Our culture, responsible business and stakeholders

Our purpose to provide True Hospitality for everyone is at the centre of our culture. It underpins, reinforces and supports our strategy, sets the tone for our commercial activities, drives performance, and creates value for our stakeholders.

We are committed to:
• Robust business ethics, values and behaviours;
• A strong, diverse, innovative and inclusive culture;
• Respect for the environment and the communities we work in; and
• Engaging with and nurturing relationships with our stakeholders.

IHG believes that good culture is more than written values, policies and principles. It is the demonstration of our culture, the ethical and inclusive behaviours that matter, be it the way our Board and Executive Committee lead us, the way our office spaces are set out, the way we prioritise resources, monitor performance, respond to climate and societal change, or how our performance support teams partner with General Managers in our hotels.

The Company culture is driven through a mixture of the Board leading by example, delegating to the Executive Committee and Senior Leadership, setting and monitoring values, behaviour and ethical business practices, standing Board agenda items on key areas of culture, reviewing and approving policies, and direct or delegated interactions with stakeholders.

Our culture is crucial to who we are, how we work together, how we make our strategic decisions, how our stakeholders view us and how we grow our business.

The following pages should be read in conjunction with:

Our business model pages 10 to 13
Our strategy pages 18 to 23
KPIs pages 42 to 45
Our risk management pages 46 to 53
Governance on pages 78 to 117
Directors’ Report on pages 221 to 224
How we engage

Engagement with our stakeholders and day-to-day management is a multi-layered and delegated process. At all levels of the business, from front line operations, through corporate functions, Senior Leadership, the Executive Committee, the Board and its Committees, we engage both internally and externally.

The Board delegates oversight of day-to-day operations and execution of strategic priorities through the Executive Committee and Senior Leaders, and sets, approves, embeds, reviews and course corrects (where necessary) the Company’s strategy, values, policies, principles, behaviours and responsible business culture in line with our purpose and business model.

We use a variety of mechanisms to engage with employees and other stakeholders, including face-to-face meetings, conferences, feedback and performance reviews, employee forums and training, and we monitor this through, for example, our employee and investor engagement surveys, reports and presentations to the Board. We have an open, collaborative and inclusive approach. We take the information we glean from those interactions and use it to make informed judgements in our decision making.

We also take into consideration the views and interests of other stakeholders, such as regulators and industry bodies, when determining our strategy, values and behaviours, as well as awareness of environmental and social concerns. They help provide a framework against which we measure ourselves, protect our reputation and develop our commercial and social awareness.

More information about our culture, approach to responsible business and stakeholders is set out on the following pages. See Board agenda items on pages 84 and 85 for more information on which stakeholders were considered as part of Board decisions.
Our culture, responsible business and stakeholders continued

Our values, behaviours and work practices

Who leads at IHG
- Board and Committees
- Executive Committee
- Senior Leaders
- D&I Board
- Human Resources and Business Reputation and Responsibility functions
- Functional business partners including Corporate Affairs, Finance and Global Commercial and Technology

How we engage
- Board and Committee oversight, monitoring and review
- Formal reporting and escalation processes to Senior Leadership and management teams
- Virtual Learning Summits
- Employee engagement surveys
- Company intranet site including ‘our people’, and ‘Code of Conduct’ portals
- E-learning relating to Code of Conduct, Anti-bribery, Antitrust and Handling Information Responsibly
- Cybersecurity training and awareness
- Incident handling

Our commercial success is dependent on our values and behaviours, together with our Code of Conduct, key policies, and monitoring and assurance processes, to support our decision-making. Combined they ensure that we continue to build trust in the Company.

Our culture is monitored and assessed through a number of metrics, including our employee engagement survey, employee forum feedback, e-learning participation, reports from our confidential reporting hotline, and third-party consultant surveys.

IHG Values
IHG’s Values, formerly Winning Ways, reflect the values and beliefs of our employees and leadership. They underpin the way we behave, the decisions we make, our strategy and our commitment to providing True Hospitality for everyone. They reflect the diversity of our colleagues, business partners, guests and other stakeholders.

Do the right thing. We always do what we believe is right and have the courage and conviction to put it into practice, even when it might be easier not to. We are honest and straightforward and see our decisions through.

Show we care. We want to be the company that understands people’s needs better than anyone else in our industry. This means being sensitive to others, noticing the things that matter and taking responsibility for getting things right.

Aim higher. We aim to be acknowledged leaders in our industry, so we have built a team of talented people who have a real will to win. We strive for success and value individuals who are always looking for a better way to do things.

Celebrate difference. We believe that it’s the knowledge of our people that really brings our brands to life. Our global strength comes from celebrating local differences whilst understanding that some things should be kept the same.

Work better together. When we work together, we are stronger. We’re at our best when we collaborate to form a powerful, winning team. We listen to each other and combine our expertise to create a strong, focused and trusted group of people

Behaviours
We have a set of growth behaviours that encourage corporate employees to be decisive, work at pace, be collaborative, develop talent and focus on performance to deliver our strategic objectives and purpose to provide True Hospitality for everyone.

During 2019 we continued to increase our efforts to establish a high-performing culture through a series of learning events across the organisation. The programme, focusing on holistic physical, mental and emotional health, was rolled out to 200 IHG employees.

In addition, local teams led a range of wellbeing programmes, which will be further enhanced during 2020.

Our Code of Conduct
IHG’s Code of Conduct (Code) is fundamental in supporting employees working in IHG corporate offices, reservation centres and managed hotels in making the right decisions, in compliance with the law and our high ethical standards. It provides information on our key principles and global policies, including human rights, diversity and inclusion, accurate reporting, information security, anti-bribery and the environment. It also provides employees with guidance on where to go if they are faced with a difficult issue and need further help.

The Board, Executive Committee and all employees must comply with the Code and the policies and procedures it refers to. The Code is reviewed and approved by the Board on an annual basis to ensure it reflects and responds to changes in the external environment and continues to support IHG’s purpose and strategy.

In 2019, new processes were put in place to ensure the Code e-learning modules are automatically populated in employees’ learning plans, including for all new starters. All our Board and Executive Committee, along with employees across the organisation, have affirmed their commitment to the Code.

The Code is available on our website www.ihgplc.com/responsible-business under Policies, and also displayed on our Company intranet.

Information security
During our cybersecurity week we ran a variety of activities to help employees better understand cyber threats and mitigation strategies.

Simulated phishing awareness exercises help strengthen employees’ ability to recognise suspicious emails and promote behaviours to help protect data.

10 years ago IHG became a member of the United Nations Global Compact (UNGC). We remain committed to aligning our operations, culture and strategies with its 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption.
The following policies and principles are key areas within the Code, each of which is supported by its own guidance and training materials.

**Human rights and modern slavery**
Helping combat human rights abuses, including modern slavery, is an ongoing commitment at IHG, and we continue to develop our policies and processes. During 2019 we enhanced our human rights programme, including significantly updating our Human Rights Policy and making available a new e-learning module for all colleagues to support in preventing human trafficking.

In 2019 IHG joined the Tourism Child-Protection Code of Conduct to benefit from ECPAT-USA’s expertise in addressing human trafficking and child sexual exploitation risks within the hospitality industry.

Our Modern Slavery statement is available on our website: [www.ihgplc.com/modernslavery](http://www.ihgplc.com/modernslavery)

**Bribery and financial crime**
Bribery and financial crime, including improper payments, money laundering and tax evasion, are not permitted at IHG under any circumstances. This also applies to any agents, consultants and other service providers who do work on IHG’s behalf. Our Anti-Bribery Policy sets out IHG’s zero-tolerance approach and is applicable to all Directors, IHG employees and our managed hotels. It is accompanied by a mandatory anti-bribery e-learning module.

Our Gifts and Entertainment Policy supports our approach to anti-bribery and corruption. Increased targeted engagement was undertaken in 2019, including face-to-face training for employees in our corporate offices.

IHG is a member of Transparency International UK’s Business Integrity Forum and participates in its annual Corporate Anti-Corruption Benchmark. The results from this are used to help measure the effectiveness of the anti-bribery and corruption programme and identify areas for continuous improvement.

**Handling information responsibly**
As set out in our Code, we want everyone, including guests booking via our reservation channels, members of our loyalty programmes, colleagues, shareholders and other stakeholders, to trust the way we manage their information and are addressing cybersecurity threats. We have standards, policies and procedures in place to manage how personal data should be used and protected. In 2019 we relaunched our e-learning training for employees on handling information responsibly, covering topics such as how to work with vendors and transfer data securely.

We continue to enhance our privacy programme to address evolving privacy requirements, such as the California Consumer Privacy Act 2018.

**Our monitoring and assurance processes**
The trusted reputation of IHG and its brands is one of IHG’s most important assets. Our due diligence practices, monitoring of the health and performance of our working practices, are critical to protect this, and support our commitment to responsible business and drive commercial advantage through risk identification and mitigation.

Specific monitoring arrangements are in place for key risk areas. For example, our operational risk specialists track a range of indicators of safety and security risks to assess their potential impact on hotel operations, and to consider where additional guidance, learning materials or adjustments to existing controls may be required. Despite best efforts, incidents occur across our hotel operations. IHG management reviews reported incidents as appropriate.

We carry out risk-based due diligence and compliance checks on new third-party hotel owners with whom we enter into hotel management or licence agreements. A central committee of senior IHG decision-makers considers and reviews any material issues, such as concerns or allegations of human rights violations, financial crime including bribery and corruption, or any other activities which may have a reputational, legal or ethical impact on IHG, prior to approval for any new hotel or entry into a new market.

To help manage and monitor our corporate supply chain, an automated procurement system is used across many of our large corporate offices. In addition to acknowledging adherence to IHG’s Supplier Code of Conduct, new suppliers onboarded to the system are required to complete due diligence questionnaires, which include questions on human rights, labour, environment and anti-corruption.

Our internal audit team aims to provide objective and insightful assurance to the Board and management over our control environment. Internal audit also provides independent oversight of the mechanisms in place for confidential reporting across IHG, including the design and operation of the reporting hotline, and maintains an ongoing dialogue with employees from Human Resources, Ethics & Compliance and Finance to monitor:

- the volume of reports received;
- the source and nature of allegations received; and
- the overall environment across the Group to promote a ‘speak-up’ culture.
Our culture, responsible business and stakeholders continued

**Our people**

**Who leads at IHG**
- Board and Committees
- Designated non-executive director “Voice of the Employee”
- Executive Committee
- Senior Leaders
- D&I Board
- Human Resources function

**How we engage**
- Board and Committee oversight, monitoring and review
- Responsible Business Targets 2018-2020
- Colleague HeartBeat
- Town Halls, conversation series and blogs
- Employee Resource Groups (ERGs) and other employee forums
- Sustainable Leadership programmes
- Rise programmes
- Conscious inclusion workshops
- Virtual Learning summits
- IHG® Academy
- Careers and job portals

IHG is constantly developing, with a new organisational structure deployed in 2018, and a focus on accelerating our growth. Our people are key to delivering both our purpose of True Hospitality for everyone and our strategic initiatives. We believe that an engaged and diverse workforce, and inclusive environment are necessary to our competitiveness. We seek to employ talented people, develop and train them, and provide a diverse and inclusive culture in which they can thrive. We also seek to ensure that our approach to compensation and benefits remains competitive.

**Our activities**

The Board and Executive Committee considered the impact on employee interests regularly during the year, including in relation to the acquisition of Six Senses, diversity and inclusion initiatives, such as the adoption of a flexible working policy, and employee engagement matters. The Corporate Responsibility Committee reviews progress against our people 2018-2020 Responsible Business Targets and our CEO continues to chair our D&I Board, (see the Governance section on pages 92 and 93 for more information).

**Employee engagement**

At IHG we foster a culture of open and honest feedback. Responsibility for employee engagement is a company-wide activity. Through our wide range of engagement forums, management-led performance updates and Voice of the Employee, (see pages 32 and 33), we talk to employees about our performance, key metrics, values, diversity and inclusion initiatives, and we give them the opportunity to talk to each other and give feedback to the Board, Executive Committee and Senior Leaders. This information assists them in their decision making.

Our employee engagement survey, ‘Colleague HeartBeat’, is measured bi-annually and is completed by our corporate, customer reservations office and managed hotel employees (excluding our joint ventures). In 2019 the survey focused on key areas associated with our business strategy. 96% of the participants responded and our overall employee engagement was 87%. We saw several positive shifts across our employee engagement, most notably in relation to questions about our growth behaviours. Areas for improvement include a focus on enabling effective work processes for employees, resource deployment, and ways of working between regional and global teams. The Executive Committee and Senior Leaders continue to look for ways to appropriately address this feedback.

**Reward culture**

Our reward packages aim to attract, retain and motivate top talent, and are centred around a set of core principles:
- Our employees are recognised and paid competitively for their contribution to the Group’s success;
- Reward and recognition practices are consistent across our employee population regardless of gender and other aspects of diversity; and
- There is alignment between the wider workforce and how executives are rewarded.

Applying a consistent approach to reward across the corporate business, which we regularly review against our competitors, ensures that we meet the needs of employees by offering market-driven rewards packages. We place great emphasis on aligning everyone to our business strategy, so that shareholders and employees have a shared interest in the performance of the Group. This alignment was further strengthened in 2019 with the launch of an employee share plan, which will encourage shared ownership and align the interests of employees with our external stakeholders.

**Early talent development**

Recognising the significance of people to our business, we aim to attract the very best talent into our hotels through our Early Careers programme, where we provide programmes to young people looking for work experience, internships, apprenticeships and graduate opportunities. During 2019 we recruited over 15,000 participants into our Early Careers programme globally, providing them with first look experiences, work placements and permanent roles with IHG.

**Colleagues worldwide**

| 14,436 |
| Number of employees whose costs were borne by the Group or the System Fund. |
| 400k+ |
| Number of employees working in IHG corporate offices, reservation centres and owned, managed, leased and managed lease hotels. |

Due to our business model, we do not employ the vast majority of people working in IHG branded hotels. Franchised hotels are independently owned and operated.
We also signed a partnership with Swiss hospitality schools Les Roches, Glion and EHL to develop global hospitality talent. As a result of this partnership, IHG leaders visited the schools to participate in curriculum development and welcomed over 100 of their students into our hotels and support centres to share with them our passion for True Hospitality for everyone.

As part of our Responsible Business Targets we are committed to increasing the number of young people coming through IHG’s Academy. The IHG Academy is a collaboration between individuals, IHG hotels, corporate offices, local education providers and community organisations. It provides local people with the opportunity to develop skills and improve their employment prospects in one of the world’s largest hotel companies.

In 2019, several improvements were made to the programme, including first look and internship ‘Learning Pathway’ toolkits, designed to enhance the participant’s experience and support consistent execution of the programme globally.

**Attracting and developing top talent**

To ensure we achieve our strategic priorities as a business, we know we need to attract, develop and retain a diverse and talented workforce.

In 2019 we continued to use our Learning Management System to ensure that all IHG employees have a more seamless experience accessing IHG learning content. In addition to improvements across our Learning offer, we launched a job posting portal (available in 13 languages) that allows our franchisees access to IHG’s career website and have their open positions included in search results.

It was also a foundational year for the development of our Talent Attraction Strategy, which recognises that as the business grows, we will need to develop more creative and efficient ways to attract people to work in our hotels. Our plans include revitalising our Employer Brand to create a more enduring and distinctive value proposition and candidate experience.

<table>
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<th>As at 31 December 2019</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
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<tr>
<td>Directors</td>
<td>7</td>
<td>4</td>
<td>11</td>
</tr>
<tr>
<td>Executive Committee</td>
<td>7</td>
<td>3</td>
<td>10</td>
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<td>Executive Committee</td>
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<td>Executive Committee</td>
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<tr>
<td>direct reports</td>
<td>40</td>
<td>23</td>
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<tr>
<td>Senior managers (including directors of subsidiaries)</td>
<td>102</td>
<td>34</td>
<td>136</td>
</tr>
<tr>
<td>All employees (whose costs were borne by the Group or the System Fund)</td>
<td>6,498</td>
<td>7,938</td>
<td>14,436</td>
</tr>
</tbody>
</table>

**EMEAA General Manager (GM) Learning Events**

During 2019, IHG held GM Learning Events across EMEAA, welcoming 632 GMs to a number of four-day events. The events were designed to create engaging and dynamic learning opportunities for our hotel leaders. The IHG Learning and Development team designed the agenda to deepen GM knowledge across the region and provide them with the right tools to drive performance at their hotels. All the learning modules were developed in support of IHG’s growth strategy and to maximise each GM’s personal development.

**General Manager Learning Events**

This event was designed to create engaging and dynamic learning opportunities for our hotel leaders.

90% of attendees would recommend the Learning Events to other GMs.

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**Our culture, responsible business and stakeholders**

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Our culture, responsible business and stakeholders continued

Diversity and Inclusion (D&I)

IHG is a global business with a global reach and as such D&I is fundamental for us to succeed. Our colleagues and guests represent multiple nationalities, cultures, races, sexual orientation, backgrounds and beliefs. It makes for a diverse and inclusive culture we are proud of, underpins our purpose to provide True Hospitality for everyone and is key to our ‘celebrate difference’ value.

Our special culture is crucial to who we are, how we work together and how we grow our business. We are proud to have been recognised as a Kincentric (formerly a part of Aon) Global Best Employer three years running, Best Place to Work for LGBTQ Equality, by the Human Rights Campaign’s Corporate Equality Index in the US for the past six years, and for our CEO to be awarded third place in the HERoes awards for advocating women in business.

We are committed to a continual review of our practices and policies, such as raising awareness of bias at all levels in our hiring processes and reviewing flexible working processes and policies. We have signed up to the WiHTL’s Diversity in Hospitality, Travel and Leisure Charter, a 10-point action plan that ensures diversity and inclusion not only remains a priority but that we openly track progress towards our goals.

We also support the UN LGBTI Standards for Business, which focus on tackling discrimination against lesbian, gay, bi, trans and intersex people. And at the beginning of 2020, IHG became signatories of the CEO Action for Diversity and Inclusion, and The Valuable 500.

The Nomination Committee was accountable for our global D&I Policy during 2019, but this responsibility will move to the Corporate Responsibility Committee in 2020. The operational D&I Board ensures that we put the D&I policy into practice. For more information see the Governance section on pages 92 and 93.

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Our D&I Framework

1. Strengthening a culture of inclusion
2. Increasing the diversity of our leadership talent
3. Putting the right decision-making around our actions
1. Strengthening a culture of inclusion
At IHG, one of the core pillars of our D&I strategy is to foster a culture of inclusion so all employees feel included, valued and respected. Last year our Senior Leaders took part in a conscious inclusion programme to equip them to role model inclusive leadership and champion the flexible working guidelines that we have launched globally. We piloted changes to our recruitment practices which we plan to scale globally in 2020.

We also expanded our existing Employee Resource Groups (ERGs) globally following regional success, and now have more than 1,700 members across groups such as Out and Open, FAVE (field and virtual employees), PATH (pan Asians for true hospitality), BBX (baby boomers and Gen X), and DAWN (disability and well-being network).

For example, Out and Open is a forum for colleagues to get involved with LGBTQ+ focused activities and conversations. The ERG has more than 150 active members, who come together throughout the year to celebrate key dates in the LGBTQ+ calendar.

Through collaboration with Hotel Indigo, Out and Open helped launch the #ColorOfPride campaign, which all Hotel Indigo properties in the Americas celebrated. They continued the theme into our Atlanta Pride celebrations, which is the biggest event for IHG Out and Open each year. Annually, around 250 colleagues, friends and family volunteer their time in the IHG booth and walk with the IHG float in the Pride parade.

At the Holiday Inn Singapore Orchard City Centre, approximately 12% of staff are colleagues with disabilities. The hotel, which has been recognised for its work in this area by the UN, invests in providing training for managers to adjust to the different ways of communicating with persons with disabilities. This includes encouraging managers to give more regular feedback, supervision and encouragement to colleagues with disabilities to ensure they always feel a part of the IHG family.

Within India, Nepal and Bangladesh, we have close to 100 colleagues with disabilities working for IHG branded hotels. To cultivate a supportive environment for them, we have partnered with the Sarthak Educational Trust to deliver training sessions for hotel colleagues and developed a toolkit and a series of guidance videos on working with colleagues with disabilities.

2. Increasing the diversity of our leadership talent
As part of our 2018-2020 Responsible Business Targets we made a commitment to increase the diversity of our Senior Leaders, as well as increase the number of females working in General Manager and Operations roles in managed hotels.

Although our overall percentage of female Senior Leaders, currently 37% globally, is the same as our 2017 baseline, we are committed to furthering the opportunities for female leaders. We continue to drive increased representation through initiatives such as the development of our Future Leaders’ programme, which provides graduate-level talent with the opportunity to work across a range of departments and geographies.

We have also extended our Rise mentoring initiative for aspiring female General Managers to China, India, the Middle East, Europe and the Americas, which enabled us to increase the percentage of women in General Manager and Operations roles from 24% to 26%.

3. Putting the right decision-making around our actions
In 2018 we established our Global Diversity & Inclusion Board, (D&I Board), led by our CEO and other Senior Leaders in IHG who are responsible for shaping IHG’s diversity and inclusion priorities. The D&I Board worked with a third-party independent partner to gain a different perspective of our business and help us identify areas for improvement.

The key objectives of the partnership were to identify the ‘typical profile’ of individuals deemed to be successful at IHG, understand real and perceived barriers to success for women, and define actions to address those barriers and improve leadership gender balance. As a result of this work we took several actions, such as the launch of our flexible working policy.

As part of our ongoing commitment to diversity and inclusion we also launched Diversity & Inclusion Councils across our regions in 2019, which represent the voice of our regions and markets, making sure we listen to employees and engage on local priorities, as well as collaborating to roll out initiatives.
Designated non-executive director

As part of IHG’s commitment to compliance with the UK 2018 Corporate Governance Code, the Board asked Luke Mayhew, Non-Executive Director (NED), to conduct a review and recommend the best way for the Board to engage with, and take fully into account, the views of employees, and how that would align with IHG’s existing employee forums, feedback mechanisms and monitoring by the Board. Luke was supported in the review by the CEO, Chief Human Resources Officer and Company Secretary. He reported to the Nomination Committee during the course of the year, which in turn made a proposal to the Board that a designated non-executive director was the most appropriate approach for IHG, as it aligned with existing employee engagement forums. The Board formally appointed Luke as the designated non-executive director with responsibility for workforce engagement (Voice of the Employee) in August 2019.

Due to the global reach of IHG, Luke is supported in his role by Jill McDonald (Chair of the Corporate Responsibility Committee), as well as other NEDs depending on the forum and topic matter. All Directors engage with employees during the course of the year as part of hotel and office visits. The Board will review this approach annually in the light of any changing governance expectations and ongoing feedback.

Role

Luke’s role is to:

- Ensure that employee interests and feedback are structured into the Board’s deliberations and the setting of KPIs;
- Support management in the design and content of structured Board discussions on culture and employee engagement; and
- Review the effectiveness of wider employee engagement approaches.

His responsibilities include ensuring that:

- The Board, through the Executive, has effective methods of receiving feedback from employees and communicating Board and executive decisions and priorities throughout the organisation;
- All significant business and budget proposals include a management assessment on the impact on employees;
- Executives share employee feedback openly, transparently and in a balanced way, including reviewing employee engagement surveys and other employee reports including whistleblowing;
• The Board considers any dissonance between what is reported to it and what emerges from feedback to the Voice of the Employee; and
• Other NEDs gather feedback and perspectives from employees too.

Human Resources (HR) provides Luke with support regarding planning and engagement forums, and shares findings on employee engagement surveys and HR scorecards. Luke is expected to seek feedback from other NEDs, in a private session at each Board meeting, from their meetings with employees and discuss insights with the CEO and Board as appropriate. In addition, he will respond to shareholders on questions of governance in respect of the Voice of the Employee.

During 2019 a schedule of employee forums and meetings was agreed with Luke to attend and appreciate the scope of existing engagement methods, employee concerns and points of view on company culture, diversity and inclusion, career opportunities, strategy and performance, as well as to discuss the role of the Board and its Committees.

Luke visited our corporate offices in Atlanta in the US, and Branston and Denham in the UK and observed a number of Town Hall meetings, attended a variety of employee meetings and focus groups, including Lean In Circles and employee resource group (ERG) meetings, with employees from all band levels, across all IHG functions. Those locations were chosen as they are our main corporate headquarters where we have 3,098 employees. Branston was a key location in our 2018 transformation programme, where 78 new roles were created. In Atlanta there are eight active employee groups reflecting employee communities.

Insights from the forums included understanding:
• How informal peer support amongst employees works across a range of topics;
• How formal management engagement with employee forum representatives is conducted;
• How the CEO and other Executive Committee members communicate performance and culture updates with employees;
• How the D&I Board works and the commitment to rolling out this initiative;
• How regional ERGs are launched and the key issues they discuss;
• How culture-related initiatives resonate most effectively with employees; and
• How our employee engagement survey, (Colleague HeartBeat), results are analysed and acted on by management.

As well as Luke’s activities, Jo Harlow attended a European Employee Forum and Jill McDonald attended an ERG and D&I overview session in Atlanta. Patrick Cescau visited Japan with Kenneth Macpherson in February 2019 where he met employees, and visited Mexico with Elie Maalouf in June 2019 and met IHG leaders and employees in the region.

The Board did not consider that any significant change of direction or overall approach to engagement was needed in light of Luke’s activities. However, following his observations and feedback the following are being actioned by HR:
• Improved employee dashboards and scorecards to better enable the Board’s appreciation of employee concerns and engagement results;
• Revised and additional wording in engagement surveys to gain more relevant feedback on the impact and progress of the transformation programme; and
• Active Board support for diversity and inclusion initiatives being launched across IHG and the optimisation by the Executive Committee of ERGs as the most effective touchpoint with the Voice of the Employee.

With the responsibilities and expectations agreed and fully trialled in 2019, a plan of meetings and review sessions has been scheduled for 2020.

The schedule includes opportunities to meet and talk to a range of employees in different locations across band levels, and further develop Luke’s understanding of employee issues and concerns. He will meet them at a variety of IHG’s existing employee engagement forums, such as Town Halls, virtual interface meetings and corporate regional office visits. The meetings will also give employees the opportunity to give feedback to the Board, through Luke.

Meeting and engagement topics to include:
• Performance results – employee questions and management responses;
• Employee feedback on the transformation programme and IHG competitiveness;
• Manager-level employee issues and observations;
• D&I Board perspectives;
• Lean In peer support issues and activities;
• European Employee Forum – engagement with Forum representatives; and
• Regional ERG activities.

Planned 2020 Voice of the Employee and Board reviews and interactions, ahead or as part of Board meetings, include:
• Review of the engagement dashboard with Luke and Jill;
• Review of the HR scorecard and employee engagement dashboard, and deep-dive into specific areas of Board interest;
• Participation in a virtual employee interface session with Company managers in Asia; and
• People and Culture Strategy and Voice of the Employee feedback discussion.

In addition:
• Luke and other NEDs will discuss any material feedback from their meetings with employees, as and when it is received;
• All relevant Board and budget papers will continue to have an employee impact assessment; and
• The Board will regularly review the approach in line with best practice and changes in regulation.
Our culture, responsible business and stakeholders continued

Environment

Who leads at IHG
• Board and Committees
• Executive Committee
• Senior Leaders
• IHG Responsible Business Governance Committee (represented by senior management from across the business)
• Corporate Responsibility function

How we engage
• Board and Committee oversight, monitoring and review
• Responsible Business Targets 2018-2020
• Dashboards sent monthly to Executive Committee on progress against our hotel carbon reduction target
• Responsible Business Report
• IHG Green Engage™ system

With 5,903 hotels operating in more than 100 countries, we recognise the risks presented by climate change, which have the potential to impact our performance and growth, and our responsibility to keep adapting to meet the challenge. In 2019, the Board considered the Company’s post-2020 environmental sustainability approach and ambitions, and the Corporate Responsibility Committee endorsed new sustainability commitments, including a science-based target for carbon reduction by 2030, and reporting in line with the Task Force on Climate-related Financial Disclosures.

Tackling climate change related issues involves collaboration with our key stakeholders to find solutions and innovations to drive positive outcomes. We are uniquely placed to educate and support behavioural change amongst our third-party hotel owners, suppliers and millions of guests, and will continue to develop our approach.

Our activities

Environmental sustainability
Our environmental policy sets out our approach to measuring and managing our environmental impact, and supports and guides our colleagues and hotels to find innovative ways to reduce our environmental footprint. Our group-wide online digital sustainability platform, the IHG Green Engage™ system, helps hotels and colleagues measure and reduce energy, carbon, water and waste.

Carbon and energy
One of our Responsible Business Targets is to reduce our carbon footprint per occupied room by 6-7% over the period 2018-2020. Over a two year period, we have reduced our carbon footprint by 5.9% per occupied room, including a 3.7% reduction in 2019, from a 2017 baseline.

As we look at our longer-term ambitions, we know that we have to do more, which is why we have set a 2030 science-based target to reduce greenhouse gas emissions.

Waste

To help address the waste generated by our corporate offices and hotels, from food to plastics and linens, and make our offices and hotels more sustainable, we have mapped out the biggest areas of waste within our operations and considered our global and environmental impact, operational requirements and guest experience. We are proud to be the first global hotel group to commit to switching all our bathroom amenities to bulk-size products.

Food waste is a big challenge for our industry and we recognise we have more to do in this area. We have partnered with a third-party technology company in 24 hotels to use their AI technology to track, measure and reduce food waste for more sustainable and efficient restaurant and bar operations. On average we have achieved reductions of 35%.

Water
Following a comprehensive water risk assessment in 2016, and reassessment in 2019 of our open hotels and pipeline, we have identified risks related to water quantity and quality and developed water stewardship action plans for our hotels in water stressed areas.

In 2018 we committed to launching two water stewardship projects each year, and in 2019 we launched two projects in Beijing and Bali.

To signal our continued water stewardship work, CEO Keith Barr has signed a commitment of membership to the UN Global Compact CEO Water Mandate. This represents a pledge to six core commitments that mobilises business leaders on water, sanitation, and the UN Sustainable Development Goals.

Further information about our Responsible Business Targets and our responsible business approach is available on our website www.ihgplc.com/responsible-business

See details of our greenhouse gas (GHG) emissions on page 223.

Task Force on Climate-related Financial Disclosures (TCFD)

Building on the work we have done to set science-based targets, we have made a formal commitment to implement the recommendations of the TCFD, and in 2020 we will be developing a disclosure roadmap for the coming years.
The travel and tourism industry accounts for 1 in 10 jobs globally with hotels in thousands of communities. The resilience and the prosperity of those communities and their people are important factors to how we operate and our long-term success.

Our community policy supports and guides our hotels and colleagues on how to be a responsible partner with our communities, whilst ensuring that our business objectives enhance the quality of life in the community.

Our activities

We aim to maximise the positive contribution we make by creating shared value in our communities through our True Hospitality for Good programme. We form strategic partnerships with non-government organisations, (NGOs), and charities that can help to make a difference in communities and wider society, helping shape a positive future for generations to come.

In 2019 we launched volunteering guidelines and encouraged employees to take two paid days each year to help charitable causes. Our Board and Executive Committee have evaluated our future approach to supporting local communities, as part of our post-2020 responsible business ambitions, and recognise that we need to keep developing our approach.

Charitable partnerships

In 2019, through our partnerships with NGOs and charities, we contributed more than $1.3m to projects and causes in areas of hospitality skills building, environmental sustainability and disaster relief, supporting 25,000 people globally.

We work with global disaster relief agencies to provide support and preparedness training in the event of natural disasters for our colleagues and local communities.

Giving for Good month

Our Giving for Good month in September 2019 brought colleagues together to make positive change through volunteering, taking care of the environment, and activities focused on health, fitness and wellbeing. A record-breaking 160,000 colleagues in 88 countries took part in 2019, volunteering 188,000 hours of their time.

IHG First Look

In 2019 as part of our commitment to helping young people gain skills and experience in hospitality, we partnered with JA (Junior Achievement) Worldwide, one of the world’s largest youth-serving NGOs, which focuses on preparing people for future employment and entrepreneurship.

Through an IHG Foundation legacy grant, we worked to develop a curriculum to run hotel work-experience events called IHG First Look; providing young people with the opportunity to receive hands-on experience working in a hotel. Combining classroom working and a practical hotel takeover, students receive a close-up look at what a career in hospitality involves. Initiated during 2019, this year-long partnership will support more than 750 young people to gain skills and experience in hospitality, in nine major markets.

Building on the relationship, in early 2020 we began running a set of innovation camps, which focus on solving a sustainability-based problem core to the hospitality industry.
Our activities
Shareholder meetings
We consider our AGM and, when we need to hold them, General Meetings, to be invaluable forums for communicating with investors and shareholders, both formally as part of the meeting, and informally afterwards.
During 2019 we held a General Meeting in January to approve a share consolidation proposal, and held our AGM in May to conduct our usual statutory business.

The 2020 AGM will be held at 11:00 on Thursday 7 May 2020. The notice convening the meeting, including details of the conditions of admission, will be sent to shareholders and be available at www.ihgplc.com/investors under Shareholder centre in the AGMs and meetings section, along with the results of the 2019 AGM and General Meeting.

Results presentations
Each year Keith Barr and Paul Edgcliffe-Johnson present to institutional investors, analysts and the media following our half-year and full-year results announcements. Telephone conferences are held following the release of our first and third-quarter trading updates, including Q&A sessions with sell-side analysts.
Investor meetings
As part of our annual cycle we have a programme of one-to-one meetings with major institutional shareholders, including Non-Executive Director meetings, hosted by the Chair. We also attend key institutional investor conferences and hold a series of investor roadshow events in the UK, US, Canada and Europe. In addition, we hold telephone conference events with investors and shareholders in other countries to keep them up-to-date with IHG performance and strategy, and engage with them on their areas of interest.

Elie Maalouf and Kenneth Macpherson held investor roundtables during the year and investor hotel tours took place in both London and Cardiff. During November we hosted an education event about our business in Greater China, with Keith Barr and Jolyon Bulley outlining our competitive position and strategy in that region.

The Investor Relations team also engaged with retail shareholders and hosted two investor forums in London during 2019 to help shareholders understand our strategy and performance. The feedback and insights from these events will help us develop and shape future engagement. In addition to this, we held a series of investor consultation meetings between our Chair of the Remuneration Committee, Jo Harlow and major shareholders seeking feedback on the proposed Directors’ Remuneration Policy.

The Senior Independent Director, Dale Morrison, was and remains available to shareholders if they have concerns they wish to discuss.

Shareholder services
During 2019, IHG ran its annual share-dealing programme for shareholders with shareholdings of up to 225 shares, giving them the option to sell or increase their shareholdings at a preferable set fee. Shareholders who sold their shares had the option to donate their proceeds to charity.

To enable as many shareholders as possible to access conferences and presentations, telephone dial-in facilities are made available in advance and live audio webcasts are made available after results presentations, together with associated data and documentation. These can be found at www.ihgplc.com/investors under Results and presentations. Details of the sell-side research analysts who publish research on the Group are available at www.ihgplc.com/investors under Analyst details and consensus.
Our culture, responsible business and stakeholders continued

Suppliers

Who leads at IHG
- Board and Committees
- Oversight from the Chief Financial Officer
- IHG Responsible Business Governance Committee
- Procurement function, including Strategic Supplier Management Office (SSMO)

How we engage
- Board and Committee oversight, monitoring and review
- Responsible Business Targets 2018-2020
- Supplier Code of Conduct
- IHG Green Supplier scorecard
- Employee education programme on responsible procurement
- Supplier risk assurance programme

Being a trusted business with a strong reputation is critical to our long-term operational growth. Our scale gives hotels under our brands the benefits of broader supply chain opportunities and consistent products and services, which in turn benefits our guests. We have a complex supply chain and work with suppliers who share our commitment to our responsible business agenda and ethical work practices.

The Procurement function drives IHG’s Responsible Business agenda into our supply chains. During 2019 the function focused on enhancing the foundations for responsible procurement in IHG, through the supply chain risk assurance programme, employee awareness of responsible procurement and our IHG Green Supplier programme, which evaluates prospective suppliers across a number of sustainability factors.

During 2019, we made progress with our supplier risk assurance programme pilot, with support from the British Standards Institute. As part of the introductory pilot, which began in 2018, we issued a desktop-based risk assessment questionnaire to all IHG Marketplace suppliers to help us understand their governance, human rights and environmental practices. In 2019, we reviewed responses and categorised them based on their risk profile. We will expand the scope beyond the IHG Marketplace suppliers group in the next phase of our programme. The initial pilot has been an important step in understanding our supply base.

The Strategic Supplier Management Office, (SSMO), supports strategic suppliers, identified for their contractual and operational value, via business performance reviews to promote value realisation, risk mitigation and create healthy supplier partnerships.

Our activities

Our supply chain activities are split into two categories – corporate and hotel supply chains. Our corporate supply chain covers items such as technology and professional services. Procurement of goods and services at hotel level, covers items required for opening, renovating and operating a hotel, such as food and beverages, furniture, linen and electrical goods. Procurement predominantly occurs at local hotel level as our hotels are largely owned by independent third-party owners, who are responsible for managing their own independent supply chains.

In certain cases, IHG provides a centralised procurement programme for both managed and franchised hotels, such as IHG® Marketplace in the Americas region (for US, Canada, Mexico) and IHG Mall in Greater China. IHG also provides purchasing support and leverages procurement platforms for managed hotels in some countries within EMEAA.

During the year our Supplier Code of Conduct was updated and approved by the Corporate Responsibility Committee. The Supplier Code sets out our requirement for suppliers to demonstrate that they act with integrity and respect for human rights and the environment. We expect our suppliers to adhere to these standards, both within their own business and across their supply chains.

IHG complies with the statutory reporting duty on payment practices and performance and is a signatory of the Prompt Payment Code.

See also our business relationships disclosure on page 224.

IHG Green Supplier Scorecard introduced in 2019

| 3,688 | Suppliers signed the IHG Supplier Code of Conduct at 31 December 2019 |

In 2019, our spend with diverse suppliers in the US, increased by 43% to $102m

Responsible procurement education programme launched in 2019

Gender-inclusive supply chain

Following a review of our supply chain, we identified textiles as a priority supply chain commodity, given they are widely present in our hotels. At IHG, we know that gender-inclusivity is essential for a sustainable business, leading to more productive, resilient and secure value chains. This is why in partnership with CARE International and our key suppliers, we are exploring the social impacts that can be gained through creating more gender-inclusive workplaces via a detailed supply-chain mapping and gender risk analysis exercise.
Our global network of hotel owners is one of IHG’s greatest strengths and we continually look to evolve our owner proposition. Our success is reliant on matching owners with the right brands in our portfolio and markets, sharing a common outlook on responsible business and working together to use our scale and resources to drive strong returns.

From meeting to discuss a new project, to planning every facet of a hotel’s operations, to the opening itself, we focus on building businesses. Once open, we support owners with world class, brand-specific resources that help drive hotel employee performance, improved guest satisfaction and increased revenues.

Our activities
Across our managed estate hotel operations, including operations leaders, General Managers, hotel employees and corporate operations support, regularly engage with owners on hotel performance. Our franchise performance support support teams engage with franchised owners and operators through annual portfolio or hotel reviews.

We also engage with the IHG Owners Association (IHGOA), the representative body of more than 4,500 hotel owners and operators for nearly 3,600 IHG branded hotels worldwide, in relation to brand initiatives, industry topics and hotel operations. In 2019, we worked with various IHGOA committees to obtain owner feedback on IHG standards, programmes and initiatives that impact both owners and guests. In particular, we engaged with the IHGOA on our System Fund.

We also establish, when appropriate, working groups with key owners in relation to major public issues relevant to the hospitality sector. In 2019, for example, we formed a group to consider Brexit.

In 2019, members of the Board and Executive Committee engaged with a number of our key owners at events including:
• The 2019 World Economic Forum in Davos;
• The 2019 NYU International Hospitality Industry Conference in New York;
• Strategic Owners Gathering at the InterContinental Zhuhai Yanheng, celebrating Greater China’s 400th hotel milestone;
• Hotel openings, including InterContinental Beppu Resort and Spa in Japan, InterContinental Houston – Medical Center in the US, and Kimpton Da’an in Taipei;
• Dinners at the InterContinental Berlin (as part of the IHIF), and at the InterContinental Shanghai Wonderland;
• Face-to-face meetings during visits to priority markets, including Mainland China, Japan and Mexico; and
• Americas Investors and Leadership Conference for owners and General Managers in Las Vegas.

See page 23 for details about how we are optimising our brand portfolio for our owners and guests.
Our culture, responsible business and stakeholders continued

Hotel guests and corporate clients

Who leads at IHG
- Board and Committees
- Executive Committee
- Senior Leaders
- Global Marketing function
- Hotel-facing operations

How we engage
- Board and Committee oversight, monitoring and review
- Hotel visits
- Corporate and brand websites
- IHG Rewards Club
- Guest HeartBeat surveys
- Guest relations
- Social media channels

We recognise that our hotel guests and corporate clients want to do business with a trusted company, with a reputation for strong business ethics, and a wide portfolio of hotel brands, which understands and responds to their environmental and community concerns.

See page 23 for details about how we are optimising our brand portfolio for our owners and guests.

Our activities
Strengthening our loyalty programme is one of our strategic drivers and a key foundation for engaging with our guests. See page 20 for more information.

As part of our purpose to provide True Hospitality for everyone we consider guest experience extremely important:

- We have a dedicated team with a customer-centric agenda focused on measuring guest satisfaction through data-driven insights derived from post-stay surveys and social reviews, which are validated and posted on IHG branded websites and social media. Data collected informs us how our hotels are performing, and helps us to support hotels to improve where required.
- We have nine contact centres in six countries, with over 3,300 agents on hand to help guests. They speak 13 different languages and handled 26.6 million guest issues and questions in 2019.
- Agents assist our guests with reservations, loyalty programme support and other customer service enquiries via telephone, email, on-line chat and social media.

During 2019 we continued to enhance guest experience through several technology initiatives, including IHG Connect, where guests can connect to wifi in our hotels with ease, and IHG Studio, where content from guests’ devices can be streamed in their individual hotel room. See page 9 for more information.

Whether for business or leisure, we know, through our guest insight efforts, that hotel guests increasingly want their stays to be more sustainable without any impact on the quality of their experience. See page 9 for information about our environmental activities, including our commitment to reducing plastic bathroom miniatures, which has received positive guest feedback.

30m post-stay guest surveys
27m social media reviews

we have
3,300 agents speaking 13 languages, helping guests
Compliance Statements
As a UK publicly listed company we have to comply with numerous regulations. In order to make it easier to assess compliance, we have presented some of our compliance statements below. Our statement of compliance with the UK Corporate Governance Code can be found on pages 94 and 95.

Section 172(1)
A director of a company must act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decisions in the long-term;
- the interests of the company’s employees;
- the need to foster the company’s business relationships with suppliers, customers and others;
- the impact of the company’s operations on the community and environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.

The Board considers that it has complied in all material respects with their s172(1) duties. Details of how the Board of Directors discharged its duties are set out in the Strategic Report pages 24 to 40 and should be read in conjunction with information disclosed in the Governance section, on pages 78 to 117. The Board and its Committees received Board papers, presentations and reports, participated in discussions and considered the impact of the Company’s activities on its key stakeholders, (wherever relevant), against the backdrop of the Company’s purpose, values and strategies.

Employee engagement
IHG has a number of forums, such as Town Halls, weekly office updates and performance metrics, through which employees are provided with information on matters of concern to them, including awareness of financial and economic factors affecting the performance of the Company, career development opportunities and Company policies and principles. In addition there are opportunities to give feedback to Senior Leaders, Executive Committee members and the Board through Q&A sessions, engagement surveys and the Voice of the Employee meetings. During 2019, an employee share plan was introduced, which also continues to raise awareness of the performance of the Company with employees. Further information about how the Board and Senior Leaders engaged with employees during the year, and have taken their interests into account, is set out on pages 28 to 33, and in the Governance section on pages 78 to 117.

Business relationships with suppliers, customers and others
As part of our strategic growth initiatives, the interests of our suppliers, guests and hotel owners are taken into account in our commercial decisions. We engage with them at all levels of the Company. Details of our relationship with them are set out on pages 38 to 40, and should be read together with our disclosures in the rest of the Strategic Report, as well as the Governance and Directors’ Report sections on pages 78 to 117 and 221 to 224.

Non-financial information
Non-financial information, including a description of policies, due diligence processes and outcomes, where applicable, is set out as follows:

- Environmental matters on page 34
- Social matters on page 35
- Anti-corruption and anti-bribery matters on pages 26 and 27
- Employee matters on pages 28 to 33
- Respect for human rights on pages 26 and 27
- A description of the Group’s business model on pages 10 to 13
- The Group’s principal risks on pages 48 to 53
- The Group’s KPIs on pages 42 to 45

Further information about our responsible business approach is available on our website www.ihgplc.com/responsible-business