

IHG Modern Slavery Statement 2016

This statement has been published in accordance with the Modern Slavery Act 2015

Introduction

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At IHG, a commitment to operating responsibly underpins our entire strategy and this includes supporting the protection of human rights. We have had a Human Rights Policy since 2009 and became a signatory to the UN Global Compact in 2010, aligning our operations and strategies with the 10 universal principles that include commitments to human rights and labour standards.

Modern slavery is a serious, and often hidden, crime that requires the attention of many different stakeholders globally and we recognise that businesses including IHG have an important role to play in this. We strongly believe that the hospitality and tourism sector can affect positive change in people's lives particularly by creating job opportunities. However, the complexity of operating as a global business with global operations and supply chains means we must pay continued attention to the risks of human rights abuses including modern slavery.



Our business and supply chains

We are a global hospitality company with a broad portfolio of hotel brands in nearly 100 countries. We predominantly franchise our brands to, and manage hotels on behalf of, independent third-party owners. Together with our owners, IHG franchises, leases, manages or owns more than 5,000 hotels globally. Having a predominantly franchised estate means that most of the people who work across IHG branded hotels are not IHG employees and are employed by our hotel owners. IHG directly employs around 32,000 colleagues who work across our corporate offices, central reservation centres and in some hotel roles such as General Managers at our managed hotels.

Franchised hotels (rooms)

4,321 (542,650)

Owned/leased hotels (rooms)

8 (2,412)

Managed hotels (rooms)

845 (222,073)

Our supply chain activities can be split into two broad categories – corporate supply chains and hotel supply chains. Our corporate supply chains cover procurement for our corporate offices. These are mainly focussed on items such as technology and professional services. At the hotel level, supply chains cover procurement for all items required for running a hotel. These cover a wide range of items including food, linens, cleaning supplies and furniture. This procurement happens both at the local hotel level and, for some locations, via centralised purchasing arrangements that are available to our hotels. Our hotel owners will also have supply chains at different stages of their hotel's life-cycle, for instance at the construction stage for new build hotels.



Our Policies

We have a number of policies, processes and requirements that form part of our approach to human rights and modern slavery. These cover our employees, suppliers and hotels as follows:

IHG Employees and Managed Hotels: We have had a Human Rights Policy since 2009. This Policy along with the IHG Code of Conduct sets out our commitment in this area in relation to voluntary freedom of association, working conditions, forced labour and the exploitation of children. The Code also sets out our values known as our Winning Ways which consolidate and clarify our ethical values and expected standards of behaviour. The Human Rights Policy and Code both apply globally to our directors, officers and employees and our managed hotels. We also have a Confidential Reporting process and “no retaliation” policy. This encourages our employees to report any ethical concerns and breaches of the Code of Conduct including in the area of human rights.

“We have had a Human Rights Policy since 2009.”

IHG Suppliers: IHG's Vendor Code of Conduct sets out the standards under which IHG vendors are expected to operate including in relation to human rights and modern slavery across such areas as voluntary freedom of association, working conditions, forced labour and the exploitation of children. In 2015 we enhanced our procurement systems and have asked the majority of our existing corporate suppliers and new corporate suppliers to sign the IHG Vendor Code of Conduct.

IHG branded hotels: IHG franchised hotels are independently owned and operated, however, all of our hotels and owners, both managed and franchised, have a shared commitment to responsible business. From 2014 we have required all IHG branded hotels to adopt their own human rights policy and we have provided guidance and training materials to hotels on this topic to enable this.



Our Due Diligence Processes

In 2015 we launched a comprehensive automated procurement system across our corporate offices. In 2016 a focus area has been to ensure more of our corporate spend is managed through this system. This helps improve central visibility of our corporate suppliers and increases coverage and involvement of our central procurement team in managing and monitoring our supply chain. New suppliers being onboarded to the system are required to complete due diligence questionnaires which cover human rights.

In addition to our suppliers, our third party hotel owners are also a critical part of our organisation. We carry out due diligence and compliance checks on all new parties we are entering hotel agreements with. A central committee considers and reviews any issues identified including relating to human rights. It is important that our owners understand our commitment to responsible business.



Risk Assessment

In 2013, we commissioned an external assessment of human rights risks most relevant for the travel and hospitality sector globally and regionally. The risks identified included human trafficking, forced labour, child labour and working conditions. In 2015 and 2016 we have built on this information to identify the modern slavery risks most relevant to IHG. To carry out this assessment we looked across four different areas of risk: (i) risks of modern slavery affecting colleagues in our own organisation including our hotels, (ii) risks of modern slavery occurring in our corporate or hotel supply chains, (iii) risks of modern slavery such as human trafficking occurring in or around our IHG branded hotels, (iv) risks of modern slavery occurring at different stages of the hotel lifecycle and within supply chains of our hotel owners.

Following these risk assessment activities, we have made it a priority in 2015 and 2016 to raise awareness of the issue of human trafficking and the potential risk of hotels being used for this purpose to transport or exploit victims.



Training and awareness

Steps we have taken include creating a human rights e-learning tool on our overall approach to human rights and how to spot signs of and help combat human trafficking. We have asked all our managed hotels to take this training and have made it available to all our franchised hotels. In addition, we have created a 10 minute training session on human rights, modern slavery and human trafficking for use by our hotels to provide face to face training to colleagues. We have also created a Modern Slavery poster for display in colleague areas which asks colleagues to be alert to the risk of human trafficking, explains the key warning signs to watch out for and how to escalate concerns. The posters have been made available to all our hotels globally.

We have carried out additional training and communications at some higher risk locations. For instance, to hotels located near to high profile events such as the Super Bowl and the Olympics, where authorities report an increased risk of sex trafficking.



Our Effectiveness and Performance Indicators

“27,000+ colleagues completed our human rights training.”

In 2016 our key metrics to measure our effectiveness are our training figures and number of suppliers who have signed our Vendor Code of Conduct. At the end of 2016 more than 27,000 colleagues had completed our human rights e-learning. Our 10 minute trainer and modern slavery poster have also been provided to all of our hotels. In 2015 we asked existing suppliers to sign the Vendor Code. In 2016 we have focussed on new suppliers coming through the system as well as starting to look at those hotel suppliers that our central procurement team work with. Approximately 1,600 suppliers have now signed our Vendor Code of Conduct.



Working Together

Modern slavery is complex and we believe strongly that working together with others to identify risks and best practice will be the most effective way to bring change in this area. In line with this, we are part of a number of industry forums and working groups including the Business in the Community and Business for Social Responsibility cross industry working groups on human rights as well as the International Tourism Partnership’s Human Trafficking Working Group. IHG helped develop the International Tourism Partnership’s industry statement on Human Trafficking, aimed at ensuring an industry wide position on trafficking.



Looking Ahead

We believe that increased transparency in the way businesses are addressing these risks is an important step in efforts to combat the abuses of modern slavery. We recognise the role that businesses including IHG can play in this. This area aligns fully with our values, the IHG “Winning Ways” including our focus on “Do the Right Thing” and “Show We Care” as well as our longstanding commitment to responsible business. Developing and enhancing our approach to human rights and combating modern slavery will continue to be an important part of this.

The IHG Board approved this statement on 17 February 2017.

Richard Solomons
Chief Executive Officer