

## **Whitbread Modern Slavery Statement 2018/19**

We recognise our responsibility as the UK's largest hotel company to respect the human rights of every worker supplying goods or services to us, every team member helping us deliver great service to our customers, and the customers we serve every day.

This has been another year of progress and development, and a great amount of learning. We know where our risks are, and this year has been about interrogating that risk in more detail, asking more questions and developing practice in more depth than we ever had before.

We remain committed to working collaboratively with our suppliers and our stakeholder network, learning from our experiences and continually developing and improving our programme. However, as we clearly lay out in our Responsible Sourcing Policy, we will cease working with suppliers who demonstrate a persistent disregard for our standards.

We are pleased to report under the Modern Slavery Act. We have worked hard this year, not only to develop our supply chain due diligence, but also to increase the awareness of important issues across our operations. Our team members across the Premier Inn estate now have the knowledge and tools to recognise and report a suspected case of modern slavery in our sites.

This statement covers the period 3rd March 2018 – 1st March 2019 and has been approved by our Executive Committee and was approved by the Whitbread plc Board on 25<sup>th</sup> April 2019.

A handwritten signature in black ink that reads "Alison Brittain". The signature is written in a cursive, flowing style.

**Alison Brittain**  
**CEO**  
**30<sup>th</sup> April 2019**

## Introduction

Following our second statement published at the end of Whitbread's 2017/18 financial year, this document provides an update on our work over the past 12 months to mitigate the risks of modern slavery across our business and supply chain.

We have focused on managing the risks we identified last year, re-assessing and reviewing our processes for identifying and mitigating modern slavery risks and setting the direction for our responsible sourcing programme in 2018/19.

The report is split into the following sections:

1. Business and supply chain structure
2. Risks of modern slavery across the business
3. Key risk areas:
  - Supply chain
  - Team members
  - Guests
4. Partnerships and Collaboration
5. Performance Indicators

### 1. Business and supply chain structure

Whitbread PLC is the UK's largest hospitality company and owns the country's leading hotel business, Premier Inn. Premier Inn is the leading value-for-money brand with the largest network in the UK and has over 800 hotels and more than 78,000 rooms.

All hotels and restaurants are operated by us and we have a hot food offer in every location. Our unique joint site model means that more than half of our hotels are located alongside our own restaurant brands (Bar & Block, Beefeater, Brewers Fayre, Table Table and Cookhouse & Pub).

We also have eight hotels in the Middle East (through a joint venture) and two in Germany at the time of writing.

#### 1.1. Supplier Network and Supply Chain Structure

We purchase our goods and services from over 2,200 direct suppliers. Most of our suppliers are manufacturers of finished product (e.g. beds, furniture), food processors, construction contractors and providers of service (e.g. technology and laundry). They are largely based in the UK, supported by a global supply chain.

Of these 2,200 direct suppliers, we have 44 critical (tier 1) suppliers. A critical supplier is one that has both high strategic impact and operational criticality, and whose product or service is central to our core brand offerings.

Following the sale of Costa Coffee to Coca Cola there have been some changes to how our central procurement teams are structured. At Whitbread, the procurement team is still positioned in the Group Transformation Function, led by our Group Transformation Director.

## 2. Risks of modern slavery across the business

We recognise that there are a number of ways in which our business could be affected by modern slavery. How we assess and mitigate that risk is dependent on the type of risk, our leverage and ability to manage it, and where accountability for doing that sits within the business or supply chain.

The fundamental areas of risk and the accountabilities for managing them remain unchanged from last year's report.

### 2.1. Accountability for modern slavery risk management

| CEO and members of the Executive Committee have overarching accountability for the standards of our supply chain, the treatment of our team members and the safety of our guests   |  |   |
|--|--|---|
| 1 - Supply Chain   | 2- Team members  | 3- Guests   |
| <ul style="list-style-type: none"> <li>• Group General Counsel has overarching responsibility for setting the right policies to enable ethical performance of our supply chain.</li> <li>• Accountability for measuring, monitoring and making recommendations for mitigating and remediating risk in the supply chain lies with the Director of Sustainability and Head of Responsible Sourcing in our Legal function.</li> <li>• Accountability for managing supplier participation in the responsible sourcing programme and responding to any risk sits with our procurement function, led by the Transformation Director, supported by the Procurement Director.</li> </ul> | <ul style="list-style-type: none"> <li>• Group HR Director has responsibility for ensuring that the right policies are in place to ensure that the risks are being managed.</li> <li>• Day to day management of policy compliance is managed by the business unit MDs and COOs.</li> </ul> | <ul style="list-style-type: none"> <li>• The Business MDs and Director of Safety &amp; Security (S&amp;S) and S&amp;S Team support the CEO and Executive Committee members with the management of safety across the business</li> <li>• Day to day management of safety and security is the responsibility of the business unit MDs and COOs and at site level, by all team members.</li> </ul> |

## 3. Key risk areas

### 3.1. Team members

We have approximately 35,000 team members working across the Whitbread brands, directly employed by Whitbread. As a hospitality business, we recognise that ensuring these people are treated fairly, are empowered to develop their skills and fulfil their potential as future leaders is what allows us to continue delivering high standards for our customers every day – and this is at the heart of our strategy.

Having direct control over how the people working in our hotels and restaurants are employed, reduces the risk that someone working for our business might be a victim of modern slavery. However, we still ensure that we do all we can to mitigate that risk.

**Human Trafficking Policy** – This is available and has been communicated to all employees. The following Policies are embedded throughout our organisation and support the mitigation of any risk that a team member may be subject to modern slavery.

**Speaking Out Policy** - Outlines the process we follow when our employees raise a concern about wrongdoing, danger or breach of the Code of Conduct, or criminal activity such as human trafficking. The policy ensures that concerns raised are dealt with without fear of reprisal, can be

raised anonymously and will be investigated in line with a robust and transparent procedure. Any such concern may be raised internally, or through our independent and confidential Speaking Out line, which is run through Hospitality Action, our employee assistance provider.

**Grievance Policy** - Supports and provides guidance to employees and managers regarding any concerns raised by an employee, in relation to their work. This process encourages concerns to be raised informally in the first instance in order to encourage an open and honest culture, however it also outlines the formal process in the event that concerns raised cannot be resolved through the informal route or in more serious cases where it is appropriate to deal with matters formally at the outset. As such, the grievance policy provides clear guidelines on how individuals can raise their concerns, along with what will happen at that point, and the potential outcomes of any investigation into the issues raised. Individuals are also welcome to have union representation during any grievance process.

**Equal Opportunities Policy** – Outlines our active commitment to provide equal opportunities and embrace diversity throughout employment. This policy also clearly explains what individuals can do in the event they do not feel they are being treated fairly or equally, and as such, refers to the Grievance Policy.

**Right to Work** - This policy reflects Whitbread's commitment to recruit talented people, balance our Global People Principles and ensure legal compliance. Whitbread will not employ anyone who cannot demonstrate their legal right to work in the UK. At the start of 2019 we implemented a new process utilising to enhance the quality and consistency of document checks. All candidates progressing to an interview are required to upload evidence of their right to work in the UK directly to a secure, online platform, where they are checked by a specialist third party organisation. Through automating the checks in this way, we have an even greater level of confidence that the legislative requirements are applied consistently and in a non-discriminatory fashion. The new process also provides an improved ability to track document expiration dates and to proactively take the required actions. In addition, Managers also have access to the Employee Relations helpdesk for further support and guidance.

**Code of Conduct** - This document outlines the way we do things at Whitbread and is provided to all employees upon joining. All employees are required to read the code and confirm annually that they are familiar with its contents. It signposts to useful and relevant policies including Speaking Out, Grievance and Equal Opportunities, ensuring our employees have an ongoing awareness of the policies Whitbread has in place to support them. It also explains our Global People Principles which set out through our values, how we intend to do business everywhere. This includes working responsibly and ethically to be a positive part within the communities that we operate within.

**Implementation tools** - Performance of Right to Work checks are formally reported as part of our internal operational performance management and auditing processes. Our Speaking Out and Grievance Policies are supported by internal processes for confidential reporting which are reported to our General Counsel. Our Code of Conduct is embedded through training.

### **3.1.1. Our progress during FY 2018-19**

#### **Modern Slavery training**

Recognising the risk that our hotels could be used as locations for trafficked individuals to be harboured or exploited, we have taken steps to empower our team members to respond in the right way if they suspect that something is not quite right. Over the last two years we have trained all of the team members working across our hotel sites.

This year we have reviewed and updated our modern slavery online (e-learning) training content which is mandatory for all team members joining the business. We have also launched the same training programme for our Restaurant team members and designed a Restaurant-specific training e-learning module. We are applying the same roll out model as with we did with our Premier Inn operations teams and the training will be completed during 2019/20.

All of our training focuses on raising awareness of human trafficking and modern slavery issues, empowering our teams to identify indications of human trafficking abuse in our sites and provide them with the tools to report it quickly and effectively.

Lastly, we have completed similar face to face training workshops for all of our Human Resources (HR) teams, including shared services, resourcing, operations, employee relations and leadership.

### **3.1.2. Highlights**

#### **Recruitment Review Summary**

This year, Whitbread commissioned Stop the Traffik to undertake an in-depth review of Premier Inn's recruitment policies and procedures, ensuring that we matched best practice for preventing modern slavery occurring in our operations.

To assess our current policy design, researchers were given access to all Whitbread's internal and external policies as well holding meetings with members of our HR team. To explore the implementation of these policies, 120 interviews were performed across a wide variety of roles (managers, housekeepers, receptionists), across 33 Premier Inn hotels, in 14 cities.

A gap analysis was then conducted to compare the difference between the design and implementation of our recruitment policies and recruitment best practice. A final report with recommendations has been submitted to the business and we will be working to implement relevant changes during 2019/20.

### **3.2. Supply Chain**

In our first statement, we reported that we had identified a higher risk of modern slavery potentially occurring in 22% of our spend on products and services, represented by 80 direct suppliers.

Our analysis also identified that the majority of risk lies in the lower tiers of our supply chain – often a number of tiers away from our direct control – meaning a collaborative approach, working with our suppliers to manage the risk, would be crucial.

Following last year's work, we have continued to focus our efforts on working closely with our suppliers and to address our risk by working through our 'Human Rights in the Supply Chain' due diligence process.

#### **How we manage risk**

##### **3.2.1. We conduct due diligence processes across all suppliers to:**

1. Assess actual and potential human rights risks
2. Identify leverage, responsibility and actions
3. Mitigate risk and remediate
4. Monitor, review, report and improve

The success of this due diligence process relies on a number of tools and procedures centred around our core Responsible Sourcing Policy and the Principles of Implementations it lays out.

##### **3.2.2. We have policies and procedures to govern our relationships:**

Whitbread's [Responsible Sourcing Policy](#) outlines the standards we require all suppliers, across all geographies, products and services, to comply with. Our Policy is aligned with the International Labour Organisation (ILO) convention and the UN Guiding Principles on Business and Human Rights.

Specifically, with regard to modern slavery, it states that there will be no:

- Trafficked individuals working in any part of the supply chain
- Forced, bonded, indentured or involuntary prison labour
- Payment of recruitment fees on behalf of the worker

Our internal supplier data management system allows us to record our suppliers' commitment to work towards the standards outlined in this Policy and measure their performance against it through questionnaires and supporting evidence and verification.

In 2018/19, we moved away from using a standalone supplier data management system for responsible sourcing. Instead, we have introduced additional requirements into our online procurement platform (Trade Interchange).

We have implemented new sections that assess a supplier's approach to ethical sourcing and the sustainability credentials of the products they supply. This now means the ethical performance of our suppliers is managed in a fully integrated way with all other supplier measurement criteria.

This means a new supplier cannot be introduced without Whitbread understanding its approach and commitment to responsible sourcing as well as making sure all new suppliers have signed our policies and provided supporting evidence and verification for any claims relating to the sustainable accreditation of any products it supplies. The platform is monitored by our procurement and sustainability teams.

### **3.2.3. We conduct independent ethical audits:**

Working with an independent, third party partner, we have continued to conduct SMETA (Sedex Members Ethical Trade Audit) audits for suppliers who we recognise as potentially high or medium risk.

These audits assess compliance against our Responsible Sourcing Policy using the SMETA guidelines for best practice. They involve a full site visit, document, policy and employment practice review of each supplier and a representative sample of worker interviews. These interviews are always undertaken in confidence, in the workers' native language and provide a safe and confidential opportunity for workers to speak out about any malpractice or concerns they may have.

Whilst we recognise SMETA best practice guidelines, we understand that sometimes workers may feel unable to speak freely when they are in the workplace. In order to ensure we are truly providing the opportunity for honest feedback, we have created a whistleblowing line via our independent auditors who give interviewees a number they can call if they want to speak about anything at a later date.

Wherever issues are uncovered through these audits, we work closely with our suppliers to remediate areas of non-compliance to clearly defined and agreed timeframes. This remediation is then verified by follow up, third party audit to ensure compliance. Where our suppliers demonstrate a persistent disregard for working with us to meet the standards outlined in our Policy, we reserve the right to cease working with them.

### **3.2.4. We are members of the Supplier Ethical Data Exchange:**

This year we have become members of the Supplier Ethical Data Exchange (SEDEX) and have linked with 142 supplier sites. This platform gives us improved visibility of the supply chain beyond our directly contracted suppliers and provides us with better information on the employment processes and practices at manufacturing sites.

We are proud to be the first hotel company to join the SEDEX platform:

*"We are very pleased to welcome Whitbread PLC to the ever-growing community of SEDEX members. It is a really positive action to see Whitbread PLC seeking to better understand their supply chain and build on the opportunities to improve the ethical performance of their suppliers." SEDEX, 2019.*

### 3.2.5. We conduct technical team training:

As outlined in the past two years' reports, we continue to provide ethical performance and due diligence training to our F&B technical team to enable them to embed a high level 'temperature check' of our suppliers' ethical performance in their regular supplier visits and audits.

This training has provided with the tools they need to record basic observations relating to core labour principles during every site visit. These tools also provide an escalation procedure to our Head of Responsible Sourcing for anything that causes concern. We have found that this additional check & control process has increased collaboration between the two different teams and better understanding of our suppliers.

### 3.2.6. Our progress during 2018/19 – Supply Chain

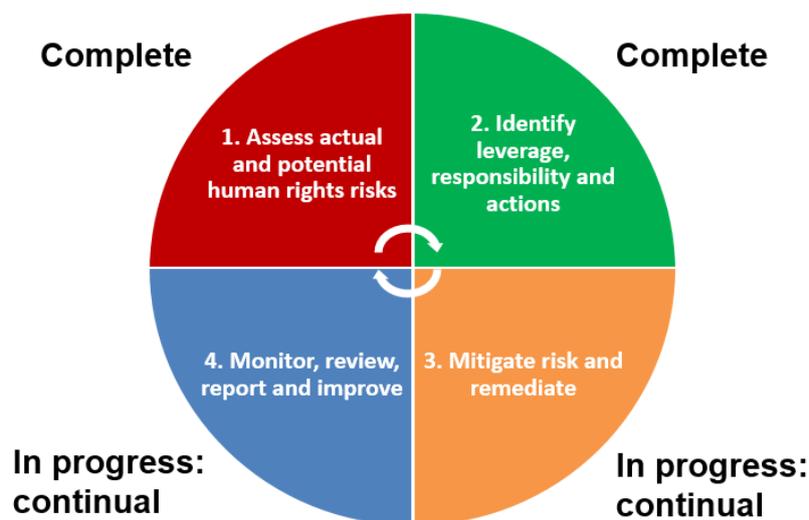
We have continued to strengthen our ethical trade programme over the past 12 months.

We have continued to work with our high-risk suppliers from last year and have also performed a risk assessment for our medium-risk suppliers and created individual action plans for them. To do this we have followed our due diligence process, working through stages two (*identifying leverage, responsibility and actions*) and partially three (*mitigating risk and remediating*). We will continue the medium risk suppliers' full evaluation over the next year.

Where appropriate, the risk assessment of our medium-risk suppliers has led to additional audit activity and also highlighted new areas for us to focus on and investigate further. However, there are still risk factors (such as low skilled labour, manufacturing and processing sites and seasonal businesses) that are common to both our high and medium risk suppliers.

In 2019/20 we will commission Stop the Traffic to independently evaluate the effectiveness of the work we have completed to date and the impact this has had on the risks we originally identified in 2016/17. We will also renew our risk assessment to establish a new baseline (high, medium, low risk) to work from, to reflect the changing nature of our supply chain (new products, suppliers, country of origin etc)

### 3.2.7. 'Human Rights in the Supply Chain' due diligence process



### 3.2.8. Identify leverage, responsibility and actions (2)

Working through each supplier identified as a high risk, we conducted an in-depth analysis based on:

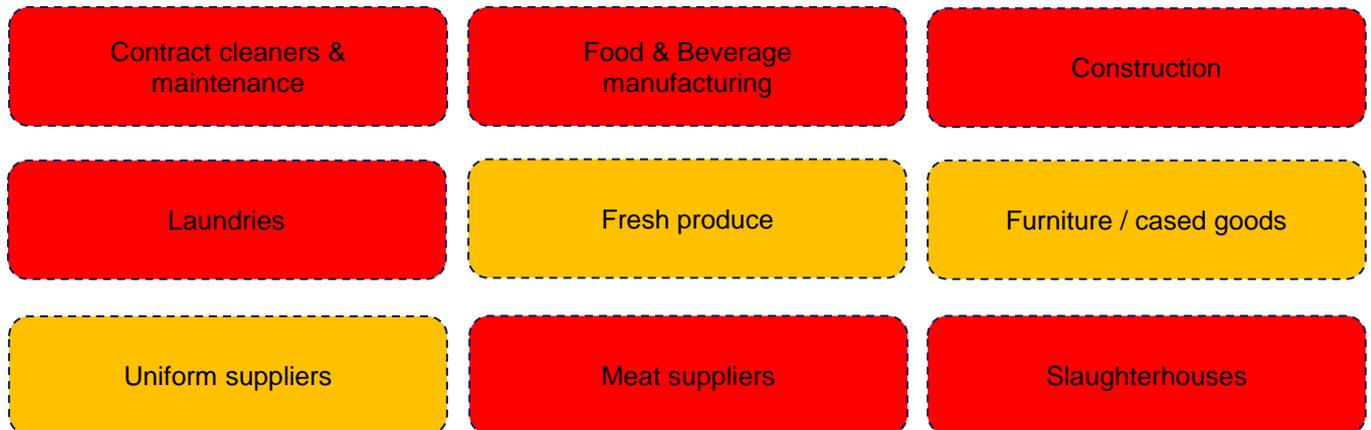
- **The origin of risk** – what component of the product or service provided caused to be on the high-risk list?
- **The position of this risk** – how deep in the value chain is it?
- **Our responsibility** - how responsible would we be for the manifestation of that risk occurring? (For this analysis, we used the UN Guiding Principles ‘cause, contribute or linked to’ principle).
- **Our leverage** – what is our leverage to do something about this risk?
- **Supplier performance** – through our internal due diligence programme we already have a rich amount of data relating to our suppliers’ own programmes to protect against modern slavery, their employment practices and labour standards across the sites where our products and services are manufactured. Reviewing this information allowed us to gauge how effectively the risks identified might already be being managed.

This year we have conducted the process above for another 118 medium risk suppliers and have assigned each of them with an action plan. Once the action plans are established, we then work with our suppliers to understand:

- Their employment practices
- Their sourcing work from other countries
- Any audits they perform beyond their tier 1 suppliers
- The training and awareness programmes they employ
- What support they might need from Whitbread’s sustainability and procurement teams.

### 3.2.9. Mitigate risk and remediate (3)

Our original risk assessment work identified that third party, independent ethical audits were required for 45 suppliers across 96 sites. The supply chains these audits covered have included:



Red: High Risk Categories  
 Orange: Medium Risk Categories

This year we have extended our programme to conduct more ethical audits in the categories above, reaching another 20 suppliers and 34 sites.

Our audits typically identify some non-compliances against the SMETA guidelines. Most of these are minor and identify issues such as health & safety practices, overtime premium pay, working hours, training on modern slavery and labour rights and contract clauses on overtime expectation.

We appreciate that meaningful change needs collective effort and consistent activity. Therefore, we work closely with our suppliers to address and remediate any issues that put workers at risk. However, we do state in our Responsible Sourcing Policy that we reserve the right to cease trading with suppliers who demonstrate a persistent disregard for our standards.

Last year, we have reviewed a number of supplier contracts based on their ethical performance, the actions they have taken and their willingness to improve. This information now forms part of the tender process for the relevant suppliers.

### **3.3. 2018/19 Highlights**

This year we have initiated an in-depth review of our contract cleaning arrangements for our Restaurants. We are aware that low skilled-jobs, including cleaning and maintenance of property, are particularly at risk of exploitation.

Working alongside our procurement team, we conducted investigations and ethical audits focusing on responsible employment practices at a sample of sites across the country. Whilst not finding any major non-compliances, we did discover the cleaning businesses sometimes lacked the management systems required to ensure the risk of modern slavery situations from occurring are minimised.

As a result of this activity we have designed a Responsible Business Guidance Handbook, in partnership with Stop the Traffik, to provide support and information to our smaller suppliers. The handbook provides operational guidance and details of the management systems required to mitigate the risk of modern slavery occurring in operational and recruiting practices. Whitbread takes the risk of modern slavery extremely seriously and wants to support its smaller suppliers by providing best practice guidance. This document will be released to our smaller suppliers (under £36m annual turnover) in 2019/20.

### **3.4. Guests**

We take the potential issue of child or adult exploitation (sexual or otherwise) very seriously. We recognise that there is a risk (as with all hospitality companies) that one of our hotels might be used for the sexual exploitation of adults or children, or the harbouring / movement of adults and children for the use of forced labour. Whilst we recognise that this is a risk which we cannot always directly control, there are some actions we can take (including training) to make sure that our own team members are properly trained to spot the signs of exploitation and empowered to act on any suspicions quickly and effectively.

#### **3.4.1. Our progress during FY 2018-19**

##### **Highlights**

In 2018/19, we set out to improve our hotel team members' understanding of the potential issue of Child Sexual Exploitation (CSE) and as a result our CSE Awareness Raising Training was revised and strengthened in Q1 of 2018/19 and issued to all hotels to coincide with the National Child Sexual Exploitation Awareness Day in March.

## **4. Partnerships and Collaboration**

We recognise that managing risk of modern slavery is complex and we value the positive impact that collaboration and partnership can have in tackling these issues, both across our supply chain and with other stakeholder groups. In 2018/19 we were a member of the International Tourism Partnership (ITP) part of the Business In The Community (BITC) network which provides support and collaborative responses to sector specific challenges and we are proud to be members of the new Stop Slavery Hotel Industry Network and have supported the development of its Framework for Working with Suppliers.

Throughout the year, we have continued our partnership with Stop the Traffik who continue to provide specialist knowledge and expertise supporting our team member training and specialist issue remediation wherever required. We look forward to continuing this partnership into the next year as we widen the scope of the training programme to other business functions.

Working collaboratively with our supplier network allows us to develop a deep understanding of how compliance with our Policy works in practice. We review our Responsible Sourcing Policy on an

annual basis and are continually improving and developing our strategy as we learn from our compliance and remediation actions.

## 5. Performance Indicators

For the past two years, as part of our annual performance review, we have been measuring our progress based on the below indicators:

- Right to work check reports
- Team member training
- Number of suppliers on-boarded to our responsible sourcing due diligence system
- Development and progress of action plans for high risk suppliers
- Number of non-compliances identified and remediated through audit

This year we have decided to review our performance indicators and launch new ones that will allow us to report more accurately on our activities.

- Right to work check reports will no longer be a performance indicator because we have introduced a new system (see section 3.1).
- Team member training will no longer be a performance indicator because all modern slavery training for team members is now mandatory. However, we will replace this KPI with a new one regarding increasing awareness activities.
- Lastly, number of suppliers onboarded to our responsible sourcing due diligence system is no longer a relevant KPI due to new systems being introduced that will cover all our suppliers in an integrated way.

We are looking forward to reporting next year on our performance, based on the below revised KPIs:



### **Increasing awareness**

- Events and activities within our business
- Events and activities in our supply chain



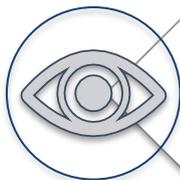
### **Pieces of Intelligence shared**

- Information sharing (received or reported)
- Corrective action plans shared and agreed with suppliers



### **Partnerships and Collaboration**

- Participation in industry events
- Collaborative activities with NGOs and other organisations
- Improvement programmes with suppliers (where appropriate)



### **Due diligence in our supply chain**

- Annual assessment of risk
- Action plans created, audits and investigation completed
- Number of non-compliances identified and remediated through audit