects, investing in the advancement of community initiatives, and promoting inclusive community development.	Community support (p. 37-39)
4 Disaster preparedness and response	Working with our communities to enhance natural disaster resiliency, mitigate impacts of potential disasters, and deliver emergency response support to communities and Hilton employees in need.	Disaster relief (p. 40)
5 Diversity, equity and inclusion	Creating a culture of belonging and opportunities for all. This includes attracting, developing, and retaining employees from all walks of life, and striving for diversity, equity (including pay equity) and inclusion across all levels of the organization, including executive leadership and the Board of Directors.	Diversity and inclusion (p. 31-32)
6 Economic impact on communities	Making a positive contribution to local and national economies through economic value generated, including local investments, taxes paid, employment opportunities, philanthropic investments, and other economic contributions.	Community support (p. 37-39) Inclusive growth (p. 33-34)
7 Employee development and wellbeing	Human Capital Management: Attracting, developing and retaining talent, including providing employees opportunities for professional growth and development, protecting and promoting the mental health of employees, and providing benefits that support their personal wellbeing.	Team Member support (p. 29-30)
8 Employee and guest health, safety and security	Protecting and promoting the health, safety and security of employees and guests. This includes increasing health, hygiene and sanitation protocols at Hilton hotels, communicating relevant protocols to employees and guests, ensuring safe working conditions for our employees, training employees on appropriate health, safety and security procedures, and tracking and mitigating illness and safety incidents.	Team Member support (p. 29-30)

Hilton ESG Aspects and Definitions

continued

ASPECT	DEFINITION	2020 ESG REPORT SECTION
9 Engagement with suppliers	Conducting business with suppliers who are committed to meeting our high corporate responsibility standards in their own operations, including complying with our Code of Conduct, Responsible Sourcing Policy and other relevant policies. This includes encouraging suppliers to adopt their own sustainable practices such as science-based carbon reduction targets, and conducting environmental and social assessments, including human rights due diligence.	Responsible sourcing (p. 26-27) Inclusive growth (p. 33-34)
10 Energy conservation	Driving energy efficiency across global operations, including measuring and reducing energy consumption in our hotels, mitigating energy-related risks, and working with partners to drive energy conservation across our value chain.	Energy and carbon (p. 20-21)
11 Ethical business practices and regulatory compliance	Conducting business with a commitment to ethical practices and the highest lawful standards and standards of governance to support our values. This includes compliance with all legal requirements, including those that address bribery and corruption. This also includes implementing policies, practices and trainings that establish our expectations, meet all stakeholder needs, and help ensure that employees live Hilton's values, are vigilant in identifying potential concerns and are confident about speaking up.	Ethical business (p. 44)
12 Healthy, safe and sustainable food	Ensuring health, quality, safety and sustainability in Hilton's approach to food and beverage procurement and products. This includes committing to reducing food-related greenhouse gas emissions, offering certified sustainable products, and considering health and nutrition in food and beverage offerings.	Energy and carbon (p. 20-21) Responsible sourcing (p. 26-27)
13 Human rights	Embedding respect for human rights and conducting due diligence throughout Hilton's value chain to identify and address human rights risks, including risks of modern slavery and human trafficking. This includes training employees on human rights and partnering with suppliers and cross-industry networks to eradicate any form of forced labor or trafficking.	Human rights (p. 35-36)
14 Policy engagement and advocacy	Using Hilton's global footprint to drive policies and momentum that contribute to creating a better world to travel. This includes advocacy, policy engagement and partnerships for topics such as climate action, environmental stewardship, human rights, community empowerment, social justice, and diversity, equity and inclusion.	Public policy and advocacy (p. 47)
15 Responsible sourcing of goods and services	Integrating leading environmental and social practices into our sourcing of goods and services. This includes increasing our sourcing of certified sustainable products and products, services and technologies that contribute to our corporate responsibility objectives. This also includes supporting local, small, and medium-sized enterprises and minority-owned suppliers, and partnering with suppliers to build a diverse, responsible and resilient supply chain.	Responsible sourcing (p. 26-27)
16 Water Stewardship	Driving holistic water stewardship across global operations. This includes measuring and reducing operational water consumption, identifying opportunities to improve water efficiency, and mitigating impacts in water scarce regions. This also includes assessing water-related risks (both water availability and quality) and integrating results into business priorities and decision-making.	Water (p. 22-23)
17 Waste management and circular economy	Reducing Hilton's waste and employing a circular economy model across the value chain. This includes measuring and driving waste reduction, diverting waste from landfills, increasing recycling, reducing food waste, addressing waste-related financial and reputational risks, and working with partners, including suppliers and waste haulers, to drive towards closed-loop solutions where resources are reused or recycled into new products.	Waste (p. 24-25)