

## 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.



Our wider Remuneration policies are regularly reviewed by the Remuneration Committee. See the Remuneration Report and Directors Remuneration Policy on pages 96 to 117 for more information on how we align workforce and executive reward.

#### 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.

<p>Colleagues worldwide</p> <p>400k+</p>	<p>14,436</p> <p>Number of employees whose costs were borne by the Group or the System Fund.</p>
<p>IHG’s direct workforce includes employees working in IHG corporate offices, reservation centres and owned, managed, leased and managed lease hotels.</p>	<p>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.</p>

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.

As at 31 December 2019	Male	Female	Total
<b>Directors</b>	7	4	11
<b>Executive Committee</b>	7	3	10
<b>Executive Committee direct reports</b>	40	23	63
<b>Senior managers</b> (including directors of subsidiaries)	102	34	136
<b>All employees</b> (whose costs were borne by the Group or the System Fund)	6,498	7,938	14,436

### EMEA 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

The events were designed to create engaging and dynamic learning opportunities for our hotel leaders.





# 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.

### 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.

IHG CEO Keith Barr ranked within

top 3

40 Advocate Executives  
The HERoes Women Role Model List

For the ninth consecutive year, IHG has earned a spot on the Atlanta Journal-Constitution's Top Workplaces list

Listed by the Hampton-Alexander Review in the

top 10

of FTSE 100 companies for female representation among senior leadership

100%

rating in the Human Rights Campaign's Corporate Equality Index making IHG a best place to work for LGBTQ Equality in the US or the last six years

Kincentric (formerly a part of Aon)

Global Best Employer

for three years running

IHG Change 100

won 'Best Initiative' in HR Talent & Management at the Worldwide Hospitality Awards



# Our culture, responsible business and stakeholders continued

## Workforce engagement



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.

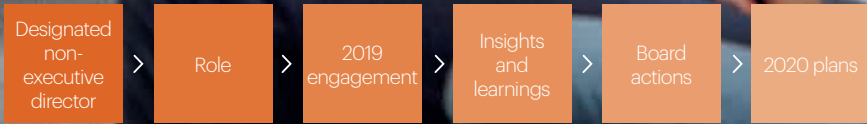
The Board will review this approach annually in the light of any changing governance expectations and ongoing feedback.

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.

### 2019 engagement

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 and learnings

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.

### Board actions

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.

### 2020 plans

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.