

Mr Maxime Verstraete  
VP Corporate Responsibility  
Hilton Worldwide  
McLean, VA

25 October 2017

Dear Mr Verstraete,

Thank you for your letter on 13 October in relation to CORE's recent report on company statements published in compliance with the Modern Slavery Act 2015.

Hilton's commitments to transparency and integrity are welcome.

I address below the points in your letter.

### **1) Incomplete document review**

In the Methodology section on page 12 of our report we acknowledge that our document reviews may be incomplete, as follows:

The indications in the text [of the report] of our inability to locate statements and other documents should not be read as inferences that the documents do not exist. We may have overlooked documents or the content of documents, and we are happy make this clear on our website if it is drawn to our attention.

As such, we have now published your letter on our website [here](#) and forwarded it to the Business and Human Rights Resource Centre, requesting that they include it in the 'Company Responses' section of their own site.

### **2) Inaccurate reference to annual report**

In your letter you provide links to 'the 10-K form from 2016' (filed on February 26, 2016 for the fiscal year ended December 31, 2015) and to 'the 10-K form for 2017' (filed on February 15, 2017 for the fiscal year ended December 31, 2016). The reference in our report (see

footnote 154) is to the latter 10-K form. We refer to this as 'Annual Report 2016 Form 10-K', as although it was filed in 2017, it refers to the year ending 31 December 2016.

### **3) Misleading analysis of the 10-K form**

You state that: 'The report focuses on "risks" disclosed in the 10-K form and notes potential disregard for topics including the right to collective bargaining and the right to freedom of association.'

The report notes that Hilton's 10-K form lists collective bargaining as a risk factor and notes that the categorisation of collective bargaining as a risk: (i) potentially limits the opportunities offered by collective bargaining for constructive rather than confrontational dialogue; and (ii) may inadvertently place limitations on the right to organise. This does not amount to a 'focus' on risks disclosed in the 10-K form or a claim of 'potential disregard' for the rights to collective bargaining and freedom of association.

### **4) Overlooked commitment to labour rights**

You write that 'The report claims that the MSA statement makes no reference to labour rights' and that 'Labour rights feature prominently in our Code of Conduct, Human Rights Policy and Responsible Sourcing Policy, all of which are included in the MSA statement.'

The MSA statement does not mention labour rights. There is no link to the Code of Conduct in the MSA statement. Links in the MSA statement to other documents are not functioning.

As mentioned under point 1) above, we acknowledge that our document reviews may be incomplete in the Methodology section on page 12 of our report.

### **5) Overlooked structure and identified key risks in the supply chain.**

In our report, we note that Hilton's MSA statement says that 'The supply chain consists of suppliers who sell goods and services to the hotels' and that no specific details are provided. For civil society organisations including CORE and our partners, a comprehensive, relevant statement should include the following information on the company's supply chain:

- structure and complexity of supply chains;
- countries that the company is sourcing from including a list of products or product categories by country;
- whether the company's suppliers change on a seasonal basis;
- internal procedures to ensure adequate procurement pricing, prompt payment and appropriate planning;

- existing assessment systems, data collection practices, stakeholder engagement programmes and modes of operation;
- information relating to key risk factors including: business models (sub-contracting; employment relationships; presence of labour recruiters in supply chains; high flexibility and low profit margins); operating context (lack of government regulation and/or poor enforcement of labour standards; presence of cheap labour and vulnerable workers; absence of effective worker representation and collective agreements); nature and location of work (reliance on low-skilled labour; workforces with high numbers of seasonal, temporary or agency workers; work of a physically demanding nature).

For more detail, please see our [guidance for business on reporting under the Modern Slavery Act](#).

Thank you again for your interest in our report.

Yours sincerely,



Marilyn Croser  
Director