

IHG Modern Slavery Statement 2017

This statement has been written in accordance with the requirements of the UK Modern Slavery Act 2015. This is IHG’s second Modern Slavery Statement and reflects the progress we have made during 2017.

“At IHG, a commitment to operating responsibly underpins our entire strategy and this includes supporting the protection of human rights.”

A commitment to operating our business responsibly underpins our entire strategy and this includes supporting the protection of human rights. We bring this commitment to life through our culture and by embedding it in all aspects of the way we work. To guide the more than 370,000 colleagues who work across IHG® and our brands, we have our Winning Ways – a set of behaviours and values that are important to us as a business and to our guests. Our Winning Ways provide a strong sense of shared purpose and are critical to driving our business forward and creating a great, enjoyable place to work.

Our Winning Ways

As part of our culture, we have our Winning Ways, a set of everyday behaviours based on values that are important to us and our guests.



Do the right thing



Aim higher



Show we care



Celebrate difference



Work better together

- IHG is one of the world’s leading hotel companies, with more than 5,300 hotels in almost 100 countries.
- Our family of brands includes InterContinental® Hotels & Resorts, Crowne Plaza® Hotels & Resorts, Holiday Inn® and Holiday Inn Express®.
- More than 370,000 people work in IHG branded hotels and offices; of these, IHG directly employs around 34,000 colleagues who work across our corporate offices, central reservation centres and in some hotel roles such as General Managers at our managed hotels.
- The travel and tourism sector accounts for one in ten jobs globally and represents 10% of GDP.

Introduction

Modern slavery is a serious, and often hidden, crime that requires the attention of many different stakeholders globally. Like all global businesses with global supply chains, we recognise that we have an important role to play in combatting modern slavery. We strongly believe that the hospitality and tourism sector can affect positive change in people’s lives in many ways, particularly by creating job opportunities, but we must pay continued attention to the risks associated with modern slavery. We remain committed to combatting modern slavery and continue to focus on those areas where we believe we can most make a difference.

At IHG, we have a long-standing commitment to doing business responsibly including protecting human rights.

- We have had a Human Rights Policy since 2009.
- We became a signatory to the UN Global Compact in 2010, aligning our operations and strategies with the 10 universal principles that include commitments to human rights and labour standards.
- In 2011 we began our long-standing collaboration with our industry peers on human rights via the International Tourism Partnership (ITP) Working Group on Human Trafficking. In 2016 this group expanded in focus to incorporate broader human rights issues and IHG made a public commitment to the ITP goals on human rights. www.tourismpartnership.org/global-goals/
- In 2013, we commissioned Maplecroft to complete an external assessment of those human rights risks most relevant for the travel and hospitality industry, both globally and regionally.
- In 2014, we introduced a brand standard requiring all our hotels to have, display and make colleagues aware of a human rights policy.
- In 2015, we introduced human rights e-learning focused on human rights and modern slavery available to all IHG branded hotels globally.
- In 2016, we developed a suite of on-property materials to raise awareness of IHG’s approach to human rights and to help colleagues identify signs of modern slavery, with guidance on reporting concerns.
- In 2017, we updated our Code of Conduct to include a zero-tolerance approach to modern slavery.



Our business and supply chains

IHG is one of the world’s leading hotel companies, with a broad portfolio of brands. We have more than 5,300 hotels in almost 100 countries and we focus on franchising and managing hotels, working closely with independent third-party owners. Having a predominantly franchised estate means that most of the people working in our hotels are employed by owners, rather than by IHG directly.

IHG Modern Slavery Statement 2017 continued

As at 31 December, 2017, IHG employed the following:

- 6,658 people worldwide (including those in our corporate offices, central reservations offices and owned hotels (excluding those in a category below)), whose costs were borne by the Group.
- 5,555 people who worked directly on behalf of the System Fund and whose costs are borne by the System Fund (assessment fees and contributions collected from hotels within the IHG System which fund specifically marketing, the IHG Rewards Club Loyalty programme and the global reservation system).
- 22,576 General Managers and (in the US predominantly), other hotel workers who work in managed hotels, who have contracts or letters of service with IHG and whose costs are borne by those hotels.

Franchised hotels (rooms)

4,433 (552,834)

Managed hotels (rooms)

907 (242,883)

Owned and leased hotels (rooms)

8 (2,358)

Our supply chain activities can be split into two broad categories – corporate supply chains and hotel supply chains. Our corporate supply chains cover procurement for our corporate offices. These are mainly focused on items such as technology and professional services. At the hotel level, supply chains cover procurement for all items required for operating a hotel. These cover a wide range of items including food, linens, cleaning supplies and furniture. This procurement predominantly happens at the local hotel level. For hotels in the Americas region, we maintain IHG® Marketplace, which is a platform that allows hotels in the region to purchase goods and services directly from approximately 150 preferred suppliers. Hotels in the other regions continue to procure individually at hotel-level. To manage the Corporate and IHG® Marketplace supply chains, we have developed a Risk in Supply programme, which is overseen by a Supply Chain Risk Council. More information on this group can be found in the governance section of this statement.



Our Policies

We have a number of policies, processes and requirements that form part of our approach to human rights and modern slavery. These cover our employees, suppliers and hotels. It is very important to us that our policies are accessible, which is why we have translated them into multiple languages and made them freely available to all our hotels via our company intranet. They are also published in our public facing responsible business report, www.ihgplc.com/responsible-business/policies

IHG branded hotels: Since 2014, we have required all IHG branded hotels to adopt a human rights policy and we have provided a range of guidance and training materials to hotels on this topic to enable this.

IHG employees and managed hotels: We have had a Human Rights Policy since 2009. This Policy, along with the IHG Code of Conduct, sets out our commitment in this area in relation to voluntary freedom of association, working conditions, forced labour and the exploitation of children. The Code also sets out our values known as our Winning Ways which consolidate and clarify our ethical values and expected standards of behaviour. In 2017, we updated our Code of Conduct to include increased focus on modern slavery and set out our zero-tolerance approach. The Human Rights Policy and Code both apply globally to our Directors, officers and employees and our managed hotels. We also have a Confidential Reporting process and 'no retaliation' policy. This encourages our employees to report any ethical concerns and breaches of the Code of Conduct including human rights and modern slavery.

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



Our due diligence processes

In 2015, we launched an automated procurement system across many of our large corporate offices. This helps improve central visibility of our corporate suppliers and increases coverage and involvement of our central procurement team in managing and monitoring our supply chain. In 2017, we continued to increase the proportion of corporate spend that is managed through this system, further enhancing oversight and visibility into our corporate supply chain. New suppliers being onboarded to the system are required to complete due diligence questionnaires which cover human rights.

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



Supply chain audits

In 2017, we commissioned four external providers to undertake supply chain audit pilots covering each of our current operating regions in higher risk locations. The audits, undertaken at factory level, included modern slavery assessments. The results of these pilots will inform our ongoing responsible procurement programme in 2018 and beyond.



Risk assessment

In 2013, we commissioned an external assessment of human rights risks most relevant for the travel and hospitality sector globally and regionally working with external human rights experts, Maplecroft. Risks identified included human trafficking, forced labour, child labour and working conditions. In 2015 and 2016 we built on this information to identify the modern slavery risks most relevant to IHG. To carry out this assessment we looked across four different areas of risk: (i) risks of modern slavery affecting colleagues in our own organisation including our hotels, (ii) risks of modern slavery occurring in our corporate or hotel supply chains, (iii) risks of modern slavery such as human trafficking occurring in or around our IHG branded hotels, (iv) risks of modern slavery occurring at different stages of the hotel lifecycle and within supply chains of our hotel owners. We refreshed this risk assessment in 2017 using updated Maplecroft risk maps including their modern slavery index. The initial risk assessment and ongoing further analysis and refinements since 2013 have helped us to identify higher risk locations requiring additional focus for our awareness raising and training programmes (see training and awareness section).

Following these risk assessment activities, we continue to make it a priority to raise awareness of the issue of human trafficking and the potential risk of hotels being used for this purpose to transport or exploit victims. Based on this assessment and insights from cross industry forums on human rights, NGOs and other external stakeholders, we have also increased our focus on risks associated with responsible recruitment, particularly the use of outsourced labour.



Training and awareness

We continue to roll out our suite of training materials and ensure that they are readily accessible to all hotels and corporate colleagues. We have worked with an external human rights expert to create a human rights e-learning on our overall approach to human rights and how to spot signs of and help combat modern slavery and human trafficking. This is the foundation of our training and we work to ensure a range of colleagues at corporate and hotel level have access to this material. In addition to this foundational training, we have developed a suite of materials to increase awareness of human rights across a range of stakeholders.

Corporate training/awareness materials

Via our internal channels, we ask corporate employees to ensure they have taken IHG's e-learning modules related to human rights and modern slavery. This ensures they have relevant awareness and knowledge to support hotels that they work with.

We recognise that it is crucial for all IHG colleagues to understand the impacts of supply chain risk and where those risks may occur, not just those colleagues who work with suppliers on a day-to-day basis. We are developing an e-learning module for all our corporate colleagues to educate them on our wider responsible procurement agenda, as well as supply chain risk. This includes specific elements of risk that are important for them to be aware of, particularly ethical sourcing and modern slavery.

Hotel training/awareness materials

We have asked all our managed hotels to take our human rights e-learning on our overall approach to human rights and how to spot signs of and help combat modern slavery and human trafficking. We have also made this module available to all our franchised hotels. In addition, we have created a 10-minute training session on human rights, modern slavery and human trafficking for use by our hotels to provide face-to-face training to colleagues. All hotels, whether owned, managed or franchised, can access this information which has also been translated into multiple languages.

We have also created a modern slavery poster for display in colleague areas which asks colleagues to be alert to the risk of modern slavery and human trafficking and to help explain the key warning signs to watch out for and how to escalate concerns. The posters have been made available to all our hotels globally.

In 2017, we have carried out additional training and communications at some higher risk locations. For instance, for hotels located near to high profile events such as the Super Bowl and where authorities report an increased risk of sex trafficking. Working closely with colleagues in operational support roles, we utilise hotel communications channels throughout the year to ensure all our hotels are aware of the tools and training that have been made available to them. We also organise training sessions in higher risk locations identified through our ongoing risk assessment to make it as easy as possible for hotels to access the information that they need to manage risks in this area.

In 2017, we organised a session with our third-party owners in the UK to ensure they understand their obligations under the UK Modern Slavery Act. We also used this as an opportunity to highlight the suite of awareness and training materials available to them on human rights and modern slavery to help them with their response.

On International Human Rights Day (10 December 2017), we completed an internal awareness push to highlight the role that hotels can play in combatting modern slavery and human trafficking and the materials available to all IHG branded hotels on this issue.

In 2017, we also introduced new educational material on responsible recruitment using input from external experts on this issue. This guidance was made available to all IHG branded hotels as well as corporate colleagues and provides hotels with best practice around using outsourced labour, including principles that need to be considered when working with third-party agencies. We have shared the development of this guidance at industry level via the International Tourism Partnership Working Group on Human Rights.



Our effectiveness and performance indicators

In 2017, our key metrics were to measure our training figures and number of suppliers who have signed our Vendor Code of Conduct. At the end of 2017, 40,816 colleagues had completed our human rights e-learning. As of end 2017, 2,253 suppliers had signed our Vendor Code of Conduct.

We have now completed our 2013-2017 target cycle and have set new targets for 2018-2020 which include targets dedicated to responsible procurement. These targets have been communicated via IHG's Responsible Business Report and include targets in the following areas:

- Supplier audits
- Employee education on ethical supply matters
- Green criteria for preferred suppliers



Working together – Governance

To ensure that our programme of activity on human rights is given appropriate exposure, time and resource, the following structures are in place:

- **Corporate Responsibility Committee of the Board** – this group, comprising a number of IHG's Non-Executive Directors, is also regularly attended by our Chairman and, reviews our overall human rights work programme and modern slavery statement prior to its approval by the IHG Main Board.
- **Supply Chain Risk Council** – this group comprises our Senior Vice President of Procurement and Cost Efficiency, Senior Vice President of Risk and Assurance and Senior Vice President, Deputy Company Secretary and Head of Corporate Legal and looks at our responsible procurement programme as well as a range of other matters related to the IHG corporate and hotel supply chain.
- **Business Reputation and Responsibility Leadership Team** – this group, led by IHG's EVP General Counsel and Company Secretary, reviews and approves the overall direction of the human rights work programme.
- **Human Rights Working Group** – this cross functional group comprises representatives from functions including Global Corporate Responsibility, Risk Management, Corporate Legal and Procurement and provides input into our ongoing human rights risk assessment and our overall human rights work programme.



Working together – Collaboration

Modern slavery is a complex issue and we believe strongly that working together with others to identify risks and best practice will be the most effective way to bring change in this area. In line with this, we are part of a number of industry forums and working groups including the Business for Social Responsibility (BSR) Cross Industry Working Group on Human Rights as well as the International Tourism Partnership's Human Rights Working Group. IHG helped develop the International Tourism Partnership's industry statement on Human Trafficking, aimed at ensuring an industry wide position on trafficking. In 2017 we showed our continued support via an updated industry statement on Respecting Human Rights. You can read this and the associated targets here:

www.tourismpartnership.org/global-goals/

Highlights:

- Sharing our approach to developing responsible recruitment guidelines with the International Tourism Partnership Working Group on Human Rights
- Sharing our e-learning module with the BSR Human Rights Working Group
- Sharing our approach to modern slavery cross industry via a Business in the Community led webinar
- IHG took part in a workshop with human rights charity Unseen to help support the development of industry training focused on Modern Slavery



Looking ahead

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

The IHG Board approved this statement on 16 February 2018.

Keith Barr
Chief Executive Officer