

Doing business responsibly

Our focus on responsible business is part of everything we do at IHG, helping create a diverse and inclusive culture that embodies our commitment to provide True Hospitality for everyone.

In a fast-changing world, building trust with guests, colleagues and other stakeholders, living our core values and having a positive impact on society and the environment is more important than ever to IHG's long-term success. Our people, policies and corporate responsibility programmes bear testimony to a culture of responsible business that is deep-rooted and embedded in our strategy, including:

- Strong governance and leadership, which promotes a culture of responsible business attitudes and behaviours.
- Ensuring our employees understand key legal and reputational issues and our Winning Ways.
- Ensuring the safety and security of employees, guests and other visitors to our hotels and offices.
- Operating effective risk management and internal controls.
- Engaging in responsible procurement.

We have comprehensive Group-wide policies and approaches on key responsible business issues. These are set out in our Code of Conduct and include Human Rights and Modern Slavery, Bribery and Financial Crime, Environment, Community Activities and Diversity and Inclusion. We regularly review our policies to ensure we align with best practice.

IHG® Foundation

From skills in hospitality to helping communities prepare for disasters, the IHG Foundation, an independent charity, helps make our world a more hospitable place. In support, IHG colleagues participate in fundraising and volunteering activities every year.



To find out more about the IHG Foundation visit www.ihgfoundation.org

Our targets

Following the conclusion of our five-year targets, in March 2018 we launch new three-year IHG Responsible Business targets in the four areas where we can have the greatest impact: Environmental sustainability; Community impact; Our people and Responsible procurement.

These targets and our approach to responsible business help us contribute to the objectives of the United Nations Sustainable Development Goals (SDGs).



See page 60 for more information on our 2013-2017 performance, and how the Corporate Responsibility Committee have considered Environmental, Social, Community and Human Rights issues during 2017.



See our IHG Responsible Business Report for information about our new targets www.ihgplc.com/responsible-business

Our Winning Ways

The set of behaviours that define how we interact with our guests and colleagues, are embedded in the way we work, and are a vital component of our culture.



Do the right thing



Aim higher



Show we care



Celebrate difference



Work better together

Diversity and inclusion

At IHG, diversity is embedded in our culture. We understand that differing backgrounds and perspectives create a more dynamic and inclusive environment. Our global diversity and inclusion strategy seeks to ensure diversity in our management teams and wider workforce, and recognises the importance of our business representing the communities in which we operate.

In 2017, the Hampton-Alexander Review listed IHG in the top 10 of FTSE 100-listed companies for female representation across our Board, the Executive Committee and its direct reports.

We have also achieved a perfect score on the Human Rights Campaign's annual Corporate Equality Index in the US for four years in a row, making IHG a best place to work for lesbian, gay, bisexual and transgender (LGBTQ) workplace equality.

As at 31 December 2017	Male	Female	Total
Directors	6	4	10
Executive Committee	8	2	10
Executive Committee Direct Reports	37	26	63
Senior Managers*	100	38	138
All employees (whose costs were borne by the Group or the Systems Fund)	5,184	7,029	12,213

* Including directors of subsidiaries.



For more information on our Diversity and Inclusion Policy and strategy see pages 61 and 66.

Attracting talent

To attract and retain the best talent, we invest in our people and support them in developing their careers, rewarding and recognising their contribution, whilst ensuring diversity across the workforce.

In 2017, we introduced 'Apply on the Go', which simplifies the hiring process by enabling candidates to apply for roles using a mobile device.

Continuous learning

We know that great service can turn an ordinary stay into an extraordinary one. The IHG® True Hospitality Service Skills training ensures colleagues consistently meet our guests' needs. So far more than 150,000 colleagues in 90 countries from more than 3,500 hotels have completed the programme.

In 2017, we completed the global rollout of our General Manager (GM) Learning Programme via our online platform, Fuse. Fuse brings our GMs together in an online community to share best practice, seek advice and complete professional development courses.

Colleague engagement

We recognise great service during our annual Celebrate Service Week. The 2017 campaign saw over 1,300 inspiring stories of True Hospitality shared and over 1,200 social media posts using #IHGCelebrateService and #TrueHospitality.

Employee engagement is measured through our bi-annual survey, Colleague HeartBeat powered by Aon Hewitt. Corporate, managed hotel and customer reservations office employees take part. In 2017 a revised survey delivered record-breaking participation of 97%, earning IHG recognition from Aon Hewitt as a Best Employer, benchmarked against industry scores.

Human rights

Our training and awareness programme focuses on those areas of human rights that are most relevant to our business. Our human rights policy has been translated into more than 40 languages and, to ensure our values are consistently reflected, we require all IHG branded hotels to adopt and display a human rights policy. We also have in place an e-learning module on Human Rights and Modern Slavery, which has been completed by 40,000 colleagues to date.

Anti-corruption and anti-bribery

We are committed to operating with integrity and complying with all relevant laws, including all applicable anti-corruption legislation. IHG has a zero-tolerance approach to bribery and corruption; a position clearly set out in our Code of Conduct, Anti-Bribery and Gifts and Entertainment policies which apply to all

IHG employees and Directors, and our managed hotels. In 2017, all Board and Executive Committee members completed the latest anti-bribery e-learning module, along with more than 30,000 colleagues.

Responsible procurement and due diligence

In 2015, we launched an automated procurement system across many of our large corporate offices. This helps our central procurement team manage our supply chain, and we continue to increase corporate spend through the system. Onboarded suppliers are required to complete due diligence questionnaires covering responsible business and human rights. We have piloted a new supplier assessment and audit programme, using third-party risk assessment providers, which will be developed further in 2018.

We also carry out due diligence and compliance checks on all new parties we enter into hotel agreements with. A central committee considers and reviews any issues identified, including bribery and corruption and human rights.

Environmental sustainability

The IHG Green Engage™ system is our Group-wide, online sustainability programme. It supports our Environment policy and helps hotels manage their use of energy, carbon, water and waste. By creating more energy-efficient hotels, we can drive profitability for owners while minimising environmental impact.

We are a member of FTSE4Good and were ranked first in our industry on the 2017 S&P Dow Jones Sustainability World Index.

Community impact

Our Supporting Our Communities Policy aims to maximise the positive contribution we make by creating shared value in our communities and with our business partners. We support and develop people working in the hospitality industry, and have improved the employability of 47,962 IHG® Academy participants between 2013 and 2017.

We guide our hotels to enhance their disaster preparedness and provide extensive support to colleagues affected by disaster.



Our principal risk assessment process takes into account the risks related to, and the impact of, non-financial matters on the business (see page 21 for a further description of our principal risks and the measures taken to mitigate their impact). We also consider our impact on the wider communities in which we operate through our responsible business programmes (see our Responsible Business Report).

IHG Code of Conduct

The IHG Code of Conduct supports colleagues in making the right decisions. It sets out the principles we must all work by at IHG. It also provides guidance on where to go if colleagues are faced with a difficult issue and need further help.



For further information on our Code of Conduct, including our Modern Slavery Statement see Policies under www.ihgplc.com/responsible-business

Stakeholder engagement

Listening to and building strong, long-term relationships with our stakeholders helps focus our priorities and strategies and

creates loyalty, trust and credibility. We take into consideration the views of our stakeholders at all levels of decision making.



For more information see Corporate Governance on pages 47 to 63.



See our 2017 IHG Responsible Business Report for a full stakeholder list, which supports our responsible business strategy www.ihgplc.com/responsible-business

Key stakeholder engagement

	Forms of engagement include:	Outcomes and measures include:
 Colleagues	<ul style="list-style-type: none"> Executive Committee and Senior Management led employee 'Town Halls'. Annual Celebrate Service Week. Bi-annual Colleague HeartBeat survey. Company intranet and employee focused events. 	<ul style="list-style-type: none"> 97% average participation in the 2017 Colleague HeartBeat survey.
 Guests and corporate clients	<ul style="list-style-type: none"> IHG Rewards Club. HeartBeat surveys (guest satisfaction surveys). Dedicated Guest Relations teams. 	<ul style="list-style-type: none"> 3.7 million completed HeartBeat surveys and 7 million text and social media guest comments captured and analysed in 2017. IHG True Hospitality Service Skills training delivered to more than 150,000 colleagues.
 Shareholders	<ul style="list-style-type: none"> AGM. Presentations following results announcements. Annual investor perception survey. Programme of one-to-one meetings with major institutional shareholders. 	<ul style="list-style-type: none"> Average of 98% votes in favour across all resolutions at 2017 AGM.
 Suppliers	<ul style="list-style-type: none"> Supplier registration form and onboarding process included in our IHG Vendor Code of Conduct. US supplier diversity data collection. 	<ul style="list-style-type: none"> Increased diverse supplier spend in the US to \$66 million, up from \$59 million in 2016.
 Hotel Owners	<ul style="list-style-type: none"> Global and regional branches of the IHG Owners Association. Asian American Hotels Owner's Association. Regional conferences. Owner HeartBeat surveys (owner satisfaction surveys). 	<ul style="list-style-type: none"> avid hotels launched following collaboration with an owner advisory board as part of the brand development (see page 16).