

Whitbread Modern Slavery Statement 16/17

This statement aims to present the different elements of modern slavery risk which could potentially be involved in our operations, how we are mitigating those risks, and what we know we still need to do. Whitbread has a zero tolerance policy on modern slavery. We have a number of policies, due diligence, remediation and monitoring processes in place to support that overarching policy position. This statement details these processes within the following structure:

1. **Our business and supply chain structure**
2. **The process we have been through to assess risks of modern slavery across the business**
3. **Key risks**
 - Supply chain
 - Team members
 - Guests
4. **What we do to manage the risks**
 - Supply chain
 - Team members
 - Guests
5. **How we collaborate and develop**
6. **How we measure our success in preventing modern slavery**

1. Our Business and supply chain structure

Whitbread PLC is the UK's largest hospitality company owning brands including the UK's largest hotel business (Premier Inn) and the UK's favourite coffee shop (Costa).

As a major hospitality brand, the people who work in our organisation, the people who develop and produce our products, and the people who buy our products are what make our business as loved as it is today. People are fundamental to the success of our business and upholding their human rights is something we recognise as an essential part of our operation. We take our responsibility to respect those rights very seriously.

Premier Inn & Restaurants

Premier Inn is the UK's leading hotel business, with over 760 hotels and more than 68,000 rooms across the UK. Our unique joint site model means that more than half of our hotels are located alongside our own restaurant brands. We also have hotels in the Middle East, Asia, and Germany.

Costa

Costa is the UK's favourite coffee shop with over 2,200 coffee shops in the UK, over 1,300 stores in 29 international markets and over 6,800 Costa Express self-serve units. Some stores are owned, some are franchised, and some are in joint ventures.

Supplier Network and Supply Chain Structure

We purchase our goods and services from over 2,000 direct suppliers. The majority 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 complex, global supply chain.

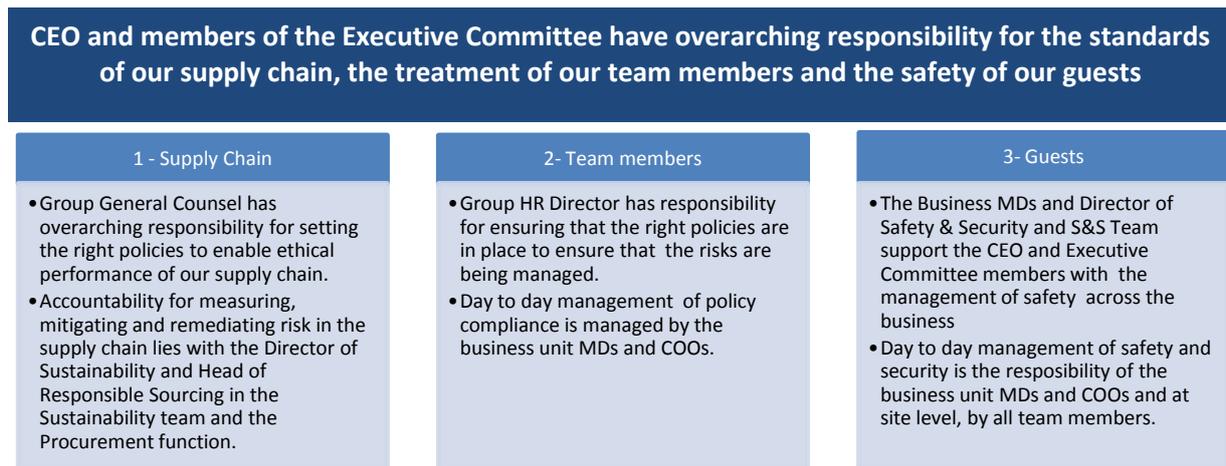
Procurement in our international businesses is managed primarily by our local businesses or franchise partners, with brand specific products such as our beds in Premier Inn or coffee in Costa being procured by our central teams.

2. The process we have been through to assess where risk of modern slavery lies across our business

As a hospitality company, there are a number of ways in which our business could be touched by modern slavery. How we assess and mitigate that risk varies depending on the type of risk and where accountability for managing it sits within the business.

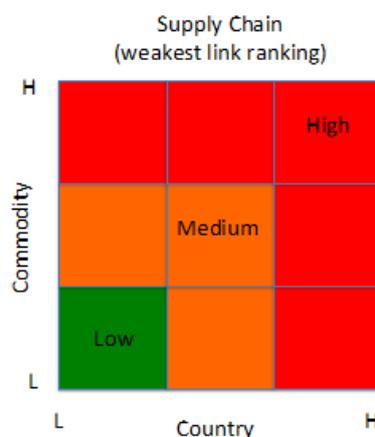
Through multi-stakeholder internal and external engagement, we have identified the following three areas of modern slavery related risk:

Fig 1: Where risk and accountability sits across Whitbread's business



Assessing risk in our Supply Chain

With a vast and varied supply chain, we took an initial step to understand where our most significant risks lie. Working in partnership with leading UK human trafficking charity, Stop The Traffik (STT), we undertook a heat mapping exercise to identify which suppliers and what parts of our supply chain are most at risk of modern slavery.



Stop The Traffik supported us in mapping and reviewing potential and actual risk of modern slavery in sourcing for the following categories: Food & Beverage; Supplies & Services; Property. They did this by looking at what we are buying – How? Where? From whom? We considered the geographical reach of our supply chain (global) and included tiers 1, 2 and 3 of our supply chain, to raw commodity level where mapping data allowed.

3. Key risks

Supply Chain

We believe from the results of our risk mapping that there is higher risk of modern slavery in 22% of our spend on products and services, represented by 80 direct suppliers. The analysis identified the following products, services and commodities as being most at risk of modern slavery occurring:

High Risk Commodity and Services
Beef
Contract cleaning
Clothing and Linens
Cocoa
Coffee
Laundry
Palm Oil
Poultry
Seafood
Sugar
Tea
Timber
Tomatoes

The results of the risk mapping also identified that the majority of risk is in the lower tiers of our supply chain – often a number of tiers away from our direct control. We recognise therefore that working collaboratively with our suppliers is crucial and are committed to doing so within a framework of continual improvement.

We are developing our response to the identified risk through conducting individual supplier due diligence, action planning, auditing and root cause analysis. We look forward to reporting progress in next year's report.

Team members

We have 50,000 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 talent 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, restaurants and wholly owned coffee stores 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 in its entirety.

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 directly control, there are some actions we can take to make sure that our own team members are educated to spot the signs of exploitation, and empowered to act on any suspicions quickly and effectively.

4. What we do to manage the risks

Supply Chain

We acknowledge our responsibility to respect the human rights of every worker contributing to the supply of goods or services to us and have made good headway over the past year understanding where our risk lies. Our business structure means that we have a considerable opportunity to manage the risk of modern slavery in our supply chain –and it is our intention to take advantage of that opportunity and share learnings where appropriate with our sector through existing partnerships and collaborations.

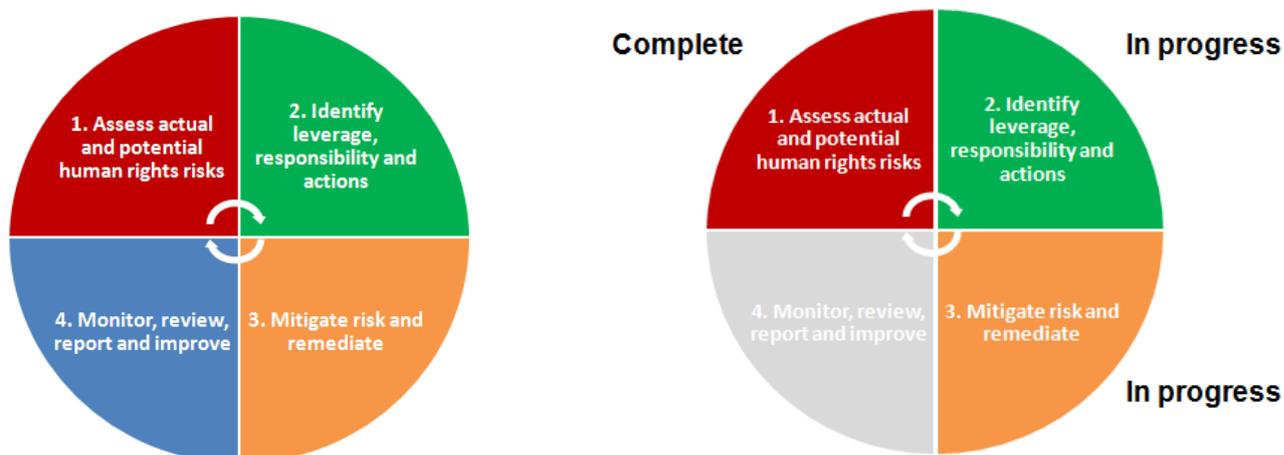
Policy

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 Ethical Trading Initiative (ETI) base code, 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

Due diligence

The implementation of our Responsible Sourcing Policy is undertaken in line with the ETI's human rights due diligence framework:



We implement this strategy through a number of tools:

Supplier data management

Our due diligence system allows us to create questionnaires based on measuring our suppliers' performance against each policy standard. Each question requires verifiable evidence to be provided by the supplier, and has a relevant risk rating attached.

Our Head of Responsible Sourcing works closely with our procurement team to support the buyers invite their suppliers to the system, review results and risk ratings and develop improvement action plans. The process is on-going and applicable to all our directly contracted suppliers, across any category or service.

Ethical Audit

This initial assessment and information gathering then allows us to develop improvement action plans for low risk suppliers and arrange third party SMETA (Sedex Members Ethical Trade Audit) audits for higher risk suppliers. These audits assess compliance against our Responsible Sourcing Policy using the SMETA guidelines for best practice. Where issues are uncovered, we work closely with our suppliers to remediate areas of non-compliance to clear timeframes. 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, in line with our responsible disengagement policy.

Technical training and audit

We have undertaken some basic training with our technical function - the members of our organisation with the most frequent access and visits to our manufacturing sites - to further integrate ethical performance into our day to day dealing with suppliers.

This has involved providing a checklist for technical team to complete on supplier visits, including key questions to ask, key observations to note and a means of escalating anything that causes concern to the Head of Responsible Sourcing.

Progress to date

At the point of reporting, we have 188 direct suppliers on-boarded to our responsible sourcing due diligence system, including:

- ✓ all high risk suppliers identified by the modern slavery heat map
- ✓ all suppliers of our critical commodities (cotton, coffee, timber, meat, fish and palm oil)
- ✓ all construction, laundry and contract cleaning suppliers

Improvement action plans, including the scheduling of third party audits and supporting due diligence processes and practice are now being developed for our higher risk suppliers as a priority.

We have completed our pilot audit programme and have begun to undertake ethical audits of our high risk suppliers as above.

Training

We partnered with Stop The Traffik to train our Procurement department across all brands on modern slavery, Whitbread's policy and how we ensure it is implemented effectively. This training was delivered to all supplier-facing staff, including Directors, Heads of Buying, Senior Buyers, Buyers and Buying Administrators and focused on the link between procurement practice and the level of risk that modern slavery might take place. The workshops also aimed to empower our buyers to identify potential risks / indicators on supplier visits, and provide them with the tools they need to report any issues effectively.

Areas for improvement

While we have made good progress on our responsible sourcing programme for our central procurement function, we recognise that there are parts of our supply chain where we have less visibility and control. Using our Policy, strategy and learning from progress to date, we are developing a framework to address risk of modern slavery in our international business' supplier network.

Team Members

We have a Human Trafficking Policy which 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. 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.

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. The Policy covers legislation, what checks should be carried out, what happens when documents expire and how Whitbread will avoid discrimination during document checks. Whitbread will not employ anyone who cannot demonstrate their legal right to work in the UK. Checks are carried out on all team members to ensure the documents provided are genuine. Training is available on Academy Online to ensure managers are provided with the tools and skills to carry out document checks to ensure we are only employing individuals who have the right to work in the UK.

Code of Conduct - This document outlines the way we do things at Whitbread and is provided to all employees upon joining. An updated code is published annually and all employees are required to read the updated version. It signposts to useful and relevant policies including Speaking Out, Grievance and Equal Opportunities. 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. Our Speaking Out and Grievance Policies are supported by internal processes for confidential reporting which are referenced to our General Counsel. Our Code of Conduct is embedded through training.

Guests

Our hotel team members are trained in the potential signs of child sexual exploitation (CSE) and how to report any concerns. We are currently updating this training and are re-briefing all our hotels on this CSE awareness through training sessions and an accompanying training module which will be delivered in Q1 of 17/18.

We and our team members within our premises will cooperate with the police and other authorities to seek to tackle the issue and address any concerns which may be raised.

Further work planned

Recognising the risk that our sites, particularly our hotels, could be used as a place 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.

To do this, we are continuing our partnership with Stop The Traffik to develop a training programme for our operational team members working in our hotel sites. This training will be provided to team members working all over the country, including our Operations Directors, Operations Managers, General Managers and team members. It is being designed to focus on understanding the risk of human trafficking and modern slavery, empowering our people to identify indications of human trafficking abuse in our sites and provide them with the tools to report it quickly and effectively.

5. How we collaborate and develop

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. This year, we joined the Ethical Trading Initiative (ETI) as a foundation stage member and are using its network to develop practices and share learning. We are also a member of the International Tourism Partnership (ITP) under the Business In The Community (BITC) which provides support and collaborative response to sector specific challenges.

More recently, we have partnered with Stop The Traffik who have provided specialist knowledge and expertise supporting our risk mapping and team member training. We look forward to continuing this partnership into the next year as we widen the scope of the training programme.

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.

6. How we measure our success in preventing Modern Slavery

As part of our annual reporting and performance review, we will be measuring:

- 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 and improvement action plans for low risk suppliers
- Number of non-compliances identified at audit stage and number of corrective actions completed within the allocated timeframe

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

In order to fulfil this responsibility, we commit to working collaboratively with our suppliers and our stakeholder network, learning from our experiences and continually developing and improving our approach.

We are pleased to report under the Modern Slavery Act and look forward to demonstrating progress against this commitment year on year.

This statement covers the period 4 March 2016 – 2 March 2017 and has been approved by our Executive Committee.

Alison Brittain,
CEO
19th May 2017