

PRINCIPAL

HOTEL COMPANY LTD

MODERN SLAVERY & HUMAN TRAFFICKING TRANSPARENCY STATEMENT January 2017 – December 2017

Principal Hotel Company acknowledges its responsibilities under the Modern Slavery Act 2015, making a voluntary commitment to ensure acts of slavery, human trafficking, child and sexual exploitation do not occur across its operating businesses, and those within its suppliers of goods and services. This statement relates to actions and activities during the financial year ending 31st December 2017.

Principal Hotel Company is the trading name of a collection of companies (the Group) which, during the financial year, operated 42 Hotels/Venues across two divisions, 'Principal' and 'De Vere' providing accommodation, food and beverage, conference and events services, leisure clubs and spas. The group consists of a number of operating and holding companies. A list of the operating companies for the financial year can be found in the Appendix to this statement. The parent company of the group is Principal Hotels Topco 1 Limited.

Our Supply Chains

Principal Hotel Company has relationships with external businesses to support the running of the hotels and venues as follows:

- Arrangements to supply agency workers to supplement hotel staffing needs, as and when required.
- Arrangements for the supply of goods and services (some by contractors) to the hotels.

Policies & procedures relating to the prevention of Modern Slavery and Human Trafficking.

Principal Hotel Company first made a Modern Slavery Statement in the financial year ending 31st December 2016. Since then, the Group has continued to progress and taken the following steps to reduce the risk of modern slavery existing in our business and supply chains.

- Reviewed the previously identified areas within the business and supply chain that may be at risk of modern slavery, human trafficking, child and sexual exploitation occurring. This review concluded that there were no changes to areas of risk previously identified.

As part of the Group's due diligence processes to avoid slavery and human trafficking, a number of policies and procedures exist. These include, but are not limited to:

a) Ethical Recruitment

Require the HR teams and those colleagues who are delegated the responsibility for the recruitment of colleagues, to understand their responsibilities correctly by carrying out 'right to work' checks, and therefore ensure legal compliance. This requires full ID checks to take place including passports and, where relevant, work permits.

During 2017, the Group introduced a new process to centrally audit this information on a regular basis to ensure the policy is rigorously implemented across the Group.

As part of the Group's due diligence, all potential providers of agency workers are required to complete and sign a declaration confirming that they are fully compliant with the requirement of UK Immigration legislation and the Modern Slavery Act. This necessitates agency worker providers to respond to set questions to which responses are assessed to ensure 100% compliance before approving providers of agency workers.

A central register of approved Agencies has been set up and as part of this process, face to face meetings have been held by the Group's Head of Talent with all agency worker suppliers and

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recruitment agencies. The purpose of these meetings was to reinforce our policy, ensure full understanding and compliance with their obligations and to reinforce the Group's zero tolerance approach to modern slavery and human trafficking.

b) Whistle Blowing

The Group at all times conducts its business with the highest standards of integrity and honesty. It expects all colleagues to maintain the same standards in everything they do. Colleagues are therefore encouraged to report any wrongdoing by the Group or its colleagues that falls short of these business principles. To support this, a totally confidential and independent whistleblowing call service continues to be available to all colleagues.

c) Management of suppliers to prevent Modern Slavery within the Supply Chain.

All potential suppliers continue to be required to complete a 'New Supplier Questionnaire' as part of the process to seek approval to supply the Group. This includes the requirement to confirm their compliance with the Modern Slavery Act. In addition, potential suppliers must agree to the Group's right to inspect their premises, manufacturing, processing and storage facilities. Initial audits have been performed on the Groups behalf to review all aspects of the supply chain, including safety, working practices and other legal requirements.

Imported goods from sources from outside the UK and EU are potentially more at risk of slavery and human trafficking issues. The Procurement department for the Group constantly review the supply chain to evaluate such risks.

d) Training

The Group recognise that Hotels may be used as temporary accommodation to support the exploitation of vulnerable adults and children. The Group developed and cascaded a training programme to make colleagues aware of potential risks so that colleagues can demonstrate vigilance in spotting possible cases of slavery, human trafficking or sexual exploitation on our premises, by recognising the signs to look for and how to report such activities. This training has been ongoing throughout 2017.

Modern Day Slavery training is now also included in the 2 day Induction programme that all new colleagues attend within their first week of joining the Group.

Measuring Effectiveness

The Group is pleased to report that in one hotel location, local police have 'tested' our hotel team undercover and the actions taken by the hotel team were deemed to be highly satisfactory.

Spot checks have been undertaken by our central compliance team, internal HR teams and our central procurement team to test aspects of our policies and procedures and the effectiveness of our training.

The Group has also worked extensively with the Shiva Foundation, supporting and contributing to their Modern Day Slavery awareness initiatives and raising the awareness of the work they have undertaken for the benefit of the entire hospitality industry.

The Board of Directors has overall responsibility for ensuring this policy complies with our legal and ethical obligations. This includes, but is not limited to, preventing the use of Group premises for the sexual exploitation of adults and children; recruitment of employees or agency workers via unauthorised agencies or subcontracted; and the purchasing of goods or services from non-approved

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suppliers, exposing the Group to the potential risk of indirectly supporting unethical employment practices such as forced or bonded labour.

All colleagues are required to support the Group's commitment to Anti-Slavery & Human Trafficking prevention measures at all times. Since November 2016, this commitment has also become a condition of employment for all new Managers and Executives of the Group.

Further colleague information regarding the prevention of modern slavery and human trafficking is also outlined in our Colleague Handbook and Inspire Online, our e-learning portal.

The Group will not knowingly support or deal with any business involved in slavery, human trafficking and child or sexual exploitation.

This policy statement has been reviewed and approved by the Board of Directors and will be reviewed and published annually.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our Group's slavery and human trafficking statement for the financial year ending 31st December 2017.



Tony Troy
Chief Executive Officer
Principal Hotel Company

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APPENDIX

Companies which operate hotels and conference centres

Company name	Company number
De Vere Cotswold Water Park Limited	3987970
De Vere Grand Connaught Rooms Limited	6809588
De Vere Selsdon Estate Limited	4977813
De Vere Limited	1396936
De Vere 2 Limited	2025334
De Vere Oxford Thames Limited	2944262
De Vere Tortworth Court Limited	3745617
De Vere Wokefield Estate Limited	7430305
Oxford Spires Hotel Limited	3629986
The Derbyshire Hotel Derby Limited (sold 31 October 2017)	6291448
The Grand Central Hotel Glasgow Limited	6874962
The Met Hotel Leeds Limited	4977435
The Principal Edinburgh George Street Limited	5425343
The Principal London Limited	4977433
The Principal Manchester Limited	4977164
The Principal York Limited	4977629
The St David's Hotel Cardiff Limited	3299012
The St Johns Hotel Solihull Limited (sold 30 November 2017)	6311941

Property companies

Company name	Company number
Alexandra House Properties Limited (sold 31 August 2017)	5965421
Beaumont House Properties Limited	5971173
Castlewood Property Management Limited	3215195
Castlewood Securities Limited	6082575
Crange Hall Properties Limited	5940107
De Vere Venues Properties Limited	5622843
De Vere Wokefield Property Limited	6448766
Eastwood Hall Properties Limited (sold 31 August 2017)	5940087
Ettington Chase Properties Limited (sold 31 August 2017)	5944125
George Hotel Investments Limited	5451630
Grand Central Hotel Company Limited	6874981
Grand Principal Birmingham Limited	10521069
Horwood House Properties Limited	59469580
Lagonda Leeds Propco Limited	4216823
Lagonda Palace Propco Limited	4216858
Lagonda Russell Propco Limited	4216881
Lagonda Selsdon Propco Limited	4216938
Lagonda York Propco Limited	4216858
Sedgebrook Hall Properties Limited (sold 31 August 2017)	5944123
Venice Spareco Limited	5894320
Wotton House Properties Limited	5965427

Group central services

Company name	Company number
Principal Hayley Limited	6137931

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Non-trading companies

Company name	Company number
Principal Hotels Topco 1 Limited (Parent)	9357457
Castlewood Utilities Ltd	6082575
De Vere Venues Group Limited	6139080
De Vere Wokefield Park Limited	6448669
De Vere W Park Limited	6718572
DVV Holdco Limited	8813573
DVV Investco Limited	8813674
DVV Properties 2 Limited	9670573
Four Pillars Hotels Limited	1303927
Hadrian Bidco 1 Limited	6198404
Hadrian Bidco 2 Limited	6220852
Hadrian Bidco Limited	6198387
Hayley Conference Centres Acquisitions Limited	5576842
Hayley Conference Centres Enterprise Limited	5947002
Hayley Conference Centres Group Limited	3908294
Hayley Conference Centres Holdings Limited	5436673
HCC Group Properties Limited	5971189
HCC Properties Limited	5946999
Lagonda George Holdings Limited	5452202
Martins Bidco Limited	9929546
Milan Newco 1 Limited	9669562
Milan Newco 2 Limited	9669909
Oxford Witney Hotel Limited	2200412
Principal Hayley HP Limited	3977187
Principal Hayley Group Limited	4977436
Principal Hotel Company Limited	9358450
Principal Hotels Topco 3 Limited	9359772
Quad Bidco Limited	8821600
Quad Holdco Limited	8821509
Rome Holdco Ltd	8373863
Rome Investco Ltd	8374006
Spire Bidco Hotels Limited	7146956
Venice Bidco 1 Limited	5839374
Venice Hadrian 4 Limited	6198392
Venice Newco 1 Limited	5839399
Venice Newco 2 Limited	5879450
Venice Spareco 2 Limited	5947281
Vocalhaven Limited	2189787