

Slavery and Human Trafficking Statement

What is Modern Slavery?

Modern slavery is a crime and a violation of fundamental human rights. Modern Slavery takes various forms, including slavery, servitude, forced and compulsory labour and human trafficking, all of which have in common the deprivation of a person's liberty by another in order to exploit him or her for commercial or personal gain.

Pursuant to section 54(1) of the Modern Slavery Act 2015 (the "Act"), Millennium & Copthorne Hotels plc ("M&C" or the "Company") published its first modern slavery statement in 2017 for the financial year ended 31 December 2016. This is M&C's third modern slavery statement, which relates to the financial year ended 31 December 2018 and outlines the steps we have taken as an organisation to assess our operations and supply chain and mitigate risks associated with slavery and human trafficking. Over the past few years we have continued to increase the depth and breadth of our work on modern slavery in an effort to deepen our understanding of risk and ensure that we have in place effective controls. We consider modern slavery to be a growing global issue and we understand that our customers share our concern. Our commitment to our stakeholders is clear: we treat our employees, customers, suppliers and other stakeholders in a fair and transparent manner, and this includes being at the forefront of eradicating modern slavery.

Although, the scope of the Modern Slavery Act 2015 is limited to companies carrying on business in the UK with a turnover of at least £36m, as a global organisation, we recognise modern slavery is a global problem. This statement covers all of M&C's subsidiary companies (the "Group", "we", "us" or "our"); a full list of those subsidiary companies is published in the Company's 2018 Annual Report and Accounts, on pages 170 to 178.

We are a global hospitality group that operates across 28 countries and employs approximately 11,500 people. As a responsible Group, we fully support the aims of the Act and are committed to upholding human rights and conducting business ethically and responsibly. As part of these efforts, we believe that slavery and human trafficking have no place in society and have adopted a zero tolerance approach. We are taking steps to ensure that no one is being held in slavery or servitude, or is required to perform forced or compulsory labour, and to prevent others from arranging or facilitating the travel of individuals with a view to exploiting them. We are focusing our efforts in the areas where we believe there to be the greatest risk.

Training and policies

We recognise that training on modern slavery and human trafficking is important to increasing awareness, as well as mitigating risks, within our business and supply chain. By training our workforce, we can ensure our employees understand our values, what they mean, and what is expected of them. In addition, we strive to set out our expectations, as clearly as possible, for how we expect our suppliers and business partners to conduct their operations. Our policies, including our Code of Ethics & Business Conduct, Group Human Rights Policy and Whistleblowing Policy ("Relevant Policies") underpin our training efforts, and we have a robust governance structure in place to oversee the implementation of and compliance with these policies across our business. As part of the continuing efforts in this area, during 2018 our European procurement team were trained on human trafficking and slavery to build awareness of possible risks in this area. This training will continue in 2019 and we will report on the progress made in our next statement. More broadly, through our Group Human Rights Policy, we aim to promote wider awareness amongst our employees of human rights risks in our business.

Our Group Human Rights Policy, in particular, sets out our commitment to certain human rights principles, including those outlined in the United Nations Universal Declaration of Human Rights (as applicable), such as:

- Operating to high ethical standards
- Equal treatment of employees to prevent discrimination
- Ability to work in an environment free of physical, psychological or verbal abuse, the threat of abuse and sexual or other harassment
- Ability of employees to freely chose employment; no forced or bonded labour is permitted
- Working in a healthy and safe environment

- Payment of wages and benefits for a standard working week that meet or exceed the minimum national requirements
- Freedom of association and the right to collective bargaining
- The long-term objective of eliminating child labour globally

We encourage our colleagues to report non-compliance with these Relevant Policies, and we provide for a means of raising concerns and, as appropriate, redress without fear of reprisal. The mechanism for raising concerns can be either raised in writing and sent to a designated email address that is monitored by the Group's head of Internal Audit or if the person raising the concern feels more comfortable in discussing the concern, there is a dedicated telephone service available, which is monitored regularly by the Group General Counsel & Company Secretary and Head of Internal Audit.

Where our policies are not followed, we may take disciplinary action, up to and including termination of employment, depending on the nature of the infraction. Similarly, if a contractor or supplier fails to act consistently with our expectations or their contractual obligations, this failure may result in termination of their contract or the selection of an alternative provider.

In our previous slavery and human trafficking statements, we set out our intention to review, update and deliver enhanced training on our policies. During the course of 2019 we will be rolling out an enhanced training programme on some of the Relevant Policies.

Assessing and managing risks

We have in place a risk management framework that helps the Group's Board of Directors and senior management team identify and assess risks, define our risk appetite, and develop and roll out standardised risk management processes, reporting requirements and other tools to manage risk within the organisation.

The Board of Directors, supported by the Audit & Risk Committee, ultimately is accountable for the Group's risk management control environment. Whilst the Directors provide oversight, a dedicated Group Management Risk Committee—which is chaired by the Group Chief Executive Officer and comprised of regional and functional heads—owns and manages the key risks on a day-to-day basis.

To ensure that all suppliers meet our high standards and to mitigate modern slavery risks that exists within or business and supply chain, as previously reported, we have revised our standard contractual terms and conditions to require all suppliers, and each of their sub-contractors, to comply with the Act. We also seek to have standardised procurement processes designed to ensure we select and manage our suppliers appropriately. Our suppliers generally are segmented based on multiple factors including value, spend and risk exposures, and our supporting assessment processes provide a level of assurance and oversight over those suppliers and the services provided. During the course of 2019, we will be refreshing the risk assessment of our supply chain, focusing on the key services and products as a starting point. We will adopt a risk-based approach that will take into account many factors, including the geographical location from which services and products are provided, the number of links in the supply chain, whether our suppliers use of migrant or temporary labour and the nature of the goods or services being supplied. We will use the results of this refreshed assessment to categorise key direct suppliers and identify potential areas of focus within our supplier base. We will examine both our existing suppliers and the due diligence and on-boarding process for new suppliers will be enhanced as well.

One robust step that has been implemented by the Company in 2019, due to the increasingly complex and global nature of our supply chain, is that we have outsourced our procurement processes in the United States to Hilton Supply Management. We believe this makes good business sense given Hilton's reputation as a responsible hospitality company, their deep resources and stringent controls and the breadth of experience of the Hilton procurement team. We will utilise Hilton Supply Management even for our hotels in the region that are not managed by or franchised with Hilton. If the affiliation with Hilton Supply Management is successful, we will consider whether this business model will work elsewhere in the Group. As at the date of this statement, it is too early to comment on our progress with Hilton Supply Management and we look forward to providing an update in next year's statement.

Our business and risks in 2018

As previously reported, our Group is geographically diverse and operates under different business models. In some cases, we own and operate the hotels within the Millennium Hotels and Resorts (“MHR”) family. In other cases, we or our joint venture partners manage hotels on behalf of third party hotel owners. In several instances, we own hotels which are operated by third parties, such as Hilton and AccorHotels, while in other limited circumstances we franchise our brands for use by third party hotel owners who, in turn, operate their hotels. With each business model, we are able to exercise varying degrees of control over operational policies and procedures and the review and selection of suppliers, and our business models did not change materially in 2018.

Owned and managed hotels

We are able to exercise the most control where we own and manage hotels, and to an extent, where we manage hotels on behalf of third party owners. In those cases, which account for the majority of MHR hotels, we rely on our Relevant Policies and related training and procedures to help manage the risks of slavery and human trafficking.

Other business models

With regard to our other business models—such as franchising, management of hotels through joint ventures, and ownership of hotels which are managed by third-party operators—we may have very limited control or influence over our business partners and therefore cannot fully dictate operational compliance with our Relevant Policies.

Our supply chain

As a hotel company, we purchase goods and services all over the world, ranging from furniture, fixtures and equipment to operating supplies, food and beverage items, and many types of services, including outsourced cleaning services, maintenance services, consulting services and other similar services. Aside from our contractual rights, we are able to exercise little or no control over the operations of our suppliers.

Due diligence and audits of our supply chain

With regard to our business partners and suppliers, we select such parties carefully and as summarised below, where possible, conduct due diligence on them so that we are comfortable that we are doing business with trusted, known parties. We encourage them to comply with our policies and standards, often raising awareness of our policies as part of our procurement tender processes, for example, or we expect that they will have in place similar such policies. We also endeavour to include contractual clauses that require them to comply with applicable laws and our Group Human Rights Policy. Our approach is to develop long-term relationships with business partners and suppliers whose policies, values and cultures are aligned with our own.

Our employees

In the UK and elsewhere, our human resource processes ensure that those recruited have appropriate approvals to work. Where we use external agencies to provide staff, these agencies are subject to the same procurement due diligence processes as any other supplier, and where we seek temporary labour, this is sourced via a managed service provider that, in the UK at least, is subject to their own obligations under the Act. Where M&C operates outside of the UK, we comply with local rules and regulations to ensure that our employees have the right to work in these countries.

Looking ahead

We are proud of the changes we intend to deliver in 2019, but we recognise the need to do more, particularly in terms of proactive engagement. As described above, we have a range of initiatives planned for 2019 to further enhance our approach to ensuring human rights are respected and the eradication of modern slavery.

We continually measure the success and performance of the Group by tracking key performance indicators. A set of key performance indicators continues to be developed and applied to measure the effectiveness of our compliance with the Act. The KPI's, to date, include the following;

- Staff training levels; and
- The further development of our online due diligence questionnaire;

We know that our colleagues are passionately committed to hospitality and our vision and values, and we believe that this passion, along with our Relevant Policies and related procedures, will help to reduce the risk of modern slavery and human trafficking within our organisation. We appreciate the co-operation of our employees and other stakeholders. Should you have any concerns or comments, please email us [at supplychain@millenniumhotels.co.uk](mailto:at_supplychain@millenniumhotels.co.uk). We look forward to hearing any thoughts you may have and sharing our progress with you in the future.

This statement was approved on behalf of the Board of Directors of Millennium & Copthorne Hotels plc on 28 June 2019.

A handwritten signature in black ink, appearing to read 'Kwek Eik Sheng', written in a cursive style.

Kwek Eik Sheng
Director