

InterContinental Hotels Group (“IHG”) – Approach to Tax

IHG franchises, leases, manages or owns more than 5,600 hotels in more than 100 countries around the world. The contribution we make to the jurisdictions in which we operate includes a significant amount of taxes borne and collected, including taxes on our revenues and profits, as well as employment taxes.

We take our responsibility to pay such taxes seriously and recognise the need to contribute a fair share of tax in the countries in which we operate.

Global Approach

We have a global approach to tax that is consistent with IHG’s broader commitments to doing business responsibly and upholding the highest ethical standards. Those commitments are communicated and reinforced internally via a general Code of Conduct and more specific internal policy and process documents. The objective of IHG’s overall governance approach is to ensure full compliance by all IHG group companies with all tax filing, payment and reporting obligations on the basis of communicative, professional and transparent relationships with worldwide tax authorities. As part of the normal conduct of its business, particularly in the international sphere, IHG is exposed to risks and uncertainties concerning the application of relevant tax laws and principles to its particular facts and profile. IHG assesses and manages these risks as part of its governance processes so as to address them on a basis consistent with its Code of Conduct in a way which minimises unnecessary or disproportionate risks.

Accountability

The IHG Audit Committee has oversight for ensuring tax risk is monitored, controlled and mitigated. In addition to any necessary Board or Audit Committee review of specific issues, the Audit Committee is updated annually concerning any material tax risks and developments of note and approves any necessary update or renewal of either this ‘Approach to Tax’ document or supporting internal policy and process documents.

In this respect the management of IHG’s tax risk is subject to IHG’s general governance and controls via delegation and authority processes to ensure relevant experts or Board sub-committees have reviewed specific categories of transactions, via controls and testing within the scope of the Sarbanes-Oxley Act, and more specific tax-focused controls to ensure compliance with the UK’s Senior Accounting Officer rules. Accountability for tax primarily sits with the in-house Group Tax team, which comprises a team of tax/accounting-qualified professionals across a number of locations worldwide. The expertise of these IHG internal professionals is supplemented by external professional advice where needed; for example, where complexity or uncertainty in relation to a specific issue requires such advice, or where there is not sufficient internal expertise relevant to a particular jurisdiction.

Tax Planning

We do not enter into abusive tax planning transactions - i.e. transactions which are not aligned with our values, our commercial and economic activity and which give rise to a tax result which is contrary to what might be reasonably expected from the relevant law when considered in context.

We do, however, have a responsibility to our shareholders, employees and third-party hotel owners to ensure that we do not incur unnecessary or unintended tax liabilities which would damage our business. This means that we will engage in reasonable tax planning to ensure we are not taxed multiple times on the same profits or transactions, and that we don’t fall into any unintended tax traps such as exposing ourselves to taxes higher than those intended by legislation. Likewise, we will take advantage of tax incentives, exemptions or claims and elections that are provided for in a jurisdiction’s legislation or customary practice, where we are able to do so.

In accordance with our Code of Conduct, we have zero tolerance to any form of financial crime, which specifically includes tax evasion or the facilitation of tax evasion.

We regard this document as complying with our duty to publish a UK group tax strategy for the year ending 31 December 2019 in accordance with Schedule 19, paragraphs 16(2) and 17(4) FA2016