

Responsible Business Committee



I am pleased to share the Responsible Business Committee's report for the year.

In 2020, the Committee expanded its remit to assume responsibility for assessing the Board's engagement with the workforce (see 'Voice of the Employee' on page 92) and the Group's diversity and inclusion agenda. Both of these areas were the subject of particular focus in light of the racial injustice and inequality movement seen across the globe during 2020.

The impact of Covid-19 was also dominant on the Committee's agenda. The Committee reviewed the impact of the pandemic on the Group's responsible business targets and priorities and it considered from a responsible business perspective the principles and approach adopted in relation to engagement with our stakeholders, including our response to supporting our communities.

The Committee was pleased to review and approve the Group's new 2030 responsible business commitments and to endorse the bold, long-term ambitions designed to help shape the future of responsible travel together with those who stay, work and partner with IHG.

Jill McDonald

Chair of the Responsible Business Committee
22 February 2021

Key duties and role of the Committee

Key objectives and summary of responsibilities

The Committee reviews and advises the Board on the Group's responsible business objectives and strategy, including its impact on the environment and climate change; social, community and human rights issues; its approach to sustainable development and responsible procurement; and stakeholder engagement in relation to the Group's approach to responsible business. The Committee is also responsible for assessing the Board's engagement with the workforce and the Group's diversity and inclusion agenda.

The Committee's role, responsibilities and authority delegated to it by the Board are set out in its Terms of Reference (ToR), which are reviewed annually and approved by the Board.

The ToR are available at www.ihgplc.com/investors under Corporate governance.

In addition to the areas outlined above, the Committee's key responsibilities and focus areas over the year have been:

- monitoring the progress against the Group's 2018-2020 responsible business targets and the impact of the Covid-19 pandemic; shaping the Group's post-2020 responsible business strategy and approving the 2030 responsible business commitments;
- reviewing the Group's diversity and inclusion initiatives and objectives;
- overseeing responsible business stakeholder engagement;
- preparing to implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD); and
- overseeing the Group's Human Rights programme.

Membership and attendance at meetings

The Committee's membership and attendance at meetings are set out on page 75. The Vice President, Global Corporate Responsibility, the Chair of the Board and the CEO attended all meetings held during the year.

Reporting to the Board

The Committee Chair updates the Board on all key issues raised at Committee meetings. Papers and minutes for each meeting are also circulated to all Board members, who are invited to request further information where necessary.

Effectiveness of the Committee

The Committee's effectiveness continues to be monitored and assessed regularly by the Committee's Chair and the Chair of the Board. In 2020, the Committee was also reviewed as part of the internal Board evaluation process, where it was concluded that the Committee remains effective.

Focus areas and activities

Responsible business commitments

The Committee assessed progress against the 2018-2020 responsible business targets and approved the Group's 2030 responsible business commitments in the areas of our people, communities, carbon and energy (including the science-based targets for carbon reduction announced in 2020), waste and water.

Further information on our 2030 responsible business commitments can be found on page 21 and at www.ihgplc.com/responsible-business

Diversity and inclusion

During the year, the Committee assessed and refreshed the Group's diversity and inclusion commitments as part of the broader 2030 responsible business commitments and oversaw the programme of activity that sits behind the Group's diversity and inclusion plan. Focus areas included the establishment of new employee resource groups and actions to support the development of ethnic minority colleagues.

As at 31 December 2020, 39% of our senior leaders were women, in addition to women comprising 38% of the Company's Board.

Stakeholder engagement

The Committee received detailed updates from management on the Group's approach to responsible business during Covid-19 and the steps taken to support stakeholders. Further information on the measures taken to support employees, communities, hotel owners, guests and suppliers is included on pages 26 to 32.

We were pleased to be listed again on the S&P Dow Jones Sustainability World and European Indices.

TCFD

The Committee assessed the Group's progress towards TCFD alignment, including the completion of a TCFD readiness review. Further information on TCFD including objectives for 2021 is included on page 30.

Human Rights programme

The Committee considered the Group's Human Rights programme and in particular the adjustment of its focus to address risk areas that increased as a result of Covid-19, such as workplace health and safety, and living and working conditions for hotel colleagues including migrant workers. Focus areas also included the ongoing work to address forced labour and human trafficking risks. The Committee also reviewed the 2020 Modern Slavery Statement.

Looking forward

In 2021, the Committee will focus on embedding the 2030 responsible business commitments and further preparing to report in line with the TCFD framework.