

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

Hilton is one of the largest and fastest growing hospitality companies in the world, with 5,685 properties comprising 912,960 rooms in 113 countries and territories as of December 31, 2018. Managed and franchised hotels included in this disclosure include: our luxury and lifestyle hotel brands, Waldorf Astoria Hotels & Resorts, Conrad Hotels & Resorts and Canopy by Hilton; our full service hotel brands, Hilton Hotels & Resorts, Curio - A Collection by Hilton, DoubleTree by Hilton, Tapestry Collection by Hilton and Embassy Suites by Hilton; our focused service hotel brands, Hilton Garden Inn, Hampton by Hilton, Tru by Hilton, Homewood Suites by Hilton and Home2 Suites by Hilton. In addition to our current hotel portfolio, we are focused on the growth of our business through expanding our share of the global lodging industry through our development pipeline. During the year ending December 31, 2018, nearly 110,000 new rooms were approved for development, and we opened 450 hotels consisting of over 66,000 rooms.

We depend on our long-term hotel management and franchise contracts with third-party owners and franchisees for the majority of our fee revenues. The management and franchise segment includes all of the hotels we manage for third-party owners, as well as all franchised hotels owned and managed by others. As of December 31, 2018, there was a total of 760 hotels managed by Hilton and under its operational control ("Direct Operations"). Out of these managed hotels, Hilton has an ownership interest in 71 hotels (less than 10% owned, joint venture or leased) and a 100% controlling interest in only four hotels. Franchised properties, which are controlled by Hilton's development and operating standards for the respective Brands, account for approximately 87% of our global portfolio by hotel count and 74% by total room count. Given their significance to Hilton's business model, responses that are relevant to franchised hotels are reported as Other Value Chain.

Our CDP Reporting Boundary is Operational Control, defined as companies, entities or groups over which operational control is exercised. However, please note that Hilton's corporate responsibility and water stewardship strategies, along with LightStay requirements for measurement and improvement in water efficiency, extend to all managed and franchised hotels globally.

Hilton has integrated climate change and water-related issues into our business objectives for years through our continual focus on improving the environmental performance of our hotels and driving responsible travel and tourism across our industry. As a result of our efforts, we were proudly named to the Dow Jones Sustainability Index for the first time in 2017 and listed as the Most JUST company in our industry by JUST Capital and Forbes. We are serious about our role in helping the international community reach the UN Sustainable Development Goals (SDGs) through our global hotel operations and supply chain footprint. Our corporate responsibility strategy, Travel with Purpose, drives us to think and act in ways that will maximize our contributions to help meet these important global goals. In this spirit, we have united our 380,000 Team Members along with our owners, partners and communities in more than 100 countries around our strategy and shared goals.

In 2018, we released our new Travel with Purpose long-term commitment to double our social impact and cut our environmental footprint in half by 2030. One of the key targets underpinning these goals is our new science-based targets (SBTs), demonstrating that we are committed to reducing our carbon emissions in line with the stipulations of the Paris Agreement. We believe that climate change is one of the biggest threats to business today, and we are proud to be the first major hotel company to have our SBTs approved by the Science Based Targets initiative (SBTi).

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	January 1 2018	December 31 2018

W0.3

(W0.3) Select the countries/regions for which you will be supplying data.

Albania
Argentina
Aruba
Australia
Austria
Azerbaijan
Bahamas
Barbados
Belarus
Belgium
Brazil
Bulgaria
Cameroon
Canada
China
China, Hong Kong Special Administrative Region
Colombia
Costa Rica
Croatia
Cyprus
Dominican Republic
Egypt
Equatorial Guinea
Estonia
Ethiopia
Fiji
France
Georgia
Germany
Greece
Hungary
India
Indonesia
Ireland
Israel
Italy
Japan
Jordan
Kazakhstan
Kenya
Kuwait
Lebanon
Malaysia
Maldives
Malta
Mauritius
Mexico
Morocco
Myanmar
Namibia
Netherlands
New Zealand

Nigeria
Oman
Panama
Papua New Guinea
Peru
Philippines
Poland
Portugal
Qatar
Romania
Russian Federation
Saint Lucia
Saudi Arabia
Serbia
Seychelles
Singapore
South Africa
Spain
Sri Lanka
Sweden
Switzerland
Taiwan, Greater China
Thailand
Trinidad and Tobago
Turkey
Ukraine
United Arab Emirates
United Kingdom of Great Britain and Northern Ireland
United States of America
Uruguay
Viet Nam
Zambia

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

USD

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which operational control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

No

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Vital	Neutral	Direct use of freshwater: Good quality freshwater is used for cooking, drinking water and guest services such as laundry and cleaning. Availability of fresh water is important to ensure continued operations. Indirect use of freshwater: Within our value chain freshwater is used by our suppliers to enable production of goods and produce. Its availability for indirect use is deemed neutral overall given Hilton's diverse global supply chain which extends across over 100 countries, reducing risk from water shortages in specific geographic areas. Dependency on freshwater is unlikely to change over time for both direct and indirect uses.
Sufficient amounts of recycled, brackish and/or produced water available for use	Neutral	Neutral	Direct use of recycled, brackish and/or produced water: Water recycled by hotels within their boundary reduces potable water use and may be used for landscape irrigation, toilet flushing, cooling tower makeup and other non-potable water uses. Its availability is deemed neutral as none of these are directly required for hotel operations. However, dependency on recycled water may increase over time where needed to reduce risk from water shortages. Indirect use of recycled, brackish and/or produced water: Water may be used and recycled within the operations of some of our suppliers, however within our value chain, availability is deemed neutral overall given Hilton's diverse global supply chain which extends across over 100 countries which reduces risk from water shortages in specific geographic areas. Demand for this water may increase over time particularly within areas facing freshwater stress.

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	100% of facilities are monitored for monthly water withdrawals. As a Brand Standard, all owned managed and franchised properties are required to report water withdrawal volumes into LightStay on a monthly basis, using utility billing or other water metering data.
Water withdrawals – volumes from water stressed areas	100%	100% of facilities in water stressed areas are monitored for monthly water withdrawals as a Brand Standard per above. Hotels are required to identify water accounts (main water meter and any submeters) in LightStay along with any significant non-municipal water sources, including groundwater, freshwater, rainwater and seawater. Hilton uses LightStay and the WWF Water Risk Filter tool to evaluate hotel water risk and calculate withdrawals from water stressed areas.
Water withdrawals – volumes by source	100%	100% of facilities are monitored for monthly water withdrawals by source as a Brand Standard per above. Hotels are required to identify water accounts (main water meter and any submeters) in LightStay along with any significant non-municipal water sources, including groundwater, freshwater, rainwater and seawater.
Entrained water associated with your metals & mining sector activities - total volumes [only metals and mining sectors]	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector]	<Not Applicable>	<Not Applicable>
Water withdrawals quality	100%	100% of facilities are monitored for monthly water withdrawals by source as a Brand Standard per above. Hotels are required to identify water accounts (main water meter and any submeters) in LightStay along with any significant non-municipal water sources, including groundwater, freshwater, rainwater and seawater.
Water discharges – total volumes	100%	100% of sites are monitored for monthly water withdrawal volumes as a Brand Standard per above, using metered water usage shown on their water bill. Given that discharge volumes are not metered or reported by the municipal utility, Hilton estimates water discharges at 75% of the metered water withdrawals shown on the utility bill data and entered into LightStay by the hotel or billing service provider.
Water discharges – volumes by destination	100%	Our understanding is that 100% of all discharges from our managed hotels are to municipal treatment facilities as destination. All hotels must comply with applicable environmental laws and must discharge to required drainage and plumbing facilities which flow to municipal treatment plants in accordance with local regulations and Hilton Brand Standards.
Water discharges – volumes by treatment method	100%	Our understanding is that 100% of all discharges from our managed hotels are to municipal treatment facilities, which are responsible for monitoring treatment methods. All hotels must comply with applicable environmental laws and must discharge to required drainage and plumbing facilities which flow to municipal treatment plants in accordance with local regulations and Hilton Brand Standards.
Water discharge quality – by standard effluent parameters	100%	Our understanding is that 100% of all discharges from our managed hotels are to municipal treatment facilities, which are responsible for monitoring standard effluent parameters. All hotels must comply with applicable environmental laws and must discharge to required drainage and plumbing facilities which flow to municipal treatment plants in accordance with local regulations and Hilton Brand Standards.
Water discharge quality – temperature	100%	Our understanding is that 100% of all discharges from our managed hotels are to municipal treatment facilities, which are responsible for monitoring discharge temperature. All hotels must comply with applicable environmental laws and must discharge to required drainage and plumbing facilities which flow to municipal treatment plants in accordance with local regulations and Hilton Brand Standards.
Water consumption – total volume	100%	100% of hotel water consumption is regularly monitored and measured per above. As a Brand Standard, all owned, managed and franchised properties worldwide are required to report actual water withdrawals into our LightStay sustainability measurement platform on a monthly, quarterly or periodic basis depending on their utility bill cycle. Based on metered withdrawals, water consumption is estimated and reported, per CDP and CERES definition, as the amount of water that is used but not returned to its original source. As explained in Water Discharges-total volumes above, we have estimated water discharges at 75% of metered water withdrawals and water consumption at 25% of metered water withdrawals.
Water recycled/reused	Not monitored	We have a number of hotels that have greywater recycling for toilet flushing, irrigation and other non-potable uses; however, we do not currently measure or monitor this aspect. This would be separate from rainwater capture and is estimated to be less than 1% of total water withdrawals for our owned and managed hotels at present.
The provision of fully-functioning, safely managed WASH services to all workers	100%	Hilton is committed to providing fully-functioning WASH services for 100% of workers, including clean water for drinking, cooking and cleaning purposes, adequate facilities for excreta purposes, solid waste management and drainage, and hygiene information and education. It is a requirement for all hotel operations and development, and WASH requirements are included in our Design and Construction standards and quality assurance inspections.

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	55363	Higher	Rationale for selection: Absolute water withdrawals from all sources increased by approximately 5% in 2018, due to portfolio growth. However, normalized water use intensity decreased by 1.6% per floor area (ft ² /m ²) and decreased by 0.6% per occupied room across the Hilton's owned and managed hotels. Reported totals are based on an analysis of primary data for approximately 90% of hotels open as of January 2018, with complete 2017-2018 water data entered in LightStay deemed accurate for reporting purposes. Total withdrawals have been extrapolated to include 100% of the owned and managed portfolio, including prorated amounts for new hotels. Future water withdrawals: We would expect withdrawals to increase marginally in absolute terms as the number of hotels in the portfolio is due to increase. However, we expect to continue to see reduced water use intensity due to ongoing efforts to increase efficiencies. Water balance: As expected, total water withdrawals is equal to discharges + consumption (W = D + C). Discharges from hotel facilities are estimated based on water bills received from the utility or service provider.
Total discharges	41522	Higher	Rationale for the selection: Total water discharges are estimated to have increased by approximately 5% due to growth of the owned and managed portfolio. However, normalized water use intensity (liters/m ²) decreased by 1.6%, and decreased by 0.6% per occupied room. For CDP reporting purposes, we calculate water consumption as water withdrawals reported by the hotels in LightStay, less 75% average water discharges through landscape irrigation and sewer discharge to municipal treatment plants or other third parties in accordance with local regulations. Please note that site discharges are not measured or reported by the municipality. Future water withdrawals: We would expect future discharges to increase in absolute terms as the number of hotels in the portfolio is due to increase. However, we expect to see decreasing water use intensity due to ongoing water efficiency efforts at our hotels. Water balance: As expected, total water withdrawals is equal to discharges + consumption (W = D + C). Discharges from hotel facilities are estimated based on water bills received from the utility or service provider.
Total consumption	13841	Higher	Rationale for the selection: Water consumption is estimated to have increased by approximately 5% in 2018, due to portfolio growth. However, normalized water use intensity (liters/m ²) decreased by 1.6%, and decreased by 0.6% per occupied room. For CDP reporting purposes, we calculate water consumption as water withdrawals reported by the hotels in LightStay, less 75% average water discharges through landscape irrigation and sewer discharge to municipal treatment plants or other third parties in accordance with local regulations. Please note that site discharges are not measured or reported by the municipality. Future water consumption: We would expect future consumption to increase in absolute terms as the number of hotels in the portfolio is due to increase. However, we expect to see decreasing water use intensity due to ongoing water efficiency efforts at our hotels. Water balance: As expected, total water withdrawals is equal to discharges + consumption (W = D + C). Discharges from hotel facilities are estimated based on water bills received from the utility or service provider.

W1.2d

(W1.2d) Provide the proportion of your total withdrawals sourced from water stressed areas.

	% withdrawn from stressed areas	Comparison with previous reporting year	Identification tool	Please explain
Row 1	20	About the same	WWF Water Risk Filter	Rationale for selection: For Hilton owned and managed, reported withdrawals from properties in stressed areas increased by 0.5%, with approximately 20% of total water withdrawals from water stressed areas. Including managed and franchised, reported withdrawals from stressed areas increased by 1.2%, with approximately 14% of total global water withdrawals from water stressed areas. How the tool was applied: Hilton utilizes the WWF-DEG Water Risk Filter to assess our water risk. Our definition of hotels in water stressed areas are those with a baseline risk and/or physical risk (indicating water depletion or scarcity) of 3.5 or greater per the WWF Water Risk filter results. Water withdrawals for hotels meeting these criteria are then compared to total reported withdrawals from all sources to derive percent from stressed areas. Consistent with our global Water Stewardship Commitment, Hilton uses the WWF tool to assess risk across our global portfolio of owned, managed and franchised properties.

W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	262	Lower	Reason for relevancy: Fresh surface water and rainwater withdrawals represent approximately 0.5% of total withdrawals from all sources at Hilton owned and managed properties. While a very small percentage, fresh water resources are relevant to our communities and Hilton's water stewardship commitment. An increasing number of hotels are collecting rainwater in water tanks/butts for use in landscape irrigation, however these quantities are not measured or reported by the hotels in LightStay. Comparison with previous year: Reported withdrawals have decreased by approximately 13%. This may be insignificant given the small number of hotels reporting fresh surface water as a primary source. Future trends: We expect that reported freshwater withdrawals, including rainwater and surface water, will increase as more hotels implement and monitor their rainwater capture.
Brackish surface water/Seawater	Relevant	1157	About the same	Reason for relevancy: Seawater withdrawals represent approximately 2.1% of total water withdrawals from all sources at Hilton owned and managed properties worldwide. While a very small percentage, water desalinization technologies are relevant to our communities and Hilton's water stewardship commitment. Totals include 9 hotels in Egypt, Mexico, Bahamas and Maldives that source the majority of their water from desalinated water, using extracted seawater and an on-site reverse osmosis system. Comparison with previous year: Withdrawals are about the same as last year, showing a 2% increase, based on 2017-2018 monthly water data reported by hotels in LightStay. Future trends: We expect that reported seawater withdrawals will increase slightly with conversions or implementation of reverse osmosis systems for new hotels.
Groundwater – renewable	Relevant	2053	About the same	Reason for relevancy: Groundwater withdrawals represent approximately 3.7% of total water withdrawals from all sources at Hilton owned and managed properties worldwide. While a very small percentage, groundwater resources are relevant to our communities and Hilton's water stewardship commitment. Withdrawal totals include 30 hotels with 20%-100% of their water sourced from renewable groundwater resources, located in China, India, Indonesia, Japan, Kenya, Lebanon, Saudi Arabia, Thailand and Turkey. Comparison to previous year: Groundwater withdrawals have increased by approximately 3.7% based on 2017-2018 monthly water data reported by hotels in LightStay. Future trends: We expect that reported seawater withdrawals will likely increase in the future due to portfolio growth with the addition of new managed hotels in these regions.
Groundwater – non-renewable	Not relevant	<Not Applicable>	<Not Applicable>	Not relevant as we are not aware of any withdrawals taking place from non-renewable groundwater sources.
Produced/Entrained water	Not relevant	<Not Applicable>	<Not Applicable>	Not relevant as Hilton does not engage in any activities involving the extraction, processing, or use of any raw material that would potentially result in produced water.
Third party sources	Relevant	51891	Higher	Reason for relevancy: Municipal supply represents approximately 94% of total water withdrawals from all sources at Hilton owned and managed properties worldwide. Reported totals are based on monthly water utility bill data entered into LightStay by the hotels or service providers. Comparison to previous year: Absolute water withdrawals from municipal supply increased by 5.4% in 2018, due to a 7% growth in the owned and managed portfolio. Normalized water withdrawals per building area (liters/m2) decreased by 1.6% in 2018. Future trends: We expect that total withdrawals from third party sources will increase in the future due to portfolio growth with the addition of new managed hotels. However, normalized withdrawals (liters/m2) will decrease to achieve Hilton's 2030 water reduction target.

W1.2i

(W1.2i) Provide total water discharge data by destination.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Not relevant	<Not Applicable>	<Not Applicable>	No known or permitted discharges to surface water.
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	No known or permitted discharges to brackish surface water/seawater.
Groundwater	Not relevant	<Not Applicable>	<Not Applicable>	No known or permitted discharges to groundwater.
Third-party destinations	Relevant	41522	Higher	Relevancy: All hotels must comply with applicable laws and must discharge to required drainage and plumbing facilities which flow to municipal treatment plants in accordance with local regulations and Hilton Brand Standards. Previous year: Water discharges increased by approximately 5% due to portfolio growth. However, water use intensity (liters/m2) decreased by 1.6%. For CDP reporting purposes, we calculate water consumption as water withdrawals reported by the hotels in LightStay, less 75% average water discharges through landscape irrigation and sewer discharge to municipal treatment plants or other third parties in accordance with local regulations. Future trends: We expect that total discharges to third party destinations will increase in the future due to growth of the Hilton managed portfolio.

W1.4

(W1.4) Do you engage with your value chain on water-related issues?

Yes, our suppliers

Yes, our customers or other value chain partners

W1.4a

(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?

Row 1

% of suppliers by number

Less than 1%

% of total procurement spend

1-25

Rationale for this coverage

Hilton currently works with our bottled water and beverage suppliers to request information on water use, risks and management, and we work with these providers on water stewardship partnerships. To date we have specifically worked with bottled beverage suppliers because their water stewardship work aligns well with our own Travel with Purpose goals. Type of information requested from suppliers: We request data on water use and water stewardship, including the number and type of watershed preservation projects being undertaken. We also work with our beverage providers to promote sustainable packaging initiatives.

Impact of the engagement and measures of success

How information is used: We use the data provided by our suppliers to help us guide our buying and our partnerships as we continue to seek to reduce our environmental footprint through our Travel with Purpose value chain targets. For example, recently the Hilton Hawaiian Village Waikiki Beach Resort participated in a Ko'olau Mountain Watershed – Manana Trail volunteer project led by Hato to remove invasive species while learning about the native forest, history and watershed. We plan to continue to work with our key supplier partners, such as Coca-Cola, to jointly drive water stewardship globally. Success measures: We will measure our success through the joint water stewardship actions that we are able to achieve by working with our suppliers. As an example, we will track the number of watershed protection projects implemented in partnership with key bottled beverage providers.

Comment

As part of our 2030 Travel with Purpose Value Chain Targets, Hilton has increased its supply chain commitments in areas that have the greatest impact to our business and the environment. In addition to the actions listed above, supply chain water risks, especially in the local context, will be directly addressed as part of Hilton's 2025 Water Stewardship strategy. We anticipate requesting more detailed information from suppliers starting in 2019, with emphasis on regions of high water stress.

W1.4b

(W1.4b) Provide details of any other water-related supplier engagement activity.

Type of engagement

Innovation & collaboration

Details of engagement

Encourage/incentivize innovation to reduce water impacts in products and services

% of suppliers by number

Less than 1%

% of total procurement spend

Less than 1%

Rationale for the coverage of your engagement

Description of the engagement: Throughout our global operations, we see an opportunity to improve water and energy consumption in our laundry facilities through innovative laundry technologies. To realize this opportunity, Hilton leverages its global footprint to promote investment and adoption of water efficient laundry products and innovative laundry technologies through various channels and vendor partnerships, and we are currently using low temperature laundry technologies that can deliver 40% water reduction and 50-75% energy savings with every wash. We are working with hotels across our portfolio to implement these innovative technologies. Coverage of the engagement: In 2018, approximately 50% of Hilton's global portfolio, reported using low temperature laundry products and technologies.

Impact of the engagement and measures of success

We are continuing trials across our managed portfolio with the Xeros™ polymer bead-based washing system, which uses less water, energy and chemical detergents. Beneficial outcomes of the engagement: The Xeros™ technology swaps out up to 80% of the water needed for laundry with small polymer beads. Through our engagement with Xeros, hotels are saving significant amount of water and energy on their laundry systems. For example, the Hilton Los Angeles/Universal City Hotel achieved an estimated water cost savings of over \$66,430 by using the Xeros technology, with an 81% reduction in total laundry water and a 100% reduction in laundry hot water use. Measurement of success: The success of our engagement with Xeros will be measured based on aggregated water and energy consumption savings resulting from our pilot projects using this technology.

Comment

W1.4c

(W1.4c) What is your organization's rationale and strategy for prioritizing engagements with customers or other partners in its value chain?

Hotel guests

Rationale: Our guests can have a measurable impact on our water consumption during their stay with us, and our goal is to educate and help our guests reduce the impacts of their stay. Engagement with our guests is of particular importance in areas of high water risk as we need to raise awareness to encourage guests to join in with our efforts and understand why we would tailor services in crisis situations.

Engagement strategy: We are continually identifying new ways to engage with our guests around our environmental impacts, including around our water stewardship through guest-facing communication both in-property and online. For example, the Hilton San Francisco used messaging in its Lobby to educate guests on the California drought and to encourage mindful water consumption.

Success measures: This simple messaging was found to decrease water consumption by nearly 20%. We also believe that many guests will take this knowledge with them to reduce their environmental impact at home and at work.

Franchises

Rationale: We directly manage about 750 properties around the world. However, Hilton also has over 4,500 franchised properties globally. We believe that it is our responsibility to ensure that our franchise partners are provided with information and resources to manage their impacts across their value chains in a responsible way.

Strategy: To engage with our franchises, our Corporate Responsibility strategy and LightStay requirements for measurement and improvement in water efficiency extend to all hotels, including franchised operations. We also engage with franchised properties in areas of high water risk to ensure they can benefit from our learnings and the resources we create.

Success measures: Our franchised hotels have significantly reduced their water use through use of the LightStay system. Portfolio-wide we have reduced water use intensity by 23% since 2008.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

No

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

No

W3. Procedures

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Direct operations

Coverage

Full

Risk assessment procedure

Water risks are assessed as part of other company-wide risk assessment system

Frequency of assessment

Annually

How far into the future are risks considered?

3 to 6 years

Type of tools and methods used

Tools on the market
Enterprise Risk Management
International methodologies

Tools and methods used

WWF-DEG Water Risk Filter
ISO 31000 Risk Management Standard
Alliance for Water Stewardship Standard
Other, please specify (Hilton LightStay tool)

Comment

Hilton utilizes the WWF-DEG Water Risk Filter given the tool's extensive coverage of over 40 risk drivers and contextual issues at the river basin level. Each hotel's water risk is assessed using the tool, and the findings of this assessment (along with recommendations and tips) are shared with the hotel via our LightStay platform. As part of our 2025 Water Stewardship strategy, we are working to incorporate the principles of the Alliance for Water Stewardship (AWS) Water Stewardship Standard as a self-assessment guide at Hilton managed properties within priority water regions. We also leverage our LightStay tool and hotel data, including monthly water withdrawals by source, water costs, occupancy and weather data, and other profile data.

Supply chain

Coverage

Partial

Risk assessment procedure

Water risks are assessed as part of other company-wide risk assessment system

Frequency of assessment

Every two years

How far into the future are risks considered?

3 to 6 years

Type of tools and methods used

International methodologies

Tools and methods used

Life Cycle Assessment

Comment

Hilton has utilized SIMApro LCA to systematically assess the environmental risks in our supply chain, including water, waste, energy, GHG emissions and biodiversity impact.

Other stages of the value chain

Coverage

Full

Risk assessment procedure

Water risks are assessed as part of other company-wide risk assessment system

Frequency of assessment

Annually

How far into the future are risks considered?

3 to 6 years

Type of tools and methods used

Tools on the market

Tools and methods used

WWF-DEG Water Risk Filter

Comment

Hilton utilizes the WWF-DEG Water Risk Filter given the tool's extensive coverage of over 40 risk drivers and contextual issues at the river basin level. Consistent with our Travel with Purpose corporate responsibility strategy and water stewardship commitments, our water risk assessment also includes franchised hotels, which are not under Hilton's direct operational control. Each franchised hotel's water risk is assessed using the tool, and the findings of this assessment (along with recommendations and tips) are shared with the hotel via our LightStay platform. We also leverage our LightStay tool and data, including monthly water withdrawals by source, water costs, occupancy and weather data, and other hotel profile data to assess risk across our global portfolio.

W3.3b

(W3.3b) Which of the following contextual issues are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Water availability at a basin/catchment level	Relevant, always included	Water availability and scarcity is addressed through the use of WWF Water Risk Filter Basin risk indicators 1-7 in Hilton's risk assessment.
Water quality at a basin/catchment level	Relevant, always included	Water quality and pollution is addressed through the use of WWF Water Risk Filter Basin risk indicator 8 in Hilton's risk assessment.
Stakeholder conflicts concerning water resources at a basin/catchment level	Relevant, always included	Addressed in WWF risk filter, Company risk indicator 21. This has also been incorporated into Hilton's 2025 water stewardship strategy to be implemented at the local level. Stakeholder conflicts at the basin level are included in the in-depth risk analysis carried out at pilot sites.
Implications of water on your key commodities/raw materials	Relevant, always included	Scenario analysis of implications of water on Hilton's key commodities/raw materials are addressed through the use of the WWF risk filter, Company risk indicator 21. Future implications of water risks on key commodities are also addressed in Hilton's LCA supply chain risk assessment.
Water-related regulatory frameworks	Relevant, always included	Addressed through the use of WWF Water Risk Filter indicators: Basin risk indicator 11 to 17; Company risk indicator 13 to 15.
Status of ecosystems and habitats	Relevant, always included	Addressed through the use of WWF Water Risk Filter risk indicators 9-12 (Physical Risk-Ecosystem Threat) in Hilton's risk assessment. Scenario analysis of potential changes in the status of ecosystems and habitats at a local level is addressed through the use of the WWF risk filter, Company risk indicator 25. Hilton's internal sustainability risk assessment also engages local and regional managers to provide insights on hotels with sensitive ecosystems and habitats.
Access to fully-functioning, safely managed WASH services for all employees	Relevant, always included	Hilton requires and is committed to providing fully-functioning WASH services for all employees worldwide as a global Brand Standard.
Other contextual issues, please specify	Not considered	

(W3.3c) Which of the following stakeholders are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Customers	Relevant, always included	Risk considered: Hilton's internal risk assessment and stakeholder engagement activities evaluate potential implications of water availability and quality on our ability to operate the hotel and provide quality guest service and accommodations. Engagement method: We engage with our transient and group guests through a variety of methods to ensure we are addressing the customer's needs, with examples provided below: (1) Hilton's Satisfaction and Loyalty Tracking survey (SALT) is a tool for evaluating the guest experience, based on surveys collected from a random sample of guests throughout the year. SALT is one of our most important metrics in evaluating the guest experience and provides property-specific feedback that spans all aspects of the guest stay. For example, Hilton has eliminated plastic bottles in all meetings, events, gyms and spas in China in response to guests' feedback through SALT surveys and other methods. (2) Launched in 2015, Hilton's Meet with Purpose program is designed to make it easier for meeting professionals to reduce the environmental impact of their meetings and events, with measures focused specifically on reducing water consumption. Meet with Purpose provides meeting professionals with sustainable choices to incorporate into events and aligns with many customers' corporate responsibility goals. In the initial development and ongoing expansion of this program, Hilton gathered feedback from customers and corporate meeting planners to identify the most pressing sustainability issues for meetings and events. In 2018, Hilton signed on to the Ceres Connect the Drops campaign to engage our guests in our water conservation efforts. As we move forward with implementation of our water stewardship strategy, we will be piloting new methods of communicating with our guests and further engaging with them on various aspects of our water stewardship efforts in high risk areas.
Employees	Relevant, always included	Risk considered: Hilton's internal risk assessment evaluates potential implications of water availability and quality on our ability to provide fully functioning WASH facilities for our employees. Engagement method: All Hilton hotels are required to comply with all laws and regulations pertaining to their operations, including water-related ones. Hotels are required to ensure they are aware and compliant with all locally applicable legislation, including permitting requirements. We constantly engage with Hilton team members at the regional and hotel level to continually assess conditions in specific geographic areas. We also engage our hotel employees to obtain their consensus and feedback on our Travel with Purpose goals and activities, water stewardship strategy and the development of LightStay tools and resources to help them measure and drive sustainability performance at their hotels. In 2018, Hilton conducted the following engagement activities with employees: (1) Rolled out an updated version of the LightStay platform that engages hotel team members directly on managing water scarcity risk, among other geographic priority areas. (2) Hilton and WWF engaged directly with employees at the properties selected for our initial water stewardship pilot projects, to assist the hotels with implementing water conservation projects, local community stewardship projects, and guest-facing messaging. (3) Hosted regional Travel with Purpose Champions meetings, sharing updates and gathering feedback from identified leaders in regions and their team members who develop and drive implementation strategies to bring Travel with Purpose to life with their peers, touching 42 Champions in Europe, Middle East, Africa and Asia-Pacific. (4) Reached out to all Hilton team members via our annual Global Team Member Survey, including asking for their feedback on Hilton's contribution to the local community.
Investors	Relevant, always included	Risk considered: Hilton's internal water risk assessment evaluates potential impacts on investors, such as risk to revenues that could be seen through reduced occupancy caused by water stress. Engagement method: Material risks are disclosed in Hilton's annual financial report and Travel with Purpose has been integrated into this report as well the corporate responsibility report. Hilton presents on Travel with Purpose at the annual global owners' conference.
Local communities	Relevant, always included	Risks considered: The risks to communities of water stress, such as severe drought, are considered. Engagement method: Direct knowledge and input from Hilton Team Members at the corporate, regional and local level provides us with a comprehensive assessment of conditions in specific geographic areas. Team members at our hotels are actively engaged in their local community, particularly through our global programs such as Earth Week, Global Week of Service and the Travel with Purpose Action Grant program, through which Hilton mobilizes our Team Members around the world to work with local partners to drive water stewardship in our communities. As part of our water stewardship pilot efforts, WWF visited each pilot location and included a review of the local conditions, both with employees at the hotels as well as visiting the community to review the situation first hand. As we continue to drive our water stewardship strategy, we will be engaging even more with local communities in high risk areas to ensure a comprehensive approach.
NGOs	Relevant, always included	Assessment: Hilton's internal water risk assessment evaluates potential impacts and interests of NGOs. Hilton has numerous NGO partnerships that focus on both global and regional environmental priorities. Method of engagement: Hilton worked with the World Wildlife Fund (WWF) to develop our water stewardship, sustainable seafood, food waste and carbon reduction strategies. Through our water stewardship pilots we have also identified additional local NGO partners in our pilot locations and we are working with these partners to implement locally-relevant water stewardship programs, such as projects to remove thirsty invasive species.
Other water users at a basin/catchment level	Relevant, sometimes included	Assessment: Direct knowledge and input from Team Members at the corporate, regional and local level provides us with a comprehensive assessment of conditions in specific geographic areas. This information is gathered and fed into the risk assessment to provide additional context. Method of engagement: Team members at our hotels are actively engaged in their local community, particularly through our global programs such as Earth Week, Global Week of Service and the Travel with Purpose Action Grant program, through which Hilton mobilizes our Team Members around the world to work with local partners to drive water stewardship in our communities. As part of our water stewardship pilot efforts, WWF visited each pilot location and included a review of the local conditions, both with employees at the hotels as well as visiting the community to review the situation first hand. As we continue to drive our water stewardship strategy, we will be engaging even more with local communities in high risk areas to ensure a comprehensive approach.
Regulators	Relevant, always included	Assessment: Hilton's internal risk assessment considers regulators with respect to current and potential future implications of water regulations or use restrictions on hotel operations and guest service. Method of engagement: All Hilton hotels are required to comply with all laws and regulations pertaining to their operations, including water-related ones. Monitoring of country-level legislation is carried out at a corporate level and regulators are consulted where needed. Hotels are required to ensure they are aware and compliant with all locally applicable legislation, including permitting requirements. Typically, the General Manager at each hotel is actively engaged with local regulators.

	Relevance & inclusion	Please explain
River basin management authorities	Relevant, not included	This is incorporated into Hilton's 2025 water stewardship strategy with actions to be implemented at the local level, with 2019 target implementation date.
Statutory special interest groups at a local level	Relevant, sometimes included	Hilton's internal risk assessment addresses special interest groups and we are actively engaged in addressing water and climate change challenges and opportunities with national/regional hotel associations and business groups.
Suppliers	Relevant, always included	Risks considered: HSM's supply chain risk assessment includes Tier 1 suppliers and their products which account for approximately 90% of Hilton's procurement spend. Engagement method: Using our supply chain assessment to drive our focus, we engage with our suppliers. For example, we engage with our bottled water providers on their water use and risks, water replenishment/management, and the overall sustainability of their operations.
Water utilities at a local level	Relevant, always included	Assessment: Hilton's internal risk assessment considers water utilities and suppliers with respect to current and potential future implications of water costs and use restrictions on hotel operations and guest service. Method of engagement: In the UK, we have worked with our suppliers to reduce the risks surrounding the deregulation of the water market. On a more local level, throughout the water crisis in Cape Town, our local hotels were in constant contact with suppliers to review the availability of water and ensure appropriate action was taken.
Other stakeholder, please specify	Not considered	Not applicable.

W3.3d

(W3.3d) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

Tools used: We use the WWF Water Risk Filter to comprehensively review the relevant water risks associated with each of our managed and franchised properties around the world, allowing us to take each property's specific context into account. We map our water risks against water consumption and cost information from our sustainability data management platform, LightStay, as well as any knowledge about the properties themselves, to add an internal lens about the activities occurring at the property level. The AWS method is also used at a local level for our context-based water pilots.

Risk-response decision making process: In response to the assessed risks, Hilton coordinated with WWF and the hotels deemed at-risk to put together a list of recommendations. The recommendations include guest engagement and training for all locations, as well as strengthening links with community-based water action groups. Hilton is currently working to ensure that all other hotels are aware of their risk levels and actions they can take to mitigate them. Best practices are also shared with all hotels through LightStay.

Timescale: We undertake our detailed water risk analysis on an annual basis.

Supply Chain: The identification, assessment and response to water-related risks in our supply chain is being addressed as part of Hilton's 2025 Water Stewardship strategy. Using the WWF Water Risk Filter, we are evaluating supplier water risk in the local context (basin level).

Community stakeholders: WWF's Water Risk Filter was used to review relevant risks to local community stakeholders. In addition to this, we have held discussions with the local hotel teams and some of their stakeholders to gather further information about the local context. Our hotels in areas of high risk are joining water action groups to engage with local stakeholders and help respond to the risks.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes, both in direct operations and the rest of our value chain

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

Definition of water risk-related substantive financial or strategic impact on our business: (1) Economic high risk: based on current or future negative financial impacts and potential for negative impact on regional operations or guest experience. (2) Environmental high risk: based on potential for legal non-compliance or negative cost impacts through remediation or recovery efforts. (3) Social high risk: based on potential negative impact on brand, reputation and stakeholder relationships as well as potential for legal non-compliance. Using the WWF Water Risk Filter, we align and evaluate the factors that may potentially impact our current global hotel operations and expansion in specific geographic markets. We also seek to identify specific areas and river basins where Hilton's water stewardship initiatives and engagement would have the greatest value.

Measures used to identify substantive change: In our screening of hotels for further analysis and potential inclusion, we initially consider those hotels with an overall WWF basin risk of 3.5 or greater (med high to high). We then evaluate all hotels (managed/direct operations and franchised/value chain) within that river basin over other key risk indicators to determine the primary driver within each basin and to identify priority areas for collective action:

- (1) Economic high risk is aligned with WWF Physical Risk indicators
- (2) Environmental high risk is aligned with Regulatory Risk indicators
- (3) Social high risk is aligned with Reputation Risk indicators

Threshold indicating a substantive change: Typically, the primary risk type and risk driver will have an average basin risk of at least 4.0. We consider any scores greater than 3.5 to be substantive.

Application: The above definition applies to our direct operations and our supply chain.

W4.1b

(W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	431	1-25	Please note that the total number of facilities exposed to water risk includes managed (direct operations) and franchised hotels (rest of value chain) identified across our global portfolio.

W4.1c

(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive impact on your business, and what is the potential business impact associated with those facilities?

Country/Region

China

River basin

Yangtze River (Chang Jiang)

Number of facilities exposed to water risk

26

% company-wide facilities this represents

Less than 1%

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

Less than 1%

Comment

Data has been aggregated for 26 hotels in the Yangtze River Basin, located in Shanghai and surrounding area. The hotels all report 100% water use from municipal supply and an average basin risk of 3.7 (medium-high risk). All hotels are third-party owned and Hilton-managed. Hilton currently has over 200 hotels in China, with at least another 250 hotels planned or under construction. While the facilities in the Yangtze River Basin represent less than 1% of Hilton's operations and global revenues, these water risks are relevant to Hilton's planned growth and success in the Greater China and Mongolia Area.

Country/Region

China

River basin

Yongding He

Number of facilities exposed to water risk

8

% company-wide facilities this represents

Less than 1%

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

Less than 1%

Comment

Data has been aggregated for 8 hotels in the Yongding He River Basin, located in Beijing and surrounding area. The hotels all report 100% water use from municipal supply and an average basin risk of 4.0 (high risk). All hotels are third-party owned and Hilton-managed. Hilton currently has over 200 hotels in China, with at least another 250 hotels planned or under construction. While the facilities in the Yongding He River Basin represent less than 1% of Hilton's operations and global revenues, these water risks are relevant to Hilton's planned growth and success in the Greater China and Mongolia Area.

Country/Region

Egypt

River basin

Nile

Number of facilities exposed to water risk

7

% company-wide facilities this represents

Less than 1%

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

Less than 1%

Comment

Data has been aggregated for 7 hotels in the Nile River Basin, located in Cairo and surrounding area. The hotels have similar operations and an average basin risk of 4.0 (high risk). All hotels operating in this area are third-party owned and Hilton-managed, with Hilton controlling day to day hotel operations. Hilton currently has 17 hotels in Egypt, with another 9 hotels planned or under construction. While these facilities represent less than 1% of Hilton's operations and global revenues, attention to water risks and stewardship is important to Hilton's operations, reputation and business success in Egypt and greater Middle East region.

Country/Region

India

River basin

Ganges - Brahmaputra

Number of facilities exposed to water risk

6

% company-wide facilities this represents

Less than 1%

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

Less than 1%

Comment

Data has been aggregated for 6 hotels in the Ganges River Basin, located in New Delhi, Gurgaon and surrounding area. One hotel reports 100% ground/well water use and the others are 100% municipal water supply, with an average basin risk of 4.2 (high risk). All hotels are third-party owned and Hilton-managed. Hilton currently has 22 hotels in India with another 19 hotels planned or under construction. While these facilities represent less than 1% of Hilton's operations and global revenues, attention to water risks and stewardship is important to Hilton's operations, reputation and business expansion in India.

Country/Region

Mexico

River basin

Bravo

Number of facilities exposed to water risk

7

% company-wide facilities this represents

Less than 1%

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

Less than 1%

Comment

Data has been aggregated for 7 hotels in Monterrey, Chihuahua, Juarez and surrounding area. All hotels have 100% municipal water supply, with an average basin risk of 3.6 (medium-high risk). All hotels are franchised and are owned and operated by third-parties. While these facilities represent less than 1% of Hilton's operations and global revenues, attention to water stewardship is important to Hilton's operations, reputation and business expansion in Mexico.

Country/Region

Mexico

River basin

Panuco

Number of facilities exposed to water risk

10

% company-wide facilities this represents

Less than 1%

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

Less than 1%

Comment

Data has been aggregated for 10 hotels in Mexico City and surrounding area. All hotels have 100% municipal water supply, with an average basin risk of 3.7 (medium-high risk). Five hotels are managed by Hilton and five hotels are franchised. While these facilities represent less than 1% of Hilton's operations and global revenues, attention to water stewardship is important to Hilton's operations, reputation and business expansion in Mexico.

Country/Region

Mexico

River basin

Santiago

Number of facilities exposed to water risk

13

% company-wide facilities this represents

Less than 1%

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

Less than 1%

Comment

Data has been aggregated for 13 hotels in Guadalajara, Queretaro and surrounding area. All hotels have 100% municipal water supply, with an average basin risk of 3.7 (medium-high risk). Seven hotels are managed by Hilton and six hotels are franchised. While these facilities represent less than 1% of Hilton's operations and global revenues, attention to water stewardship is important to Hilton's operations, reputation and business expansion in Mexico.

Country/Region

Turkey

River basin

Tigris & Euphrates

Number of facilities exposed to water risk

7

% company-wide facilities this represents

Less than 1%

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

Less than 1%

Comment

Data has been aggregated for 7 hotels in Turkey. All hotels have 100% municipal water supply, with an average basin risk of 3.6 (medium-high risk). Four hotels are managed by Hilton and three hotels are franchised. While these facilities represent less than 1% of Hilton's operations and global revenues, attention to water stewardship is important to Hilton's operations, reputation and business expansion in Turkey.

Country/Region

United States of America

River basin

Other, please specify (Other: All California)

Number of facilities exposed to water risk

383

% company-wide facilities this represents

1-25

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

1-25

Comment

Data has been aggregated for 383 hotels in California. All hotels have 100% municipal water supply, with an average basin risk of 3.3 (medium risk). This total is comprised of 43 managed hotels and 340 franchised hotels across all locations in California. This represents approximately 7% of Hilton's global portfolio and stewardship is important to Hilton's operations, reputation and business expansion in California.

Country/Region

United States of America

River basin

St. Lawrence

Number of facilities exposed to water risk

23

% company-wide facilities this represents

Less than 1%

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

Less than 1%

Comment

Data has been aggregated for 23 hotels in the Chicago area, located in the St. Lawrence River Basin. All hotels have 100% municipal water supply, with an average basin risk of 3.5 (medium-high risk). This total is comprised of 2 managed hotels and 21 franchised hotels. While these facilities represent less than 1% of Hilton's operations and global revenues, attention to water stewardship is important to Hilton's operations, reputation and business expansion in Chicago.

Country/Region

Egypt

River basin

Other, please specify (Other: Egypt)

Number of facilities exposed to water risk

10

% company-wide facilities this represents

Less than 1%

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

Less than 1%

Comment

Data has been aggregated for 10 hotels in Egypt located in coastal areas on the Mediterranean and Red Seas. The hotels have similar operations and an average basin risk of 3.7 (medium-high risk). All hotels operating in this area are third-party owned and Hilton-managed, with Hilton controlling day to day hotel operations. While these facilities represent less than 1% of Hilton's operations and global revenues, attention to water risks and stewardship is important to Hilton's operations and business success in Egypt and greater Middle East region.

Country/Region

South Africa

River basin

Other, please specify (Other: South Africa)

Number of facilities exposed to water risk

11

% company-wide facilities this represents

Less than 1%

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

Less than 1%

Comment

Data has been aggregated for 11 hotels in South Africa. The hotels have similar operations and an average basin risk of 2.0 (low risk), but a physical risk of 3.5 for water quality. With the exception of one property, all hotels operating in this area are third-party owned and Hilton-managed, with Hilton controlling day to day hotel operations. While these facilities represent less than 1% of Hilton's operations and global revenues, attention to water risks and stewardship is important to Hilton's operations and reputation in South Africa.

W4.2

(W4.2) Provide details of identified risks in your direct operations with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Region

China

River basin

Yangtze River (Chang Jiang)

Type of risk

Physical

Primary risk driver

Declining water quality

Primary potential impact

Constraint to growth

Company-specific description

Method for impact identification: The WWF Water Risk filter identifies the highest water risk in the Yangtze River basin as pollution/water quality with an average score of 4.5. Increased population and demand on municipal supply may contribute to higher risk for our hotels in this basin in terms of water availability and water quality for drinking, cooking, bathing and other potable water needs. Effect on direct operations: Hilton currently has over 200 hotels in China, with at least another 250 hotels planned or under construction. While our current hotel operations in the Yangtze River basin represent less than 1% of Hilton's operations and global revenues, these water risks are relevant to Hilton's planned growth and success in the Greater China and Mongolia Area. Should there be declining water issues, this could lead to increased costs for required mitigation practices to be put in place or it could slow down future development opportunities.

Timeframe

1 - 3 years

Magnitude of potential impact

Low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

At this time we are not able to publish an estimate for the potential financial impact of this risk.

Primary response to risk

Engage with NGOs/special interest groups

Description of response

WWF has a water stewardship team in Shanghai that focuses on the Yangtze. Through our work with WWF, we know that significant collective action is underway in the basin. The largest threats include pollution, 105 large dams planned or under construction, inter-basin water transfer and other water infrastructure, over-fishing and illegal fishing. WWF are also focused on mitigating risks around climate change and storm water runoff, and identifying supply chain opportunities. In 2017, Hilton initiated context-based water pilot programs in collaboration with WWF to promote stewardship in high water risk areas in the U.S., South Africa and China. Due to the risks and the high focus on development in China, China was selected as one of Hilton's initial pilot locations. So far, an in-depth risk analysis has been carried out, including gathering information about actions taken to date, local stakeholders and impacts seen from the local water crisis. This information has been used to create a set of recommendations for actions which is being reviewed to determine priorities for activation.

Cost of response

Explanation of cost of response

Approximately 25% of Hilton's annual water stewardship budget is used to drive the context based water pilots, including the pilot in the Yangtze River basin. At this time we are not able to publish the cost of response.

Country/Region

South Africa

River basin

Other, please specify (Other: South Africa)

Type of risk

Physical

Primary risk driver

Increased water scarcity

Primary potential impact

Upfront costs to adopt/deploy new practices and processes

Company-specific description

Method of impact identification: Five hotels labeled as South Africa-Other were identified as high risk based on WWF Water Risk filter results and Hilton's water stewardship priorities. Impact on operations: Africa is seen as a key area of future development for Hilton, with a total of \$50 million committed over the next five years to support the continued expansion through the Hilton Africa Growth Initiative. Should there be water scarcity issues, this could lead to increased costs for required mitigation practices to be put in place or it could slow down future development opportunities.

Timeframe

Current up to 1 year

Magnitude of potential impact

Medium-low

Likelihood

Virtually certain

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

We expect water pricing in Cape Town to increase by 50% between July 2018 and July 2020. This is based on the estimated increases in price of water over the next two years as laid out by the City of Cape Town's draft budget. At this time we are not able to publish an estimate for the potential financial impact of this risk.

Primary response to risk

Adopt water efficiency, water re-use, recycling and conservation practices (Water efficiency, reuse, conservation)

Description of response

Due to the risks and the high focus on development in Africa, South Africa was selected as one of Hilton's initial pilot locations. So far, an in-depth risk analysis has been carried out, including gathering information about actions taken to date, local stakeholders and impacts seen from the local water crisis. This information has been used to create a set of recommendations for actions which is being reviewed to determine priorities for activation. Actions already taken include increasing guest communication and awareness, and implementing strict water saving measures such as removing bath plugs to necessitate use of showers instead and providing hand sanitizer rather than hand soap which requires water. The local hotel team and supporting WWF team have been liaising with local stakeholders and we are currently starting the process to become part of a context-based water targets pilot in South Africa run by, among others, the Pacific Institute and WWF, for which the hotel hosted one of the inaugural meetings earlier this year.

Cost of response

Explanation of cost of response

Approximately 25% of Hilton's annual water stewardship budget is used to drive the context based water pilots, including the pilot in Cape Town. At this time we are not able to publish the cost of response.

Country/Region

United States of America

River basin

Other, please specify (Other: All California)

Type of risk

Physical

Primary risk driver

Increased water scarcity

Primary potential impact

Upfront costs to adopt/deploy new practices and processes

Company-specific description

Method of impact identification: The WWF Water Risk filter identifies the highest water risk in California as scarcity with an average score of 4.0. Impact on operations: Increased population and demand on municipal supply may contribute to higher long-term risk for our hotels in this basin in terms of water availability and quality for drinking, cooking, bathing and other potable water needs, leading to the need for higher investment in mitigation strategies such as new practices and processes. Additionally, if overall water availability declines due to continued drought, hotels in this river basin may face significant cuts in their water allotment or face increases in water costs making it more expensive to operate and reducing returns.

Timeframe

Current up to 1 year

Magnitude of potential impact

Medium-low

Likelihood

Virtually certain

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

At this time we are not able to publish an estimate for the potential financial impact of this risk.

Primary response to risk

Adopt water efficiency, water re-use, recycling and conservation practices (Water efficiency, reuse, conservation)

Description of response

Due to the risks and the ongoing local awareness of water-related issues, California was selected as one of Hilton's initial pilot locations. So far, an in-depth risk analysis has been carried out, including gathering information about actions taken to date, local stakeholders and impacts seen from the local water crisis. This information has been used to create a set of recommendations for actions which is being reviewed to determine priorities for activation. Actions already taken include joining California Water Action Collaborative (CWAC) and taking part in the Pacific Institute's context-based water goals pilot in California.

Cost of response

Explanation of cost of response

Approximately 25% of Hilton's annual water stewardship budget is used to drive the context based water pilots, including the pilot in California. At this time we are not able to publish the cost of response.

Country/Region

India

River basin

Ganges - Brahmaputra

Type of risk

Physical

Primary risk driver

Declining water quality

Primary potential impact

Reduced demand for products and services

Company-specific description

Method for impact identification: The WWF Water Risk filter identifies the highest water risk in the Ganges River basin as pollution/water quality with an average score of 5.0. According to WWF, the Ganges River basin occupies 30% of the land area of India and is heavily populated, increasing in population density downstream to Bangladesh, which is the most densely populated country in the world. Impact on operations: Increased population and demand on municipal supply may contribute to higher long-term risk for our hotels in this basin in terms of water availability and quality for drinking, cooking, bathing and other potable water needs, leading to the need for higher investment in mitigation strategies such as new practices and technologies. Declining water quality could also lead to increased costs for water treatment and increased water prices, making it more expensive to operate in the country and reducing returns.

Timeframe

Current up to 1 year

Magnitude of potential impact

Medium-low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

At this time we are not able to publish an estimate for the potential financial impact of this risk.

Primary response to risk

Adopt water efficiency, water re-use, recycling and conservation practices (Water efficiency, reuse, conservation)

Description of response

Our hotels are required to demonstrate continuous improvement around water management. Through LightStay, every hotel in our portfolio is required to regularly report and monitor all sources of water use against an improvement goal. In addition to this, hotels are required to always have an active water-related sustainability improvement project registered. We have created resources,

which are available to all, to engage hotels in more efficient water management. These are re-launched each year through Hilton's 'Earth Week' in March, a week in which all hotels are encouraged to raise awareness with their teams and review their plans to reduce their environmental impacts. The resources include tips on how to reduce water use, a training course about both the importance of water and what Team Members can do to conserve it, as well as a video which explains water stewardship. Hilton's long-term strategy to address high-risk geographic regions is addressed in our 2025 Water Stewardship Commitment and our 2030 Travel with Purpose Goals. We will achieve these goals through a comprehensive and coordinated water stewardship strategy that focuses on the following areas of our value chain: (1) hotels and guests, (2) suppliers and services, and (3) communities and watersheds.

Cost of response

0

Explanation of cost of response

Costs are incorporated into ongoing operational expenditure at both a hotel and corporate level. This is expected to remain constant in future years unless this basin is selected for future water stewardship pilot opportunities.

Country/Region

Mexico

River basin

Bravo

Type of risk

Physical

Primary risk driver

Declining water quality

Primary potential impact

Reduced demand for products and services

Company-specific description

Method for impact identification: The WWF Water Risk filter identifies the highest water risk in the Ganges River basin as pollution/water quality with an average score of 5.0. According to WWF, the Ganges River basin occupies 30% of the land area of India and is heavily populated, increasing in population density downstream to Bangladesh, which is the most densely populated country in the world. Impact on operations: Increased population and demand on municipal supply may contribute to higher long-term risk for our hotels in this basin in terms of water availability and quality for drinking, cooking, bathing and other potable water needs, leading to the need for higher investment in mitigation strategies such as new practices and technologies. Declining water quality could also lead to increased costs for water treatment and increased water prices, making it more expensive to operate in the country and reducing returns.

Timeframe

Current up to 1 year

Magnitude of potential impact

Low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

At this time we are not able to publish an estimate for the potential financial impact of this risk.

Primary response to risk

Adopt water efficiency, water re-use, recycling and conservation practices (Water efficiency, reuse, conservation)

Description of response

Our hotels are required to demonstrate continuous improvement around water management. Through LightStay, every hotel in our portfolio is required to regularly report and monitor all sources of water use against an improvement goal. In addition to this, hotels are required to always have an active water-related sustainability improvement project registered. We have created resources, which are available to all, to engage hotels in more efficient water management. These are re-launched each year through Hilton's 'Earth Week' in March, a week in which all hotels are encouraged to raise awareness with their teams and review their plans to reduce their environmental impacts. The resources include tips on how to reduce water use, a training course about both the importance of water and what Team Members can do to conserve it, as well as a video which explains water stewardship. Hilton's long-term strategy to address high-risk geographic regions is addressed in our 2025 Water Stewardship Commitment and our 2030 Travel with Purpose Goals. We will achieve these goals through a comprehensive and coordinated water stewardship strategy that focuses on the following areas of our value chain: (1) hotels and guests, (2) suppliers and services, and (3) communities and watersheds.

Cost of response

0

Explanation of cost of response

Costs are incorporated into ongoing operational expenditure at both a hotel and corporate level. This is expected to remain constant in future years unless this basin is selected for future water stewardship pilot opportunities.

Country/Region

Mexico

River basin

Panuco

Type of risk

Physical

Primary risk driver

Declining water quality

Primary potential impact

Reduced demand for products and services

Company-specific description

Method of impact identification: The WWF Water Risk filter identifies the highest water risk in the Panuco River basin as pollution/water quality with an average score of 4.8. Impact on operations: Increased population and demand on municipal supply may contribute to higher long-term risk for our hotels in this basin in terms of water availability and quality for drinking, cooking, bathing and other potable water needs, leading to the need for higher investment in mitigation strategies such as new practices and technologies. Declining water quality could also lead to reduced demands for products and services and increased costs for water treatment and increased water prices, making it more expensive to operate in the country and reducing returns.

Timeframe

4 - 6 years

Magnitude of potential impact

Medium-low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

At this time we are not able to publish an estimate for the potential financial impact of this risk.

Primary response to risk

Adopt water efficiency, water re-use, recycling and conservation practices (Water efficiency, reuse, conservation)

Description of response

Our hotels are required to demonstrate continuous improvement around water management. Through LightStay, every hotel in our portfolio is required to regularly report and monitor all sources of water use against an improvement goal. In addition to this, hotels are required to always have an active water-related sustainability improvement project registered. We have created resources, which are available to all, to engage hotels in more efficient water management. These are re-launched each year through Hilton's 'Earth Week' in March, a week in which all hotels are encouraged to raise awareness with their teams and review their plans to reduce their environmental impacts. The resources include tips on how to reduce water use, a training course about both the importance of water and what Team Members can do to conserve it, as well as a video which explains water stewardship. Hilton's long-term strategy to address high-risk geographic regions is addressed in our 2025 Water Stewardship Commitment and our 2030 Travel with Purpose Goals. We will achieve these goals through a comprehensive and coordinated water stewardship strategy that focuses on the following areas of our value chain: (1) hotels and guests, (2) suppliers and services, and (3) communities and watersheds.

Cost of response

0

Explanation of cost of response

Costs are incorporated into ongoing operational expenditure at both a hotel and corporate level. This is expected to remain constant in future years unless this basin is selected for future water stewardship pilot opportunities.

Country/Region

Mexico

River basin

Santiago

Type of risk

Physical

Primary risk driver

Declining water quality

Primary potential impact

Reduced demand for products and services

Company-specific description

Method of impact identification: The WWF Water Risk filter identifies the highest water risk in the Santiago River basin as pollution/water quality with an average score of 4.7. Impact on operations: Increased population and demand on municipal supply may contribute to higher long-term risk for our hotels in this basin in terms of water availability and quality for drinking, cooking, bathing and other potable water needs, leading to the need for higher investment in mitigation strategies such as new practices and technologies. Declining water quality could also lead to reduced demand for products and services and increased costs for water treatment and increased water prices, making it more expensive to operate in the country and reducing returns.

Timeframe

4 - 6 years

Magnitude of potential impact

Medium-low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

At this time we are not able to publish an estimate for the potential financial impact of this risk.

Primary response to risk

Adopt water efficiency, water re-use, recycling and conservation practices (Water efficiency, reuse, conservation)

Description of response

Our hotels are required to demonstrate continuous improvement around water management. Through LightStay, every hotel in our portfolio is required to regularly report and monitor all sources of water use against an improvement goal. In addition to this, hotels are required to always have an active water-related sustainability improvement project registered. We have created resources, which are available to all, to engage hotels in more efficient water management. These are re-launched each year through Hilton's 'Earth Week' in March, a week in which all hotels are encouraged to raise awareness with their teams and review their plans to reduce their environmental impacts. The resources include tips on how to reduce water use, a training course about both the importance of water and what Team Members can do to conserve it, as well as a video which explains water stewardship. Hilton's long-term strategy to address high-risk geographic regions is addressed in our 2025 Water Stewardship Commitment and our 2030 Travel with Purpose Goals. We will achieve these goals through a comprehensive and coordinated water stewardship strategy that focuses on the following areas of our value chain: (1) hotels and guests, (2) suppliers and services, and (3) communities and watersheds.

Cost of response

0

Explanation of cost of response

Costs are incorporated into ongoing operational expenditure at both a hotel and corporate level. This is expected to remain constant in future years unless this basin is selected for future water stewardship pilot opportunities.

Country/Region

Turkey

River basin

Tigris & Euphrates

Type of risk

Physical

Primary risk driver

Declining water quality

Primary potential impact

Reduced demand for products and services

Company-specific description

Method of impact identification: The WWF Water Risk filter identifies the highest water risk in the Tigris and Euphrates river basins as pollution/water quality with an average score of 4.5. Impact on operations: Increased population and demand on municipal supply may contribute to higher long-term risk for our hotels in this basin in terms of water availability and quality for drinking, cooking, bathing and other potable water needs, leading to the need for higher investment in mitigation strategies such as new practices and technologies. Declining water quality could also lead to increased costs for water treatment and increased water prices, making it more expensive to operate in the country and reducing returns.

Timeframe

4 - 6 years

Magnitude of potential impact

Medium-low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

At this time we are not able to publish an estimate for the potential financial impact of this risk.

Primary response to risk

Adopt water efficiency, water re-use, recycling and conservation practices (Water efficiency, reuse, conservation)

Description of response

Our hotels are required to demonstrate continuous improvement around water management. Through LightStay, every hotel in our portfolio is required to regularly report and monitor all sources of water use against an improvement goal. In addition to this, hotels are required to always have an active water-related sustainability improvement project registered. We have created resources, which are available to all, to engage hotels in more efficient water management. These are re-launched each year through Hilton's 'Earth Week' in March, a week in which all hotels are encouraged to raise awareness with their teams and review their plans to reduce their environmental impacts. The resources include tips on how to reduce water use, a training course about both the importance of water and what Team Members can do to conserve it, as well as a video which explains water stewardship. Hilton's long-term strategy to address high-risk geographic regions is addressed in our 2025 Water Stewardship Commitment and our 2030 Travel with Purpose Goals. We will achieve these goals through a comprehensive and coordinated water stewardship strategy that focuses on the following areas of our value chain: (1) hotels and guests, (2) suppliers and services, and (3) communities and watersheds.

Cost of response

0

Explanation of cost of response

Costs are incorporated into ongoing operational expenditure at both a hotel and corporate level. This is expected to remain constant in future years unless this basin is selected for future water stewardship pilot opportunities.

Country/Region

United States of America

River basin

St. Lawrence

Type of risk

Physical

Primary risk driver

Declining water quality

Primary potential impact

Upfront costs to adopt/deploy new practices and processes

Company-specific description

Method of impact identification: The WWF Water Risk filter identifies the highest water risk in the St. Lawrence river basins as pollution/water quality with an average score of 4.9. Impact on operations: Increased population and demand on municipal supply may contribute to higher long-term risk for our hotels in this basin in terms of water availability and quality for drinking, cooking, bathing and other potable water needs, leading to the need for higher investment in mitigation strategies such as new practices and technologies. Declining water quality could also lead to increased costs for water treatment and increased water prices, making it more expensive to operate in the country and reducing returns.

Timeframe

4 - 6 years

Magnitude of potential impact

Medium-low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

At this time we are not able to publish an estimate for the potential financial impact of this risk.

Primary response to risk

Adopt water efficiency, water re-use, recycling and conservation practices (Water efficiency, reuse, conservation)

Description of response

Our hotels are required to demonstrate continuous improvement around water management. Through LightStay, every hotel in our portfolio is required to regularly report and monitor all sources of water use against an improvement goal. In addition to this, hotels are required to always have an active water-related sustainability improvement project registered. We have created resources, which are available to all, to engage hotels in more efficient water management. These are re-launched each year through Hilton's 'Earth Week' in March, a week in which all hotels are encouraged to raise awareness with their teams and review their plans to reduce their environmental impacts. The resources include tips on how to reduce water use, a training course about both the importance of water and what Team Members can do to conserve it, as well as a video which explains water stewardship. Hilton's long-term strategy to address high-risk geographic regions is addressed in our 2025 Water Stewardship Commitment and our 2030 Travel with Purpose Goals. We will achieve these goals through a comprehensive and coordinated water stewardship strategy that focuses on the following areas of our value chain: (1) hotels and guests, (2) suppliers and services, and (3) communities and watersheds.

Cost of response

0

Explanation of cost of response

Costs are incorporated into ongoing operational expenditure at both a hotel and corporate level. This is expected to remain constant in future years unless this basin is selected for future water stewardship pilot opportunities.

Country/Region

Egypt

River basin

Other, please specify (Other: Egypt)

Type of risk

Physical

Primary risk driver

Increased water scarcity

Primary potential impact

Upfront costs to adopt/deploy new practices and processes

Company-specific description

Method of impact identification: Ten hotels labeled as Egypt-Other were identified as high risk based on WWF Water Risk filter results and Hilton's water stewardship priorities. These 10 properties are coastal properties not designated with a specific river basin, with an average basin risk of 3.7 and the highest water risk as water scarcity with an average score of 4.5. Additionally, the UN have predicted that they will face severe water scarcity by 2025. Impact on operations: Increased population and demand on municipal supply may contribute to higher long-term risk for our hotels in this basin in terms of water availability and quality for drinking, cooking, bathing and other potable water needs, leading to the need for higher investment in mitigation strategies such as new practices and technologies. This could also increase water costs making it more expensive to operate in the country and reducing returns.

Timeframe

4 - 6 years

Magnitude of potential impact

Medium-low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

At this time we are not able to publish an estimate for the potential financial impact of this risk.

Primary response to risk

Adopt water efficiency, water re-use, recycling and conservation practices (Water efficiency, reuse, conservation)

Description of response

Our hotels are required to demonstrate continuous improvement around water management. Through LightStay, every hotel in our portfolio is required to regularly report and monitor all sources of water use against an improvement goal. In addition to this, hotels are required to always have an active water-related sustainability improvement project registered. We have created resources, which are available to all, to engage hotels in more efficient water management. These are re-launched each year through Hilton's 'Earth Week' in March, a week in which all hotels are encouraged to raise awareness with their teams and review their plans to reduce their environmental impacts. The resources include tips on how to reduce water use, a training course about both the importance of water and what Team Members can do to conserve it, as well as a video which explains water stewardship. Hilton's long-term strategy to address high-risk geographic regions is addressed in our 2025 Water Stewardship Commitment and our 2030 Travel with Purpose Goals. We will achieve these goals through a comprehensive and coordinated water stewardship strategy that focuses on the following areas of our value chain: (1) hotels and guests, (2) suppliers and services, and (3) communities and watersheds.

Cost of response

0

Explanation of cost of response

Costs are incorporated into ongoing operational expenditure at both a hotel and corporate level. This is expected to remain constant in future years unless this basin is selected for future water stewardship pilot opportunities.

Country/Region

China

River basin

Yongding He

Type of risk

Physical

Primary risk driver

Declining water quality

Primary potential impact

Constraint to growth

Company-specific description

Method for impact identification: The WWF Water Risk filter identifies the highest basin related risks as pollution, ecosystem impacts and reputation risk, with an average basin risk score of 3.8. Increased population and demand on municipal supply may contribute to higher risk for our hotels in this basin in terms of water availability and water quality for drinking, cooking, bathing and other potable water needs. Impact on operations: Hilton currently has over 100 hotels in China, with at least another 250 hotels planned or under construction. While our current hotel operations in the Yongding He River basin represent less than 1% of Hilton's operations and global revenues, these water risks are relevant to Hilton's growth strategy in the Greater China and Mongolia Area. Should there be declining water issues, this could lead to increased costs for required mitigation practices to be put in place or it could slow down future development opportunities.

Timeframe

4 - 6 years

Magnitude of potential impact

Low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

At this time we are not able to publish an estimate for the potential financial impact of this risk.

Primary response to risk

Adopt water efficiency, water re-use, recycling and conservation practices (Water efficiency, reuse, conservation)

Description of response

Our hotels are required to demonstrate continuous improvement around water management. Through LightStay, every hotel in our portfolio is required to regularly report and monitor all sources of water use against an improvement goal. In addition to this, hotels are required to always have an active water-related sustainability improvement project registered. We have created resources, which are available to all, to engage hotels in more efficient water management. These are re-launched each year through Hilton's 'Earth Week' in March, a week in which all hotels are encouraged to raise awareness with their teams and review their plans to reduce their environmental impacts. The resources include tips on how to reduce water use, a training course about both the importance of water and what Team Members can do to conserve it, as well as a video which explains water stewardship. Hilton's long-term strategy to address high-risk geographic regions is addressed in our 2025 Water Stewardship Commitment and our 2030 Travel with Purpose Goals. We will achieve these goals through a comprehensive and coordinated water stewardship strategy that focuses on the following areas of our value chain: (1) hotels and guests, (2) suppliers and services, and (3) communities and watersheds.

Cost of response

0

Explanation of cost of response

Costs are incorporated into ongoing operational expenditure at both a hotel and corporate level. This is expected to remain constant in future years unless this basin is selected for future water stewardship pilot opportunities.

Country/Region

Egypt

River basin

Nile

Type of risk

Physical

Primary risk driver

Increased water scarcity

Primary potential impact

Upfront costs to adopt/deploy new practices and processes

Company-specific description

Method for impact identification: The WWF Water Risk filter identifies the highest water risk in the Nile River basin as scarcity with an average score of 4.7. Additionally, the UN have predicted that they will face severe water scarcity by 2025. Impact on operations: Increased population and demand on municipal supply may contribute to higher long-term risk for our hotels in this basin in terms of water availability and quality for drinking, cooking, bathing and other potable water needs, leading to the need for higher investment in mitigation strategies such as new practices and processes. Additionally, if overall water availability declines due to continued drought, hotels in this river basin may face significant cuts in their water allotment or may have to turn to more costly technology.

Timeframe

4 - 6 years

Magnitude of potential impact

Low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

At this time we are not able to publish an estimate for the potential financial impact of this risk.

Primary response to risk

Adopt water efficiency, water re-use, recycling and conservation practices (Water efficiency, reuse, conservation)

Description of response

Our hotels are required to demonstrate continuous improvement around water management. Through LightStay, every hotel in our portfolio is required to regularly report and monitor all sources of water use against an improvement goal. In addition to this, hotels are required to always have an active water-related sustainability improvement project registered. We have created resources, which are available to all, to engage hotels in more efficient water management. These are re-launched each year through Hilton's 'Earth Week' in March, a week in which all hotels are encouraged to raise awareness with their teams and review their plans to reduce their environmental impacts. The resources include tips on how to reduce water use, a training course about both the importance of water and what Team Members can do to conserve it, as well as a video which explains water stewardship. Hilton's long-term strategy to address high-risk geographic regions is addressed in our 2025 Water Stewardship Commitment and our 2030 Travel with Purpose Goals. We will achieve these goals through a comprehensive and coordinated water stewardship strategy that focuses on the following areas of our value chain: (1) hotels and guests, (2) suppliers and services, and (3) communities and watersheds.

Cost of response

0

Explanation of cost of response

Costs are incorporated into ongoing operational expenditure at both a hotel and corporate level. This is expected to remain constant in future years unless this basin is selected for future water stewardship pilot opportunities.

W4.2a

(W4.2a) Provide details of risks identified within your value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Region

Mexico

River basin

Bravo

Stage of value chain

Other, please specify (Franchised hotels)

Type of risk

Physical

Primary risk driver

Declining water quality

Primary potential impact

Reduced demand for products and services

Company-specific description

Method for impact identification: The WWF Water Risk filter identifies the highest water risk in the Bravo River basin as pollution/water quality with an average score of 5.0. Impact on operations: Increased population and demand on municipal supply may contribute to higher long-term risk for our hotels in this basin in terms of water availability and quality for drinking, cooking, bathing and other potable water needs, leading to the need for higher investment in mitigation strategies such as new practices and technologies. Declining water quality could also lead to increased costs for water treatment and increased water prices, making it more expensive to operate in the country and reducing returns.

Timeframe

4 - 6 years

Magnitude of potential financial impact

Low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

At this time we are not able to publish an estimate for the potential financial impact of this risk.

Primary response to risk

Other, please specify (Water efficiency, re-use, conservation)

Description of response

Our hotels are required to demonstrate continuous improvement around water management. Through LightStay, every hotel in our portfolio is required to regularly report and monitor all sources of water use against an improvement goal. In addition to this, hotels are required to always have an active water-related sustainability improvement project registered. We have created resources, which are available to all, to engage hotels in more efficient water management. These are re-launched each year through Hilton's 'Earth Week' in March, a week in which all hotels are encouraged to raise awareness with their teams and review their plans to reduce their environmental impacts. The resources include tips on how to reduce water use, a training course about both the importance of water and what Team Members can do to conserve it, as well as a video which explains water stewardship. Hilton's long-term strategy to address high-risk geographic regions is addressed in our 2025 Water Stewardship Commitment and our 2030 Travel with Purpose Goals. We will achieve these goals through a comprehensive and coordinated water stewardship strategy that focuses on the following areas of our value chain: (1) hotels and guests, (2) suppliers and services, and (3) communities and watersheds.

Cost of response

0

Explanation of cost of response

Costs are incorporated into ongoing operational expenditure at both a hotel and corporate level. This is expected to remain constant in future years unless this basin is selected for future water stewardship pilot opportunities.

Country/Region

Mexico

River basin

Panuco

Stage of value chain

Other, please specify (Franchised hotels)

Type of risk

Physical

Primary risk driver

Declining water quality

Primary potential impact

Reduced demand for products and services

Company-specific description

Method of impact identification: The WWF Water Risk filter identifies the highest water risk in the Panuco River basin as pollution/water quality with an average score of 4.8. Impact on operations: Increased population and demand on municipal supply may contribute to higher long-term risk for our hotels in this basin in terms of water availability and quality for drinking, cooking, bathing and other potable water needs, leading to the need for higher investment in mitigation strategies such as new practices and technologies. Declining water quality could also lead to increased costs for water treatment and increased water prices, making it more expensive to operate in the country and reducing returns.

Timeframe

4 - 6 years

Magnitude of potential financial impact

Low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

At this time we are not able to publish an estimate for the potential financial impact of this risk.

Primary response to risk

Other, please specify (Water efficiency, re-use, conservation)

Description of response

Our hotels are required to demonstrate continuous improvement around water management. Through LightStay, every hotel in our portfolio is required to regularly report and monitor all sources of water use against an improvement goal. In addition to this, hotels are required to always have an active water-related sustainability improvement project registered. We have created resources, which are available to all, to engage hotels in more efficient water management. These are re-launched each year through Hilton's 'Earth Week' in March, a week in which all hotels are encouraged to raise awareness with their teams and review their plans to reduce their environmental impacts. The resources include tips on how to reduce water use, a training course about both the importance of water and what Team Members can do to conserve it, as well as a video which explains water stewardship. Hilton's long-term strategy to address high-risk geographic regions is addressed in our 2025 Water Stewardship Commitment and our 2030 Travel with Purpose Goals. We will achieve these goals through a comprehensive and coordinated water stewardship strategy that focuses on the following areas of our value chain: (1) hotels and guests, (2) suppliers and services, and (3) communities and watersheds.

Cost of response

0

Explanation of cost of response

Costs are incorporated into ongoing operational expenditure at both a hotel and corporate level. This is expected to remain constant in future years unless this basin is selected for future water stewardship pilot opportunities.

Country/Region

Mexico

River basin

Santiago

Stage of value chain

Other, please specify (Franchised hotels)

Type of risk

Physical

Primary risk driver

Declining water quality

Primary potential impact

Reduced demand for products and services

Company-specific description

Method of impact identification: The WWF Water Risk filter identifies the highest water risk in the Santiago River basin as pollution/water quality with an average score of 4.7. Impact on operations: Increased population and demand on municipal supply may contribute to higher long-term risk for our hotels in this basin in terms of water availability and quality for drinking, cooking, bathing and other potable water needs, leading to the need for higher investment in mitigation strategies such as new practices and technologies. Declining water quality could also lead to increased costs for water treatment and increased water prices, making it more expensive to operate in the country and reducing returns.

Timeframe

4 - 6 years

Magnitude of potential financial impact

Medium-low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

At this time we are not able to publish an estimate for the potential financial impact of this risk.

Primary response to risk

Other, please specify (Water efficiency, re-use, conservation)

Description of response

Our hotels are required to demonstrate continuous improvement around water management. Through LightStay, every hotel in our portfolio is required to regularly report and monitor all sources of water use against an improvement goal. In addition to this, hotels are required to always have an active water-related sustainability improvement project registered. We have created resources, which are available to all, to engage hotels in more efficient water management. These are re-launched each year through Hilton's 'Earth Week' in March, a week in which all hotels are encouraged to raise awareness with their teams and review their plans to reduce their environmental impacts. The resources include tips on how to reduce water use, a training course about both the importance of water and what Team Members can do to conserve it, as well as a video which explains water stewardship. Hilton's long-term strategy to address high-risk geographic regions is addressed in our 2025 Water Stewardship Commitment and our 2030 Travel with Purpose Goals. We will achieve these goals through a comprehensive and coordinated water stewardship strategy that focuses on the following areas of our value chain: (1) hotels and guests, (2) suppliers and services, and (3) communities and watersheds.

Cost of response

0

Explanation of cost of response

Costs are incorporated into ongoing operational expenditure at both a hotel and corporate level. This is expected to remain constant in future years unless this basin is selected for future water stewardship pilot opportunities.

Country/Region

Turkey

River basin

Tigris & Euphrates

Stage of value chain

Other, please specify (Franchised hotels)

Type of risk

Physical

Primary risk driver

Declining water quality

Primary potential impact

Reduced demand for products and services

Company-specific description

Method of impact identification: The WWF Water Risk filter identifies the highest water risk in the Tigris and Euphrates river basins as pollution/water quality with an average score of 4.5. Impact on operations: Increased population and demand on municipal supply may contribute to higher long-term risk for our hotels in this basin in terms of water availability and quality for drinking,

cooking, bathing and other potable water needs, leading to the need for higher investment in mitigation strategies such as new practices and technologies. Declining water quality could also lead to increased costs for water treatment and increased water prices, making it more expensive to operate in the country and reducing returns.

Timeframe

4 - 6 years

Magnitude of potential financial impact

Medium-low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

At this time we are not able to publish an estimate for the potential financial impact of this risk.

Primary response to risk

Other, please specify (Water efficiency, re-use, conservation)

Description of response

Our hotels, including franchises, are required to demonstrate continuous improvement around water management. Through LightStay, every hotel in our portfolio is required to regularly report and monitor all sources of water use against an improvement goal. In addition to this, hotels are required to always have an active water-related sustainability improvement project registered. We have created resources, which are available to all, to engage hotels in more efficient water management. These are re-launched each year through Hilton's 'Earth Week' in March, a week in which all hotels are encouraged to raise awareness with their teams and review their plans to reduce their environmental impacts. The resources include tips on how to reduce water use, a training course about both the importance of water and what Team Members can do to conserve it, as well as a video which explains water stewardship. Hilton's long-term strategy to address high-risk geographic regions is addressed in our 2025 Water Stewardship Commitment and our 2030 Travel with Purpose Goals. We will achieve these goals through a comprehensive and coordinated water stewardship strategy that focuses on the following areas of our value chain: (1) hotels and guests, (2) suppliers and services, and (3) communities and watersheds.

Cost of response

0

Explanation of cost of response

Costs are incorporated into ongoing operational expenditure at both a hotel and corporate level. This is expected to remain constant in future years unless this basin is selected for future water stewardship pilot opportunities.

Country/Region

United States of America

River basin

St. Lawrence

Stage of value chain

Other, please specify (Franchised hotels)

Type of risk

Physical

Primary risk driver

Declining water quality

Primary potential impact

Upfront costs to adopt/deploy new practices and processes

Company-specific description

Method of impact identification: The WWF Water Risk filter identifies the highest water risk in the St. Lawrence river basins as pollution/water quality with an average score of 4.9. Impact on operations: Increased population and demand on municipal supply may contribute to higher long-term risk for our hotels in this basin in terms of water availability and quality for drinking, cooking, bathing and other potable water needs, leading to the need for higher investment in mitigation strategies such as new practices and technologies. Declining water quality could also lead to increased costs for water treatment and increased water prices, making it more expensive to operate in the country and reducing returns.

Timeframe

4 - 6 years

Magnitude of potential financial impact

Medium-low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

At this time we are not able to publish an estimate for the potential financial impact of this risk.

Primary response to risk

Other, please specify (Water efficiency, re-use, conservation)

Description of response

Our hotels, including franchises, are required to demonstrate continuous improvement around water management. Through LightStay, every hotel in our portfolio is required to regularly report and monitor all sources of water use against an improvement goal. In addition to this, hotels are required to always have an active water-related sustainability improvement project registered. We have created resources, which are available to all, to engage hotels in more efficient water management. These are re-launched each year through Hilton's 'Earth Week' in March, a week in which all hotels are encouraged to raise awareness with their teams and review their plans to reduce their environmental impacts. The resources include tips on how to reduce water use, a training course about both the importance of water and what Team Members can do to conserve it, as well as a video which explains water stewardship. Hilton's long-term strategy to address high-risk geographic regions is addressed in our 2025 Water Stewardship Commitment and our 2030 Travel with Purpose Goals. We will achieve these goals through a comprehensive and coordinated water stewardship strategy that focuses on the following areas of our value chain: (1) hotels and guests, (2) suppliers and services, and (3) communities and watersheds.

Cost of response

0

Explanation of cost of response

Costs are incorporated into ongoing operational expenditure at both a hotel and corporate level. This is expected to remain constant in future years unless the basin is selected for future water stewardship pilot opportunities.

Country/Region

United States of America

River basin

Other, please specify (Other: All California)

Stage of value chain

Other, please specify (Franchised hotels)

Type of risk

Physical

Primary risk driver

Increased water scarcity

Primary potential impact

Upfront costs to adopt/deploy new practices and processes

Company-specific description

Method of impact identification: The WWF Water Risk filter identifies the highest water risk in California as scarcity with an average score of 4.0. Impact on operations: Impact on operations: Increased population and demand on municipal supply may contribute to higher long-term risk for our hotels in this basin in terms of water availability and quality for drinking, cooking, bathing and other potable water needs, leading to the need for higher investment in mitigation strategies such as new practices and processes. Additionally, if overall water availability declines due to continued drought, hotels in this river basin may face significant cuts in their water allotment or face increases in water costs making it more expensive to operate and reducing returns.

Timeframe

Current - up to 1 year

Magnitude of potential financial impact

Medium-low

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

At this time we are not able to publish an estimate for the potential financial impact of this risk.

Primary response to risk

Other, please specify (Water efficiency, re-use, conservation)

Description of response

Due to the risks and the ongoing local awareness of water-related issues, California was selected as one of Hilton's initial pilot locations. So far, an in-depth risk analysis has been carried out, including gathering information about actions taken to date, local stakeholders and impacts seen from the local water crisis. This information has been used to create a set of recommendations for actions which is being reviewed to determine priorities for activation. Actions already taken include joining California Water Action Collaborative (CWAC) and taking part in the Pacific Institute's context-based water goals pilot in California. Actions already taken include joining California Water Action Collaborative (CWAC) and taking part in the Pacific Institute's context-based water goals pilot in California.

Cost of response

Explanation of cost of response

Approximately 25% of Hilton's annual water stewardship budget is used to drive the context based water pilots, including the pilot in California. At this time we are not able to publish the cost of response.

Country/Region

South Africa

River basin

Other, please specify (Other South Africa)

Stage of value chain

Other, please specify (Franchised hotels)

Type of risk

Physical

Primary risk driver

Increased water scarcity

Primary potential impact

Upfront costs to adopt/deploy new practices and processes

Company-specific description

Method of impact identification: Five hotels labeled as South Africa-Other were identified as high risk based on WWF Water Risk filter results and Hilton's water stewardship priorities. Impact on operations: Africa is seen as a key area of future development for Hilton, with a total of \$50 million committed over the next five years to support the continued expansion through the Hilton Africa Growth Initiative. Should there be water scarcity issues, this could lead to increased costs for required mitigation practices to be put in place or it could slow down future development opportunities.

Timeframe

Current - up to 1 year

Magnitude of potential financial impact

Medium-low

Likelihood

Virtually certain

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

150000

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

We expect water pricing in Cape Town to increase by 50% between July 2018 and July 2020. This is based on the estimated increases in price of water over the next two years as laid out by the City of Cape Town's draft budget.

Primary response to risk

Other, please specify (Water efficiency, re-use, conservation)

Description of response

Due to the risks and the high focus on development in Africa, South Africa was selected as one of Hilton's initial pilot locations. So far, an in-depth risk analysis has been carried out, including gathering information about actions taken to date, local stakeholders and impacts seen from the local water crisis. This information has been used to create a set of recommendations for actions which is being reviewed to determine priorities for activation. Actions already taken include increasing guest communication and awareness, and implementing strict water saving measures such as removing bath plugs to necessitate use of showers instead and providing hand sanitizer rather than hand soap which requires water. The local hotel team and supporting WWF team have been liaising with local stakeholders and we are currently starting the process to become part of a context-based water targets pilot in South Africa run by, among others, the Pacific Institute and WWF, for which the hotel hosted one of the inaugural meetings earlier this year.

Cost of response

Explanation of cost of response

Approximately 25% of Hilton's annual water stewardship budget is used to drive the context based water pilots, including the pilot in Cape Town. At this time we are not able to publish the cost of response.

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity

Efficiency

Primary water-related opportunity

Improved water efficiency in operations

Company-specific description & strategy to realize opportunity

Through our global footprint and operations, we see an opportunity to improve hotel laundry efficiency through innovative technologies. To realize this opportunity, Hilton leverages its global footprint to promote investment and adoption of water efficient products and innovative technologies through various channels and vendor partnerships. In 2018, over 50% of Hilton's global portfolio reported using low temperature laundry technologies that can deliver 40% water reduction and 50-75% energy savings with every wash. For example, we are continuing trials with the Xeros™ polymer bead-based washing system, which uses less water, energy and chemical detergents. According to Xeros, "Our new polymer bead cleaning technology swaps out up to 80% of the water needed for laundry with small polymer beads. By combining the beads' molecular structure with a proprietary detergent solution, dirt from soiled items is attracted and absorbed by the beads, producing cleaner results." Please see link for Xeros case study for the Hilton Los Angeles/Universal City Hotel, which estimates savings over \$66,430 based on laundry water savings, with an 81% reduction in total water and a 100% reduction in hot water use for laundry operations.

<http://www.xeroscleaning.com/blog/4-hotels-save-water-with-sustainable-laundry-operations> Xeros is currently in at least 10 hotels in the U.S., with plans expand across Europe after U.K. pilots showed 75% laundry water savings.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

10000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact

Financial implications will vary significantly depending on the hotel's laundry operations, but we estimate that implementation of low-water laundry technologies such as Xeros could save us 10% in total water consumption across our hotels using those technologies. Please note this figure represents potential water cost savings to be realized by the owners of hotels that we manage (Operational Control), and does not represent savings realized directly by Hilton on its financial statements. Hilton derives the majority of its revenues (excluding reimbursable employee costs) from long-term hotel management, franchise and related fees paid by third-party owners and franchisees. The added value and reduced risk we provide to our owners through our global commitment to sustainability enhances our fee revenues and client relationships.

Type of opportunity

Markets

Primary water-related opportunity

Increased brand value

Company-specific description & strategy to realize opportunity

In the words of Conrad Hilton, "It has been, and continues to be, our responsibility to fill the earth with the light and warmth of hospitality." In 2017, we surveyed all General Managers and leaders on Travel with Purpose programs and direction in Europe, Middle East, Africa and Asia-Pacific, with 93% of respondents in senior leadership agreeing that Travel with Purpose supports our mission to be the most hospitable company in the world. Our corporate strategy and culture is purpose-driven, and Hilton is committed to responsible travel and tourism. We believe that our 2030 Travel with Purpose Value Chain Targets and our Water Stewardship strategy support our corporate mission and ultimately contributes to Hilton's brand value, reputation and financial success. By 2025, Hilton will adopt water stewardship throughout our value chain and, in regions where water stress is most acute, we will bring Hilton's innovation and influence to drive positive change where it is most needed. Our Water Stewardship strategy is being implemented by Hilton's Corporate Responsibility team, in partnership with WWF and other key stakeholders. We have developed a roadmap and timeline of activities to achieve the specific goals and targets outlined on Hilton's Travel with Purpose

Water Stewardship Commitment.

Estimated timeframe for realization

>6 years

Magnitude of potential financial impact

Medium-high

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact

The financial impact is presented in terms of potential management and franchise fees resulting from this opportunity, in terms of both retention and new business. We depend on our long-term management and franchise contracts with third-party owners and franchisees for a significant portion of our management and franchise fee revenues. The success and sustainability of our management and franchise business depends on our ability to perform under our management and franchise contracts and maintain good relationships with third-party owners and franchisees.

W5. Facility-level water accounting

W5.1

(W5.1) For each facility referenced in W4.1c, provide coordinates, total water accounting data and comparisons with the previous reporting year.

Facility reference number

Facility 1

Facility name (optional)

Yangtze River hotels

Country/Region

China

River basin

Yangtze River (Chang Jiang)

Latitude

31.19

Longitude

121.39

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

2949

Comparison of withdrawals with previous reporting year

About the same

Total water discharges at this facility (megaliters/year)

2212

Comparison of discharges with previous reporting year

About the same

Total water consumption at this facility (megaliters/year)

737

Comparison of consumption with previous reporting year

About the same

Please explain

2018 total withdrawals increased by 1.1%, which is within our 5% threshold of significance.

Facility reference number

Facility 2

Facility name (optional)

Yongding He hotels

Country/Region

China

River basin

Yongding He

Latitude

39.91

Longitude

116.41

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

853

Comparison of withdrawals with previous reporting year

About the same

Total water discharges at this facility (megaliters/year)

640

Comparison of discharges with previous reporting year

About the same

Total water consumption at this facility (megaliters/year)

213

Comparison of consumption with previous reporting year

About the same

Please explain

2018 total withdrawals increased by 3.1%, which is within our 5% threshold of significance.

Facility reference number

Facility 3

Facility name (optional)

Nile hotels

Country/Region

Egypt

River basin

Nile

Latitude

30.05

Longitude

31.23

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

612

Comparison of withdrawals with previous reporting year

About the same

Total water discharges at this facility (megaliters/year)

459

Comparison of discharges with previous reporting year

About the same

Total water consumption at this facility (megaliters/year)

153

Comparison of consumption with previous reporting year

About the same

Please explain

2018 total withdrawals increased by 4.3%, which is within our 5% threshold of significance.

Facility reference number

Facility 4

Facility name (optional)

Ganges hotels

Country/Region

India

River basin

Ganges - Brahmaputra

Latitude

28.42

Longitude

77.1

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

189

Comparison of withdrawals with previous reporting year

About the same

Total water discharges at this facility (megaliters/year)

142

Comparison of discharges with previous reporting year

About the same

Total water consumption at this facility (megaliters/year)

47

Comparison of consumption with previous reporting year

About the same

Please explain

2018 total withdrawals decreased by 4.2%, primarily due to water conservation efforts and water efficiency upgrades at the hotels.

Facility reference number

Facility 5

Facility name (optional)

Bravo hotels

Country/Region

Mexico

River basin

Bravo

Latitude

25.78

Longitude

-100.11

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

193

Comparison of withdrawals with previous reporting year

About the same

Total water discharges at this facility (megaliters/year)

145

Comparison of discharges with previous reporting year

About the same

Total water consumption at this facility (megaliters/year)

48

Comparison of consumption with previous reporting year

About the same

Please explain

2018 total withdrawals decreased by 1.4%, which is within our 5% threshold of significance.

Facility reference number

Facility 6

Facility name (optional)

Panuco hotels

Country/Region

Mexico

River basin

Panuco

Latitude

19.44

Longitude

-99.15

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

269

Comparison of withdrawals with previous reporting year

Lower

Total water discharges at this facility (megaliters/year)

202

Comparison of discharges with previous reporting year

Lower

Total water consumption at this facility (megaliters/year)

67

Comparison of consumption with previous reporting year

Lower

Please explain

2018 total withdrawals decreased by 5.4% due to water conservation efforts and efficiency upgrades implemented at the hotels.

Facility reference number

Facility 7

Facility name (optional)

Santiago hotels

Country/Region

Mexico

River basin

Santiago

Latitude

20.65

Longitude

-103.39

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

252

Comparison of withdrawals with previous reporting year

About the same

Total water discharges at this facility (megaliters/year)

189

Comparison of discharges with previous reporting year

About the same

Total water consumption at this facility (megaliters/year)

63

Comparison of consumption with previous reporting year

About the same

Please explain

2018 total withdrawals increased by 4.4%, which is within our 5% threshold of significance. The increase is primarily due to additional consumption for new hotels opened in 2018.

Facility reference number

Facility 8

Facility name (optional)

Tigris and Euphrates hotels

Country/Region

Turkey

River basin

Tigris & Euphrates

Latitude

37.15

Longitude

38.78

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

105

Comparison of withdrawals with previous reporting year

About the same

Total water discharges at this facility (megaliters/year)

79

Comparison of discharges with previous reporting year

About the same

Total water consumption at this facility (megaliters/year)

26

Comparison of consumption with previous reporting year

About the same

Please explain

2018 total withdrawals decreased by 0.2%, which is within our 5% threshold of significance.

Facility reference number

Facility 9

Facility name (optional)

St. Lawrence (Chicago) hotels

Country/Region

United States of America

River basin

St. Lawrence

Latitude

41.88

Longitude

-87.63

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

1972

Comparison of withdrawals with previous reporting year

About the same

Total water discharges at this facility (megaliters/year)

1479

Comparison of discharges with previous reporting year

About the same

Total water consumption at this facility (megaliters/year)

493

Comparison of consumption with previous reporting year

About the same

Please explain

2018 total withdrawals decreased by 1.3%, which is within our 5% threshold of significance.

Facility reference number

Facility 10

Facility name (optional)

California hotels

Country/Region

United States of America

River basin

Other, please specify (All California hotels)

Latitude

33.69

Longitude

-116.31

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

10221

Comparison of withdrawals with previous reporting year

About the same

Total water discharges at this facility (megaliters/year)

7666

Comparison of discharges with previous reporting year

About the same

Total water consumption at this facility (megaliters/year)

2555

Comparison of consumption with previous reporting year

About the same

Please explain

2018 total withdrawals increased by 0.6%, which is within our 5% threshold of significance. Coordinates are provided for the facility with the largest total withdrawal volumes. Facility

Facility reference number

Facility 11

Facility name (optional)

Egypt: Other hotels

Country/Region

Egypt

River basin

Other, please specify (Other Egypt hotels)

Latitude

27.08

Longitude

33.86

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

1622

Comparison of withdrawals with previous reporting year

Higher

Total water discharges at this facility (megaliters/year)

1216

Comparison of discharges with previous reporting year

Higher

Total water consumption at this facility (megaliters/year)

405

Comparison of consumption with previous reporting year

Higher

Please explain

2018 total withdrawals increased by 9.1, due to increased occupancy and new hotels opened in 2018. Coordinates are provided for the facility with the largest total withdrawal volumes.

Facility reference number

Facility 12

Facility name (optional)

South Africa hotels

Country/Region

South Africa

River basin

Other, please specify (South Africa hotels)

Latitude**Longitude****Primary power generation source for your electricity generation at this facility**

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

144

Comparison of withdrawals with previous reporting year

About the same

Total water discharges at this facility (megaliters/year)

108

Comparison of discharges with previous reporting year

About the same

Total water consumption at this facility (megaliters/year)

36

Comparison of consumption with previous reporting year

About the same

Please explain

2018 total withdrawals decreased by 3.1%, which is within our 5% threshold of significance.

W5.1a

(W5.1a) For each facility referenced in W5.1, provide withdrawal data by water source.

Facility reference number

Facility 1

Facility name

Yangtze River hotels

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

17

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced/Entrained water

0

Third party sources

2932

Comment

Municipal/third-party water supply; 1 hotel with 25% fresh surface water supply.

Facility reference number

Facility 2

Facility name

Yongding He hotels

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced/Entrained water

0

Third party sources

853

Comment

Municipal/third-party water supply.

Facility reference number

Facility 3

Facility name

Nile hotels

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced/Entrained water

0

Third party sources

612

Comment

Municipal/third-party water supply.

Facility reference number

Facility 4

Facility name

Ganges hotels

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

33

Groundwater - non-renewable

0

Produced/Entrained water

0

Third party sources

156

Comment

Municipal/third party water supply; 1 hotel with 100% groundwater.

Facility reference number

Facility 5

Facility name

Bravo hotels

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced/Entrained water

0

Third party sources

193

Comment

Municipal/third-party water supply.

Facility reference number

Facility 6

Facility name

Panuco hotels

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced/Entrained water

0

Third party sources

269

Comment

Municipal/third-party water supply.

Facility reference number

Facility 7

Facility name

Santiago hotels

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced/Entrained water

0

Third party sources

Comment

Municipal/third-party water supply.

Facility reference number

Facility 8

Facility name

Tigris and Euphrates hotels

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

23

Groundwater - non-renewable

0

Produced/Entrained water

0

Third party sources

82

Comment

Municipal/third party water supply; 1 hotel with 100% groundwater.

Facility reference number

Facility 9

Facility name

St. Lawrence (Chicago) hotels

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced/Entrained water

0

Third party sources

1972

Comment

Municipal/third party water supply.

Facility reference number

Facility 10

Facility name

California hotels

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced/Entrained water

0

Third party sources

10221

Comment

Municipal/third party water supply.

Facility reference number

Facility 11

Facility name

Egypt: Other hotels

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

899

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced/Entrained water

0

Third party sources

723

Comment

Municipal/third party water supply; 5 hotels with 100% seawater/reverse osmosis system.

Facility reference number

Facility 12

Facility name

South Africa hotels

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced/Entrained water

0

Third party sources

144

Comment

Municipal/third party water supply.

W5.1b

(W5.1b) For each facility referenced in W5.1, provide discharge data by destination.

Facility reference number

Facility 1

Facility name

Yangtze River hotels

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

2212

Comment

All discharges to approved plumbing facilities which flow to municipal treatment plants in accordance with local regulations.

Facility reference number

Facility 2

Facility name

Yongding He hotels

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

640

Comment

All discharges to approved plumbing facilities which flow to municipal treatment plants in accordance with local regulations.

Facility reference number

Facility 3

Facility name

Nile hotels

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

459

Comment

All discharges to approved plumbing facilities which flow to municipal treatment plants in accordance with local regulations.

Facility reference number

Facility 4

Facility name

Ganges hotels

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

142

Comment

All discharges to approved plumbing facilities which flow to municipal treatment plants in accordance with local regulations.

Facility reference number

Facility 5

Facility name

Bravo hotels

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

145

Comment

All discharges to approved plumbing facilities which flow to municipal treatment plants in accordance with local regulations.

Facility reference number

Facility 6

Facility name

Panuco hotels

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

202

Comment

All discharges to approved plumbing facilities which flow to municipal treatment plants in accordance with local regulations.

Facility reference number

Facility 7

Facility name

Santiago hotels

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

189

Comment

All discharges to approved plumbing facilities which flow to municipal treatment plants in accordance with local regulations.

Facility reference number

Facility 8

Facility name

Tigris and Euphrates hotels

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

79

Comment

All discharges to approved plumbing facilities which flow to municipal treatment plants in accordance with local regulations.

Facility reference number

Facility 9

Facility name

St. Lawrence (Chicago) hotels

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

1479

Comment

All discharges to approved plumbing facilities which flow to municipal treatment plants in accordance with local regulations.

Facility reference number

Facility 10

Facility name

California hotels

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

7666

Comment

All discharges to approved plumbing facilities which flow to municipal treatment plants in accordance with local regulations.

Facility reference number

Facility 11

Facility name

Egypt: Other hotels

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

1216

Comment

All discharges to approved plumbing facilities which flow to municipal treatment plants in accordance with local regulations.

Facility reference number

Facility 12

Facility name

South Africa hotels

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

108

Comment

All discharges to approved plumbing facilities which flow to municipal treatment plants in accordance with local regulations.

W5.1c

(W5.1c) For each facility referenced in W5.1, provide the proportion of your total water use that is recycled or reused, and give the comparison with the previous reporting year.

W5.1d

(W5.1d) For the facilities referenced in W5.1, what proportion of water accounting data has been externally verified?

Water withdrawals – total volumes

% verified

76-100

What standard and methodology was used?

DEKRA Certification Inc. provides annual independent validation services for our corporate responsibility reporting, including annual verification of LightStay sustainability results and hotel data used for reporting of GHG emissions, energy use, water use, and waste disposal. A copy of DEKRA's 2018 Assurance Report can be found here: <https://cr.hilton.com/our-reporting/#assurance>. DEKRA's approach for water verification followed ANSI-ASQ National Accreditation Board (ANAB) standards, including LightStay data review and on-site verification of municipal water billing data for the required sample size.

Water withdrawals – volume by source

% verified

76-100

What standard and methodology was used?

DEKRA Certification Inc. provides annual independent validation services for our corporate responsibility reporting, including annual verification of LightStay sustainability results and hotel data used for reporting of GHG emissions, energy use, water use, and waste disposal. A copy of DEKRA's 2018 Assurance Report can be found here: <https://cr.hilton.com/our-reporting/#assurance>. DEKRA's approach for water verification followed ANSI-ASQ National Accreditation Board (ANAB) standards, including LightStay data review and on-site verification of municipal water billing data for the required sample size.

Water withdrawals – quality

% verified

Not verified

What standard and methodology was used?

Water discharges – total volumes

% verified

76-100

What standard and methodology was used?

DEKRA Certification Inc. provides annual independent validation services for our corporate responsibility reporting, including annual verification of LightStay sustainability results and hotel data used for reporting of GHG emissions, energy use, water use, and waste disposal. A copy of DEKRA's 2018 Assurance Report can be found here: <https://cr.hilton.com/our-reporting/#assurance>. DEKRA's approach for water verification followed ANSI-ASQ National Accreditation Board (ANAB) standards, including LightStay data review and on-site verification of municipal water billing data for the required sample size.

Water discharges – volume by destination

% verified

Not verified

What standard and methodology was used?

Water discharges – volume by treatment method

% verified

Not verified

What standard and methodology was used?

Water discharge quality – quality by standard effluent parameters

% verified

Not verified

What standard and methodology was used?

Water discharge quality – temperature

% verified

Not verified

What standard and methodology was used?

Water consumption – total volume

% verified

76-100

What standard and methodology was used?

DEKRA Certification Inc. provides annual independent validation services for our corporate responsibility reporting, including annual verification of LightStay sustainability results and hotel data used for reporting of GHG emissions, energy use, water use, and waste disposal. A copy of DEKRA's 2018 Assurance Report can be found here: <https://cr.hilton.com/our-reporting/#assurance>. DEKRA's approach for water verification followed ANSI-ASQ National Accreditation Board (ANAB) standards, including LightStay data review and on-site verification of municipal water billing data for the required sample size.

Water recycled/reused

% verified

Not verified

What standard and methodology was used?

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

Yes, we have a documented water policy that is publicly available

W6.1a

(W6.1a) Select the options that best describe the scope and content of your water policy.

Row	Scope	Content	Please explain
1	Company-wide	Description of business dependency on water Description of business impact on water Description of water-related performance standards for direct operations Description of water-related standards for procurement Company water targets and goals Commitment to align with public policy initiatives, such as the SDGs Commitments beyond regulatory compliance Commitment to water-related innovation Commitment to stakeholder awareness and education Commitment to water stewardship and/or collective action Acknowledgement of the human right to water and sanitation Recognition of environmental linkages, for example, due to climate change	Our water policy and commitments are company-wide and apply to all owned, managed and franchised properties worldwide. The attached details our policy and commitments and are publicly available on Hilton's Corporate Responsibility website (https://cr.hilton.com/environment/#water and http://newsroom.hilton.com/index.cfm/newsroom/detail/31793): 1. Water Stewardship Policy: Addresses water dependency and impact; performance standards for direct operations, construction and renovation; use of AWS Water Stewardship Standard; water targets/goals; commitments beyond compliance; stakeholder engagement and employee training; sustainable supply chains, communities and watersheds. 2. Hilton SDG Mapping: See SDG 6 (Clean Water and Sanitation) and SDG 14 (Life Below Water), which outline our commitments to protecting marine life and ecosystems. 3. Water Fact Sheet: summarizing water stewardship strategy, commitment to the UN CEO Water Mandate, water-related innovations and training. Hilton_2018_SDG-Mapping.pdf Hilton_TWP_Water_Stewardship.pdf 2018_Hilton_Water.pdf

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

Position of individual	Please explain
Chief Executive Officer (CEO)	Our President and CEO is the member of Hilton's Board of Directors with responsibility for sustainability-related issues and decisions. Hilton's Executive Vice President, Corporate Affairs oversees the Corporate Responsibility department, which is responsible for the company's sustainability strategy, including Hilton's strategy for addressing climate change. The EVP of Corporate Affairs reports directly to Hilton's President and CEO, who is the only company executive on Hilton's Board of Directors. Our Board receives periodic updates from our CEO and our EVP, Corporate Affairs on the Company's corporate responsibility strategy and initiatives. These reports outline Hilton's progress towards our Travel with Purpose 2030 Goals (including our water targets).

W6.2b

(W6.2b) Provide further details on the board's oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Overseeing acquisitions and divestiture Overseeing major capital expenditures Providing employee incentives Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing and guiding corporate responsibility strategy Reviewing innovation/R&D priorities Setting performance objectives	The Board of Directors has overall responsibility for risk oversight, which includes understanding (1) material risks, (2) management steps to address these risks and (3) appropriate levels of risk of our company. As part of regular Board and committee meetings, the Board of Directors is responsible for general oversight of executives' management of risks relevant to the Company. Hilton's Global Risk Management team regularly assesses our sensitivity to changes in risk profiles across a series of prioritized financial and non-financial risks. This analysis helps us to inform our Board of Directors as they assess management's risk tolerance levels and determine what constitutes an appropriate level of risk for the company. Additionally, our Board receives periodic updates from our CEO and EVP, Corporate Affairs on the Company's corporate responsibility strategy and initiatives. Quarterly reports are also provided to the Executive Committee, including our CEO, highlighting progress against Hilton's 2030 Goals (including water targets), other key sustainability programs and partnerships, and the direct results of these investments.

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)

Chief Sustainability Officer (CSO)

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Annually

Please explain

Structure: Hilton's Corporate Responsibility department reports to the Executive Vice President of Corporate Affairs, who is the Hilton leader below Board-level with the highest level of management responsibility for climate change. The EVP of Corporate Affairs reports to the President and CEO. The Corporate Responsibility department is led by the Chief Sustainability Officer (VP, Corporate Responsibility). Responsibilities: The Corporate Responsibility department is responsible for managing Travel with Purpose, our corporate responsibility strategy. How water-related issues are monitored: Using our LightStay platform, Hilton's CR team evaluates sustainability risks on an annual basis. Hilton also monitors water-related issues on a global and regional basis through our annual water risk assessment, using the WWF Water Risk Filter tool. Quarterly updates are provided to the Board and Executive Committee, highlighting progress against Hilton's 2030 Goals (including water targets).

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

Yes, direct engagement with policy makers

Yes, trade associations

Yes, funding research organizations

W6.5a

(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?

Since 2012, Hilton has been a signatory to the United Nations (UN) Global Compact, a voluntary initiative based on a CEO-led commitment to implement ten sustainability principles supporting the goals of the UN. We have also aligned our corporate responsibility strategies and objectives to support the UN Sustainable Development Goals – a global framework for coordinated action to address critical topics by 2030.

Process to ensure consistency: The Vice President of Corporate Responsibility has oversight responsibility for direct and indirect activities to ensure consistency with Hilton's sustainability principles and water stewardship strategy. All direct and indirect activities that influence policy are conducted by Hilton's corporate responsibility staff, along with regional sustainability managers and regional VPs of Property Operations, who are most familiar with Hilton's water stewardship policy and commitments.

Action taken if inconsistency discovered: Recommendations for action are created through consultation with our water stewardship partners and are designed to directly align with individual components of our policy and commitments. Where inconsistencies are found, the strategy is reassessed and actions are amended to ensure alignment.

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

Yes (you may attach the report - this is optional)

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	11-15	Water issues integrated: Our emphasis is on integrating issues related to SDG 6 Clean Water and Sanitation, such as (1) Sustainable water withdrawals; and (2) Equal, affordable, and safe, access to water access, sanitation, and hygiene. Method of integration: Water-related issues are integrated and highly relevant to our Company's four key strategic priorities to (1) align culture and organization, (2) strengthen brands and commercial services platform, (3) expand global footprint and (4) maximize performance. Our corporate strategy and culture is purpose-driven. As such, our corporate responsibility platform is branded as "Travel with Purpose" with three focused objectives to (1) address economic opportunities to reduce inequality and promote youth employment, (2) target specific social challenges in the local levels and (3) combat the degradation of natural resources. Each of these objectives are framed in the context of macro socio-economic and environmental issues specific to the travel and tourism industry. Rationale for timescale: We have aligned our corporate responsibility strategies and time horizon of all related efforts to support the UN Sustainable Development Goals, a global framework for coordinated action to address critical topics by 2030.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	11-15	Water issues integrated: Our emphasis is on integrating issues related to SDG 6 Clean Water and Sanitation, such as (1) Sustainable water withdrawals; (2) Equal, affordable, and safe, access to water access, sanitation, and hygiene for employees and communities; (3) Protection of water-related ecosystems and biodiversity. Method of integration: Our 2030 Value Chain Targets, which form part of our long-term business objectives, are directly aligned to the SDGs and Global Water Stewardship Commitments incorporate the relevant issues. 2030 Value Chain Targets: Specific Water-related issues integrated include (1) Reduce water use in our managed operations by 50% liters/m ² - 2008 baseline); and (2) Activate 20 context-based water projects in our communities and watersheds of top water risk. Global Water Stewardship Commitments: Specific Water-related issues integrated include (1) access to safe water, sanitation and hygiene at the workplace, in line with WASH standards. Rationale for timescale: We have aligned our corporate responsibility strategies and time horizon of all related efforts to support the UN Sustainable Development Goals, a global framework for coordinated action to address critical topics by 2030.
Financial planning	Yes, water-related issues are integrated	11-15	Water issues integrated: Impacts that water availability and quality-related issues may have on costs of water is considered in financial planning. Method of integration: Hilton has incorporated its Water Stewardship activities into its financial planning at the corporate level and has dedicated members of its Corporate Responsibility team focused on water stewardship initiatives. Individual regions and hotels also plan their capital budgets to address water efficiency upgrades that will reduce water consumption at the hotels. Rationale for timescale: Financial planning is carried out on this time-scale to ensure future risks can be accounted for.

W7.2

(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

2

Anticipated forward trend for CAPEX (+/- % change)

2

Water-related OPEX (+/- % change)

4

Anticipated forward trend for OPEX (+/- % change)

5

Please explain

Total water utility costs increased by approximately 4%, due to portfolio growth. Overall water rates remained stable on a per unit basis. Based on analysis of water improvement projects in LightStay, there appears to be minimal change in water CAPEX and hotels continue to invest in water efficiency upgrades, especially in laundry operations and guestroom plumbing fixtures. For 2019, we anticipate an increasing trend in total water utility costs and a stable trend in water-related capital expenditures.

W7.3

(W7.3) Does your organization use climate-related scenario analysis to inform its business strategy?

	Use of climate-related scenario analysis	Comment
Row 1	Yes	Hilton used climate-related scenario analysis to inform our business strategy and 2030 Travel with Purpose Value Chain Targets. In 2017, Hilton worked with external consultants to develop science based carbon targets using the sectoral decarbonization approach, which is based on the 2-degree scenario (2DS). In May 2018 our targets were approved by the Science Based Targets initiative. Through our SBT setting process, we undertook quantitative and qualitative analysis of how the 2DS will impact all areas of our business over the next three decades, through 2050. We then aligned the target with the long-term decarbonization pathway of Service Buildings, setting interim milestones of 2030 and 2040. This timeframe was selected to align with the modelling of the 2DS and to align with our company's long-term business strategy.

W7.3a

(W7.3a) Has your organization identified any water-related outcomes from your climate-related scenario analysis?

Yes

W7.3b

(W7.3b) What water-related outcomes were identified from the use of climate-related scenario analysis, and what was your organization's response?

	Climate-related scenario(s)	Description of possible water-related outcomes	Company response to possible water-related outcomes
Row 1	2DS	Examples of possible water-related outcomes would include water restrictions in certain regions due to drought or water quality issues.	Hilton is addressing potential water-related outcomes through our 2030 Travel with Purpose Value Chain Targets (including our science-based targets) and our 2025 Water Stewardship Strategy, which focuses on high-risk water areas predicted to be impacted by climate change.

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, but we are currently exploring water valuation practices

Please explain

We are currently evaluating water valuation practices that go beyond the price of water to incorporate other externalities at the hotel level. Hilton may potentially link to Water Risk Filter and ongoing WWF work to create a new enhanced water valuation module that would engage hotel Team Members, inform decision making and highlight intersection of energy and water sustainability work streams.

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals Business level specific targets and/or goals Site/facility specific targets and/or goals Country level targets and/or goals Basin specific targets and/or goals	Targets are monitored at the corporate level Goals are monitored at the corporate level	Company-wide targets and goals: We have aligned our corporate responsibility targets and goals to support the UN Sustainable Development Goals, a global framework for coordinated action to address critical topics by 2030. Our emphasis is on integrating water-related issues related to SDG 6 Clean Water and Sanitation through our 2030 Travel with Purpose Value Chain Targets and 2025 Global Water Stewardship Commitments. In 2018, after significant input from leadership across our entire business, we released our new Travel with Purpose long-term commitment to cut our environmental footprint in half and double our social impact investment by 2030. Our 2030 Value Chain Targets are comprised of 23 sub-targets and goals, including a 50% reduction in water use intensity for managed operations (2008 Baseline) and approved science-based targets to reduce our carbon emissions intensity by 61% for managed operations. Progress is tracked through our Corporate Responsibility department and through LightStay, which we use to track water consumption and other import metrics across our global portfolio. Business-level targets: Annual water reduction targets are set by the individual Regions (EMEA, Americas, Asia Pacific) to support achievement of our long-term targets. Progress is monitored by regional and area Property Operations management staff, based on LightStay reporting and direct coordination with the hotels. Facility-level targets: As a global Brand Standard, Hilton requires that all hotels set annual water use reduction targets and complete improvement projects based on their local operating context and environment. Progress is monitored through LightStay reporting and dashboard displays that apprise hotels of their progress against their annual reduction targets.

W8.1a

(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.

Target reference number

Target 1

Category of target

Water withdrawals

Level

Company-wide

Primary motivation

Reduced environmental impact

Description of target

As one of our Travel with Purpose 2030 targets to cut our environmental footprint in half, we have committed to reduce water consumption intensity in our managed operations by 50% (liters/m²) by 2030 (2008 baseline). Given the continued growth of the Hilton global family of hotels, we have found this water use intensity metric to be most relevant in measuring performance over time. The per floor area metric is also the most commonly used sustainability metric in the built environment (i.e., ENERGY STAR) and helps Hilton better understand and compare performance between brands, regions and other variables. Hilton's reduction target for water use intensity is also highly relevant to the goal of achieving water security, and drives water conservation, efficiency projects and awareness at the corporate, regional and hotel level.

Quantitative metric

Other, please specify (% reduction per hotel floor area (m²)).

Baseline year

2008

Start year

2018

Target year

2030

% achieved

40

Please explain

Level of progress: Our 2018 water use intensity was 605 liters per square meter, representing a decrease of 1.6% from the prior year and exceeding our 2% annual reduction target. For its owned and managed operations, Hilton has reduced its total water use intensity by 19.8% since 2008. Progress to target is calculated at 40% (19.8/50) for the ten-year period 2008-2018. Anticipated progress: We are slightly behind and Hilton's annual reduction target for 2018 was 2%, which tracks towards achievement of our 2030 target. Original target: No revisions made to the 50% reduction target set in 2018.

Target reference number

Target 2

Category of target

Other, please specify (Water stewardship)

Level

Company-wide

Primary motivation

Corporate social responsibility

Description of target

As one of our Travel with Purpose 2030 targets, we have committed to activate 20 context-based water projects in our communities and watersheds of top water risk by 2030.

Quantitative metric

Other, please specify (# watershed remediation activities)

Baseline year

2017

Start year

2017

Target year

2030

% achieved

10

Please explain

In 2017, Hilton completed the following actions: Global risk analysis: Using WWF's Water Risk Filter, we reviewed the relevant risks associated with each of our properties around the world, allowing us to take the specific contexts into account. We aligned this with the consumption and cost information as well as internal knowledge about the properties and local communities. Pilots selection: We then selected pilot locations within each region and communicated with the hotels and regional property operations teams. Pilot locations selected include California (U.S. for Americas), Yangtze basin (China for APAC) and Cape Town (South Africa for EMEA). These pilots are now being activated. The next step will be to review the global risk analysis to select the second round of pilot locations.

W8.1b

(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.

Goal

Promotion of water data transparency

Level

Company-wide

Motivation

Reduced environmental impact

Description of goal

Goal: Incorporation of key Hilton programs, such as LightStay, to bring best-in-class water-related data and guidance to implementation, documentation and monitoring efforts of the water stewardship program. We have integrated our water stewardship messaging and water basin risk analysis in LightStay and our eLearning platform (Hilton University) to drive awareness and collective action across our hotels, particularly in areas of high water stress. As a brand standard, all managed and franchised hotels are required to utilize LightStay, so this program is company-wide. Relevance: Given our scale and operations in over 100 countries globally, implementing transparent water basin-specific guidance to our hotels around the world has the potential to significantly contribute to water security in the regions in which we operate. Importance: Achievement of this goal is critical in Hilton achieving our water targets to reduce water use by 50% by 2030 and activate 20 context-based water projects in our communities and watersheds of top risk. Implementation: For the past decade LightStay has been used to measure hotels' water consumption, set hotel-level water reduction goals and measure progress. In 2018 data from the WWF Water Risk Filter was added to LightStay to enable hotels to understand the water risk specific to their water basin. Hotels in areas of highest water risk are especially encouraged to undertake water stewardship activities to address this risk.

Baseline year

2016

Start year

2017

End year

2018

Progress

Indicators of success: Water stewardship messaging available to all hotels on LightStay, water risk information available to all hotels on LightStay, water-related training course available. Progress: Complete. In 2018 Hilton built water stewardship into our LightStay sustainability platform, and internal completed activities include: (1) Integration of basin water risk data (using WWF Water Risk Filter) and water stewardship guidance into LightStay to educate and engage hotels directly on water stewardship. (2) Incorporation of Water Stewardship eLearning course that highlights global water issues with emphasis on local realities and practical actions that hotels can take. (3) Signed on to the Ceres Connect the Drops campaign to engage our guests in our water conservation efforts. (4) Helped to launch the International Tourism Partnership's Water Risk Index Report during World Water Week.

Goal

Engaging with local community

Level

Company-wide

Motivation

Water stewardship

Description of goal

Goal: Empowerment of Hilton Team Members to work with community partners to drive local implementation. This is an ongoing initiative that is company-wide, but focused on areas with the highest water risk. This goal is monitored at the corporate level as required to track activities related to our public commitments. Relevance: Given our scale and operations in over 100 countries globally, engagement with our Team Members and local stakeholders to promote water stewardship and conservation has the potential to significantly contribute to water security in the regions in which we operate. Importance: The goal was established as part of Hilton's Water Stewardship Commitment. Ongoing engagement of Hilton employees is central to our global water stewardship strategy. Implementation: Starting with the pilot locations and driven through our global programs such as Earth Week, Global Week of Service and the Travel with Purpose Action Grant program, Hilton is mobilizing Team Members around the world to work with local partners to drive water stewardship in our communities. In addition, Hilton uses the water risk data that has been added into LightStay to engage our hotel teams around water stewardship and conservation. Hotels located in water basins of highest water risk are prompted to focus especially on water stewardship, and all hotels receive "improvement tips" prompting them to work with local stakeholders to promote water stewardship and conservation.

Baseline year

2017

Start year

2017

End year

2025

Progress

Indicators of success: Number of local watershed stewardship projects implemented with community partners. Progress: In progress. Ongoing engagement of Hilton employees and the local community is central to our water stewardship strategy. Activities

completed in 2018 support of this goal include: (1) Initiated context-based water pilot programs in collaboration with WWF to promote stewardship in high water risk areas in the US, South Africa and China; (2) Announced our Hilton 'Big Five' in Africa with a pledge to invest \$1 million to drive sustainable travel and tourism across Africa, including a focus on water stewardship in partnership with local community organizations; (3) Continued to participate in the California Water Action Collaborative (CWAC), taking part in Pacific Institute's context-based water goals pilot in California. (4) Continued to promote community engagement through our global Team Member activation programs such as Earth Week, Global Week of Service and the Travel with Purpose Action Grant program.

Goal

Providing access to safely managed Water, Sanitation and Hygiene (WASH) in local communities

Level

Company-wide

Motivation

Commitment to the UN Sustainable Development Goals

Description of goal

Goal: Drive access to Water, Sanitation and Hygiene (WASH) in local communities in alignment with SDG 6 and our Travel with Purpose goal to send zero soap to landfill by 2030. This goal applies company-wide. Relevance: Given our scale and operations in over 100 countries globally, driving WASH in our local communities has the potential to save a significant number of lives and contribute to achieving water security in the regions in which we operate. Importance: Hilton was the first company in the hospitality industry to set the goal to send zero soap to landfill by recycling all used soap bars in our hotels into new soap bars that are donated to people in need around the world. This goal is Implementation: We are driving adoption of soap recycling across our hotels globally through the use of brand standards. We have also joined the UN Water Action Platform and the UN CEO Water Mandate, which specifically commits us to advancing the water and sanitation agenda in the local communities in which we operate.

Baseline year

2017

Start year

2017

End year

2030

Progress

Indicators of success: Number of hotels participating in soap recycling and driving WASH standards; engagement in initiatives and collaboration projects that advance access to WASH at a local, regional and global level. Progress: In progress. Hilton's 2018 activities and accomplishments that support this goal include: (1) Collaborating with hotel teams and soap recycling partners to implement soap recycling at over 75% of our portfolio (4,350+ hotels). Soap is collected from our guest rooms, then sanitized and recycled into new soap bars by our partners including Clean the World and Soap 4 Hope. Recycled soap is donated to people in need around the world, and soap is distributed along with education around the importance of regular handwashing in preventing the spread of hygiene-related diseases. (2) Collected and distribute more than 9.6 million bars of soap in 127 countries and build more than 1.2 million hygiene kits for communities in need. To date, our soap has contributed to a 35% reduction in hygiene-related disease in the countries in which the soap is donated. (3) Joined the UN Water Action Platform and the UN CEO Water Mandate, which specifically commits us to advancing the water and sanitation agenda in the local communities in which we operate.

W9. Linkages and trade-offs

W9.1

(W9.1) Has your organization identified any linkages or tradeoffs between water and other environmental issues in its direct operations and/or other parts of its value chain?

Yes

(W9.1a) Describe the linkages or tradeoffs and the related management policy or action.

Linkage or tradeoff

Linkage

Type of linkage/tradeoff

Increased energy efficiency

Description of linkage/tradeoff

There are many linkages between water and energy efficiency in hotel operations. In particular, improved processes for cooling tower water treatment and laundry operations can significantly decrease energy and water consumption, along with their related environmental impacts. Quantification of linkage: Through our use of the Xeros water saving laundry technology, we have also significantly reduced energy consumption. The Xeros™ technology reported swaps out up to 80% of the water needed for laundry with small polymer beads. Our Xeros pilot at the Hilton Los Angeles/Universal City Hotel resulted in estimated water cost savings of over \$66,430, with an 81% reduction in total laundry water and a 100% reduction in laundry hot water use. Integration of management action into business strategy: We are actively pursuing opportunities and innovative technologies such as Xeros as we continue to seek opportunities to decrease both our water and our energy consumption across our portfolio.

Policy or action

Action to manage linkage: (1) Hilton engages with Nalco/Ecolab for products and projects at hotels that reduce energy and water consumption in cooling tower operations and water treatment; (2) Hilton has developed several partnerships that offer improved laundering technologies, which can reduce water use by up to 45 percent, energy use by up to 43 percent and extend linen life by up to 40 percent; and, (3) In addition to laundering technologies, we also have examined how different products can contribute to sustainability performance. For example, we have identified new lines of towels that are engineered to be lighter weight and more durable than standard towels. Using these towels, our hotels can launder more towels per load and the product will last longer than standard towels, thereby requiring fewer loads of laundry, using less energy and water, and producing less waste over time.

Linkage or tradeoff

Linkage

Type of linkage/tradeoff

Other, please specify (Embedded water)

Description of linkage/tradeoff

Due to the level of embedded water in food products (especially meat-based protein sources), any efforts to reduce food waste can also help to reduce the overall impacts of water in the supply chain. Quantification of linkage: WRI estimates that inside the 1.3 billion tons of food wasted every year worldwide is 45 trillion gallons of water, representing 24 percent of all water used for agriculture. By reducing food waste at our hotels, we can reduce water waste in the agriculture industry. Integration of management action into business strategy: We have integrated this linkage into our business strategy through our Travel with Purpose 2030 targets, through which we have committed to cut our food waste in half, participate in food donation programs, and sustainably source (e.g., certified) all meat, poultry, produce, seafood and cotton at our managed hotels by 2030.

Policy or action

Action to manage linkage: Hilton has been working with WWF to determine ways to reduce food waste in our operations. Several pilot projects have started to help reduce waste through: (1) better menu planning and F&B team training to reduce preparation wastage and spoilage; (2) accurate monitoring of food waste by piloting various tracking tools and integrating data into LightStay; (3) investigating how to engage guests in our waste reduction efforts; (4) creating employee facing food waste reduction campaigns for employee canteens. So far, we have seen an average reduction of 30% of food waste through the pilot activities. In addition to this, Hilton have been working as part of a work group with World Resources Institute, working alongside other major businesses, to investigate changing behaviors that encourage more environmentally-friendly diets. As part of this, we have helped create reduced-meat dishes and meat-alternative dishes which, among other benefits, have reduced embedded water.

W10. Verification

W10.1

(W10.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1d)?

Yes

W10.1a

(W10.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module	Data verified	Verification standard	Please explain
W1. Current state	W1.2B 2018 water withdrawals and consumption: year over year comparison	Other, please specify (ANSI-ANAB Standard (ISO))	DEKRA Certification Inc. provides annual independent validation services for our corporate responsibility reporting, including annual verification of LightStay sustainability results and hotel data used for reporting of GHG emissions, energy use, water use, and waste disposal. The validation is a systematic application of verification procedures by knowledgeable reviewers for evaluating and reviewing a subset of reported data, calculations, and data management systems. The validation involved a thorough review of meter reads, billing data, calculations and methodologies. This approach, which follows ANSI-ASQ National Accreditation Board (ANAB) standards, is intended to provide a level of assurance and credibility to meet the needs associated with voluntary non-financial public reporting. Based on their review and on-site verification audits, DCI provides reasonable assurance that the reported 2018 water use (withdrawals) are accurate. A copy of DEKRA's 2018 Assurance Report can be found here: https://cr.hilton.com/our-reporting/#assurance .

W11. Sign off

W-FI

(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

Our 2018 CDP Reporting Boundary is Operational Control, defined as companies, entities or groups over which operational control is exercised. However, please note that Hilton's corporate responsibility and water stewardship strategies, along with LightStay requirements for measurement and improvement in water efficiency, extend to all managed and franchised hotels globally.

Hilton has integrated climate change and water-related issues into our business objectives for years through our continual focus on improving the environmental performance of our hotels and driving responsible travel and tourism across our industry. As a result of our efforts, we were proudly named to the Dow Jones Sustainability Index for the first time in 2017 and listed as the Most JUST company in our industry by JUST Capital and Forbes. We are serious about our role in helping the international community reach the UN Sustainable Development Goals (SDGs) through our global hotel operations and supply chain footprint. Our corporate responsibility strategy, Travel with Purpose, drives us to think and act in ways that will maximize our contributions to help meet these important global goals. In this spirit, we have united our 380,000 Team Members along with our owners, partners and communities in more than 100 countries around our strategy and shared goals.

In 2018, we released our new Travel with Purpose long-term commitment to double our social impact and cut our environmental footprint in half by 2030. One of the key targets underpinning these goals is our new science-based targets (SBTs), demonstrating that we are committed to reducing our carbon emissions in line with the stipulations of the Paris Agreement. We believe that climate change is one of the biggest threats to business today, and we are proud to be the first major hotel company to have our SBTs approved by the Science Based Targets initiative (SBTi).

W11.1

(W11.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1		Please select

W11.2

(W11.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

Yes

SW. Supply chain module

SW0.1

(SW0.1) What is your organization's annual revenue for the reporting period?

	Annual revenue
Row 1	

SW0.2

(SW0.2) Do you have an ISIN for your organization that you are willing to share with CDP?

No

SW1.1

(SW1.1) Have you identified if any of your facilities reported in W5.1 could have an impact on a requesting CDP supply chain member?

Please select

SW1.2

(SW1.2) Are you able to provide geolocation data for your site facilities?

No, not currently but we intend to provide it within the next two years

SW2.1

(SW2.1) Please propose any mutually beneficial water-related projects you could collaborate on with specific CDP supply chain members.

SW2.2

(SW2.2) Have any water projects been implemented due to CDP supply chain member engagement?

No

SW3.1

(SW3.1) Provide any available water intensity values for your organization's products or services across its operations.

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	Public or Non-Public Submission	I am submitting to	Are you ready to submit the additional Supply Chain Questions?
I am submitting my response	Public	Investors Customers	Yes, submit Supply Chain Questions now

Please confirm below

I have read and accept the applicable Terms