



SUPPLIER DIVERSITY 2019 annual report

commitment

TO DIVERSITY & INCLUSION

A corporate commitment to diversity is essential in today's business. It promises inclusion and support for the communities in which we all live, work and travel. This is especially true in the hospitality industry, where our businesses directly affect the surrounding communities. Respect for those communities and their cultures is a necessity.

At Hilton, we engage, support and create business opportunities in our communities. We do this through strategic partnerships with nonprofit organizations and marketing campaigns targeted toward diverse customers, and we provide property ownership opportunities to women and people of color. Hotels are local businesses, but they operate on a global platform. The world is becoming more diverse by the day.

Our industry-leading Supplier Diversity Program is a large part of this priority. The program began nearly a decade ago, and since then we have cultivated relationships with more than 3,000 women-, minority-, veteran- and LGBTQ-owned businesses. Our supplier spend with these types of businesses has reached over \$593 million.

We all travel to experience different parts of the world and to understand cultures that are different from our own. Increasing our commitment to diverse suppliers not only helps us be more representative of our community, it's also helping Hilton as a global brand be more representative of the world at large.

This is our responsibility. It is our fundamental belief that we all, especially Hilton Supply Management, can make a difference.



SUPPLIER DIVERSITY PROGRAM¹

2019 year in review



10,000+

PROPERTIES TOUCHED
BY HSM'S PROGRAMS



BY 2030, WE WILL
DOUBLE OUR SOURCING
FROM DIVERSE SUPPLIERS



3,476

TOTAL DIVERSE
AND WOMEN-
OWNED SUPPLIERS



215 NEW

SUPPLIER DIVERSITY
CHAMPIONS
ACTIVATED IN 2019



RANKED
TOP 15 BEST
SUPPLIER DIVERSITY
PROGRAMS BY DIVERSITYINC

\$593+ MILLION

TOTAL DIVERSE SUPPLIER
SPEND FOR HILTON SUPPLY
MANAGEMENT



2019 AWARDS



¹Includes all diverse supplier classifications and small business concerns for HSM programs including Corporate, Managed, Franchised and GPO properties.



what is **HILTON SUPPLY MANAGEMENT?**

Hilton Supply Management (HSM) is a unique value proposition to hospitality procurement.

HSM offers traditional sourcing for Hilton's corporate and managed properties. HSM is directly responsible for sourcing and contracting for portions of Hilton's franchise ownership, as well as non-Hilton hotels that contract with HSM for their procurement needs.

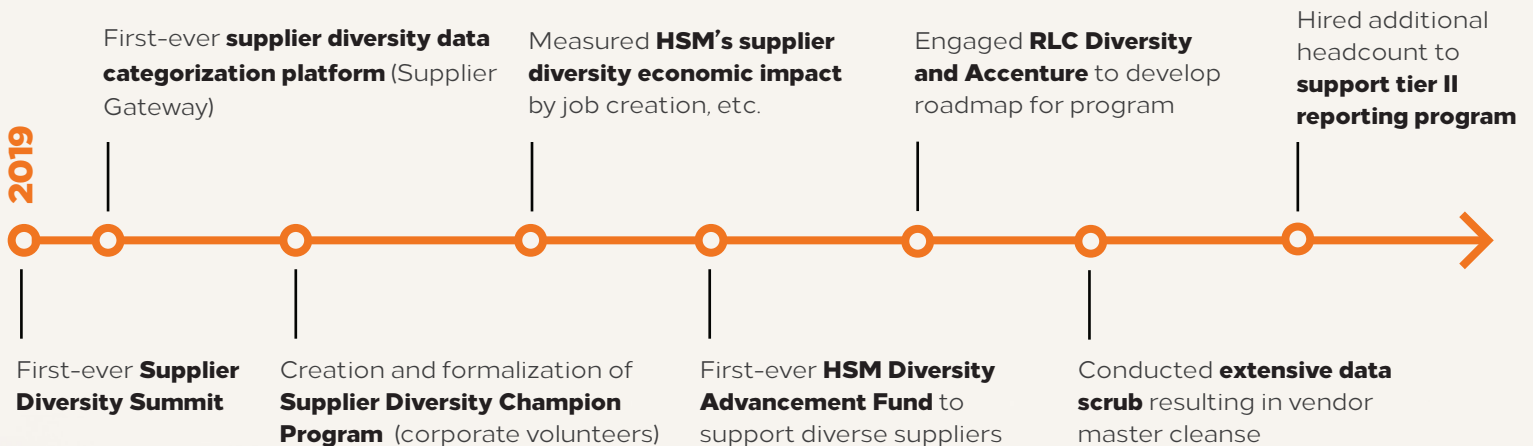
We have an expanded network of 10,000+ properties that purchase through HSM's programs, and these properties benefit from our network of diverse suppliers in our best-in-class Supplier Diversity Program.

HSM'S SUPPLIER DIVERSITY 2019 journey

In 2019, we embarked on a journey of transformation. The journey included advancing our industry-leading Supplier Diversity Program by investing heavily in a data scrub of our vendor master and engaging supplier diversity consulting experts to augment our existing program. Further efforts include innovating our communications and outreach to better tell our story and increasing Hilton's involvement in the conversation around supplier diversity. We have been in existence for nearly a decade, but last year we elevated our program to best-in-class.

➤ In 2018, Hilton migrated its PeopleSoft Financial system to version 9.2, which exposed inflation of the total procurement spend in 2018. This anomaly was identified in the system upgrade and corrected in 2019 survey data.

OUR 2019 SUPPLIER DIVERSITY MILESTONES



SUPPLIER DIVERSITY Summit

At Hilton Supply Management, we have an incredible community of diverse suppliers, many of whom recently joined us at our inaugural Supplier Diversity Summit. Apart from networking with Hilton leaders across the business, current and prospective suppliers were able to listen and learn from an expert panel discussion on partnership, innovation and growth with Hilton Supply Management. This event allowed us to showcase our commitment to increasing diversity in our global supply chain and fostering connections between diverse suppliers and Hilton business leaders.



ATTENDEE QUOTES



"Thank you for putting the Supplier Diversity Summit together. Meeting all those people yesterday and gaining a deeper understanding of what Hilton does to help different communities grow as a business, positively affecting their environment, was energizing and empowering."

- Rob Arnez, Senior Analyst, FF&E Strategic Sourcing, Hilton Supply Management



"Congratulations on successfully hosting your first Hilton Supplier Diversity Summit! A big thanks to the team for inviting me to the event. I learned a lot from the speakers and the panel conversations and also had the opportunity to engage with some of the suppliers that were present. I was able to connect with one of the guest speakers as well to talk about some of the strategies used to accelerate supplier diversity."

- Reuben Essandoh, Lead, Supplier Diversity, Capital One



"Diversity makes us stronger! We were honored and thrilled to be a part of such a successful event."

- Kathy Cheng, President & Founder, Redwood Classics Apparel

WPEO AND USHCC *training*

WPEO

The Supplier Diversity and Corporate Procurement teams hosted the annual “Doing Business with Hilton” event with the Women Presidents’ Educational Organization (WPEO).

This year, HSM’s Supplier Diversity team decided to link specific suppliers to relevant procurement category experts. Suppliers in attendance were able to hear firsthand tips, including category best practices, how to stand out in the RFP process and how to most effectively do business with Hilton. With plenty of opportunities for networking and connection, attendees found the event practical and targeted to their specific needs.



USHCC

Hilton attended the US Hispanic Chamber of Commerce’s 40th Year National Convention and sponsored a supplier diversity best practices training and panel for Hispanic Business Enterprises (HBEs).

The training focused on how to enter a multicultural and inclusion-oriented supply chain. Our amazing panel participants from Lenovo, RLC Diversity and Hilton’s Supplier Diversity team shared real-time advice and fielded questions from workshop attendees to help them conduct business with large, multinational enterprises. The response was overwhelming, and Hilton was able to create instant connections with these emerging HBE suppliers.



AGENCY EA supplier profile

BIO

Agency EA, a certified Minority Business Enterprise (MBE), is a full-service brand experience agency headquartered in Chicago. Specializing in events and experiential marketing, the agency unites brands with their target audiences by creating exceptional user events, worldwide programs, summits, conferences and B2B experiential campaigns.

RELATIONSHIP OVERVIEW

Agency EA has been a proud partner of Hilton for seven years. The agency has successfully strategized, created and executed more than 75 Hilton programs and events, including owners and development conferences, brand launch events, team member engagements, communications campaigns, digital integrations and video productions.

Some recent EA and Hilton collaborative highlights include the Global Owners Conference, Focused Service General Manager Leadership Summit, I Am Hilton video series, HSM's Global Supplier Summit and Hilton's Leadership Group Meeting.



Hunter Haas

Group Account Director,
Agency EA

“EA Group Account Director Hunter Haas joined Hilton for a panel on the importance of supplier diversity and inclusion. Hunter shared what diversity means to EA and how it enables us to be more thoughtful and intentional in not only our internal culture, but in the ways in which we innovate for our client partners and the programs we create.”

- Agency EA



AMERICAN HOTEL REGISTER

supplier profile

BIO

American Hotel Register Company, a certified women-owned business, is the world's premier hospitality supplier. With more than 150 years of service, this family-owned company offers customers 70,000 products, 1,600 national brands, an expanding portfolio of eco-friendly products and best-value items from its own Registry® brand.



Angela Korompilas
President and CEO,
American Hotel Register

RELATIONSHIP OVERVIEW

American Hotel Register has been a proud partner of Hilton for more than six years, working together to bring many programs, product initiatives and cost savings to life. The company is also grateful to have participated in many Brand and Owners Conferences, which have provided an opportunity to meet the people who make Hilton one of the industry's most exceptional brands.

The American Hotel Register/Hilton partnership will continue to grow and provide a seamless experience to cutting operational costs while driving operational efficiency.



Josh Ruffner

National Account Manager,
American Hotel Register

“American Hotel Register, a women-owned, WBENC-certified company, is proud to be part of the growth and development of Hilton's Supplier Diversity and Inclusion Program and is looking forward to working together to achieve mutual business goals.”





CLIENT CONFIDANT mentor profile

BIO

As President and CEO of Client Confidant, Bobby Robertson specializes in helping companies retain and grow their key contracts through his in-person client satisfaction interview process. His practice is built on more than 25 years studying people from his time spent as a chaplain, managing celebrity clientele in the hospitality industry, and the more than dozen years spent in consulting as a client relations expert. Client Confidant is a certified Disability-Owned Business Enterprise (DOBE) and is honored to have Hilton as a mentor over the coming year.

RELATIONSHIP OVERVIEW

Through our wonderful partnership and corporate membership with Disability:IN, HSM is pleased to feature our newest mentorship with a certified DOBE, Client Confidant. Client Confidant is a client satisfaction and customer experience firm that helps companies retain and grow revenue with existing clients by conducting in-person client satisfaction interviews.



Each month, one of our Hilton Supply Management leaders meets with Client Confidant's President and CEO, Bobby Robertson, to provide him with targeted feedback and advice on the opportunities, challenges and strategic direction decisions facing his organization.

As part of this mentorship program, Bobby receives expertise on best practices as it relates to sourcing, the RFP process and overall corporate engagement. In return, we at HSM get to hear firsthand commentary on the struggles, challenges and triumphs encountered on a daily basis and how HSM can enhance our programs to better anticipate their needs. We are honored to continue our commitment to supplier diversity mentorship and cannot wait to see how Client Confidant will continue to thrive in the marketplace.

OUR collaborators



BUILDING SUPPLIER DIVERSITY from the ground up



HILTON SUPPLY MANAGEMENT'S DIVERSITY ADVANCEMENT FUND

The economic development strategies from HSM's Supplier Diversity team are designed to accelerate innovation and entrepreneurship among our suppliers. To accomplish these goals, we have developed the HSM Project Uplift Grant.

Each year, the grant will be given to a diverse or women-owned business that demonstrates economic need, investment opportunity, a unique background story and business viability.

The winner will receive the \$10,000 grant along with a flight to Hilton HQ to meet with HSM leadership and accept the award.

SUPPLIER DIVERSITY CHAMPIONS

As of December 2019, we have 215 Supplier Diversity Champions. These important members of the Supplier Diversity team are responsible for:

- **Matching** suppliers and internal stakeholders
- **Facilitating** local supplier diversity events
- **Enabling** compliance with local requirements
- **Promoting** cross-functional collaboration

Our Supplier Diversity Champions play a vital role as external ambassadors who represent Hilton in membership organizations and at events.

SCHOLARSHIPS we support

WBENC SCHOLARSHIP

The Tuck School of Business at Dartmouth College - \$6,000
The Kellogg School of Management at Northwestern University - \$5,800

USPAACC SCHOLARSHIP

USPAACC Hilton Hallmark Scholarship - \$5,000

ECONOMIC impact

2,240

Total jobs of diverse suppliers supported by Hilton spend



\$135,782,038*

Wages paid on those jobs



\$251,793,844**

Economic impact from taxes paid on those wages

\$7B

2019 HSM supplier diversity total revenue

\$271M***

Total economic output

*Wages are determined based on NAICS code of the supplier.

**Impact based on government-issued factors per NAICS and State.

***Total output based on national economic multiplier.



883

women-owned businesses



209

veteran-owned businesses



1,180

minority-owned businesses



10

LGBTQ-owned businesses



46

persons with disabilities-owned businesses

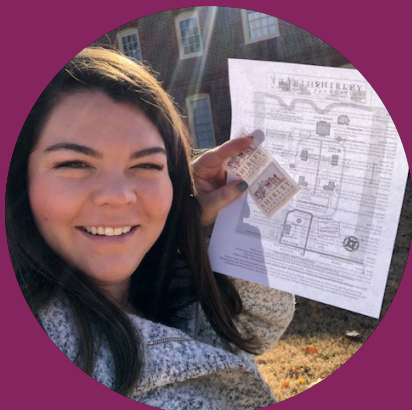
Note: Businesses may hold multiple certifications.



SHOP SMALL win big

Saturday, November 30, 2019 was national Small Business Saturday. Small businesses are a large part of HSM’s Supplier Diversity Program – they enhance the economic vitality of the communities surrounding the hotels we serve.

To celebrate “Mom & Pops” everywhere, Hilton gave away a free night’s stay at any Hilton-branded hotel to one lucky HSM Team Member who supported a local retailer.



A big congratulations to the winner, **Aly Cash Heminger!** Aly and her family purchased a house tour and wine tasting package at Upper Shirley Plantation & Vineyards. Dating from 1613, Shirley Plantation is a National Historic Landmark and America’s oldest farm and family-owned business.

“

At Hilton Supply Management, the work we do each year to encourage the growth and development of our diverse supplier community is essential. Our commitment to supplier diversity inspires innovation and results in high-quality goods and services that benefit our incredible owners, customers and clients. It is what has led to HSM’s remarkable global supply chain programs, and it will continue to aid our future successes.

”



Erika Gibson

Director, Supplier Diversity

SUPPLIER DIVERSITY *program*

We've worked hard to transform our Supplier Diversity Program into its own unique brand under Hilton Supply Management. With vibrant colors and themes, all of our supplier diversity collateral is easily recognizable and speaks to the diverse suppliers and communities we strive to attract.





To learn more about our industry-leading Supplier Diversity Program, visit

mysupplymanagement.com

