



# IHG Modern Slavery Statement 2018

**IHG<sup>®</sup>**

## IHG Modern Slavery Statement 2018

This statement has been written in accordance with the requirements of the UK Modern Slavery Act 2015. This is IHG’s third Modern Slavery Statement and reflects the progress we have made during 2018.

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

### Our commitment to responsible business

Modern slavery is a serious, often hidden, crime that requires the attention of many different stakeholders. Like all multinational businesses with global supply chains, we recognise that we have an important role to play in combating 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.



### Our business and supply chains

IHG is one of the world’s leading hotel groups, with more than 5,500 hotels in over 100 countries, and a diverse portfolio of 15 hotel brands. As an asset-light business, we focus on franchising and managing hotels, working closely with independent third-party hotel owners. Having a predominantly franchised estate means that most of the people working in our hotels are employed by third-party hotel owners, rather than by IHG directly.

As at 31 December 2018, IHG employed the following:

- 7,598 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;
- 5,214 people who worked directly on behalf of the System Fund and whose costs were borne by the System Fund; and
- 22,518 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.

We also have some areas where we have outsourcing arrangements in place. For example, at the corporate level, we outsource some of our call centres and technology support and services, as well as some cleaning/facilities and management/catering at some of our corporate locations.

### Franchised hotels (rooms)

4,615 (576,979)

### Managed hotels (rooms)

965 (253,566)

### Owned, Leased and Managed Lease hotels (rooms)

23 (5,996)

Our supply chain activities can be split into three broad categories – corporate supply chains; centralised hotel procurement supply chains where IHG exercises some level of central oversight or involvement; and local hotel supply chains.

IHG’s corporate supply chains cover procurement for our corporate offices and mainly focus on items such as technology and professional services.

Procurement of goods and services at hotel level covers all items required for operating a hotel, such as food and beverages, furniture, cleaning products, linen and electrical goods. As our franchised and managed hotels are owned by independent third-party owners, these hotels are typically responsible for managing their own independent supply chains.

In certain cases, IHG provides a centralised procurement site for hotels. For example, for hotels in the Americas region, we maintain IHG® Marketplace, which is a platform that enables managed and franchised hotels in the region to purchase goods and services directly from IHG preferred suppliers.

### Our journey so far





**Our Code and Policies**

As part of our commitment to responsible business, we have a number of Group-wide policies and procedures in place which help govern our approach to human rights and modern slavery. It is very important to us that our policies are accessible, which is why we have translated them into multiple languages and made them available to all our hotels via our company intranet. The policies are also publicly available at [www.ihgplc.com](http://www.ihgplc.com).

**Code of Conduct**

The IHG Code of Conduct sets out the principles we must all work by at IHG, wherever we are in the world. All colleagues working in IHG corporate offices, reservation centres and managed hotels must comply with the Code and the policies and procedures it refers to. However, the principles, spirit and purpose of the Code are relevant to all of IHG, including to our franchised hotels.

The Code reinforces our values – a set of everyday behaviours based on principles that are important to our colleagues and our guests. It also sets out our zero-tolerance approach to human rights abuses, including forced labour, any form of modern slavery or the exploitation of children.

**Our Values**



Do the right thing



Aim higher



Show we care



Celebrate difference



Work better together

**Human Rights Policy**

We have had a Human Rights Policy since 2009. This Policy, along with our Code of Conduct, demonstrates our commitment to human rights, including in relation to voluntary freedom of association, forced labour, child exploitation, working conditions, and the promotion of diversity in the workplace. We also have an IHG brand standard which requires all IHG-branded hotels to adopt the IHG Human Rights Policy or an equivalent human rights policy. As further described below, a range of guidance and training materials is available to hotels to support this.

**Vendor Code of Conduct**

IHG’s Vendor Code of Conduct sets out the minimum 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 addition, in 2018 we updated our Global Procurement Policy, which now includes clear guidance for corporate colleagues on how to spend responsibly, including reference to the IHG Human Rights Policy.

**Forced Labour Principles**

In 2018, along with industry peers, IHG helped develop and publicly committed to a new set of Principles on Forced Labour, launched by the International Tourism Partnership (ITP) at the Global Forum for Responsible Recruitment and Employment in Singapore. This included a message of support shown during the Forum from IHG’s ITP Board Member, our EVP General Counsel and Company Secretary.

The Principles are:

1. Every worker should have freedom of movement. The ability of workers to move freely should not be restricted by their employer through abuse, threats and practices such as unlawful retention of passports and valuable possessions.
2. No worker should pay for a job. Fees and costs associated with recruitment and obtaining employment should not be paid by workers.
3. No worker should be indebted or coerced to work. Workers should work voluntarily, be informed of their employment terms and conditions in advance without misrepresentation and paid regularly as agreed and in accordance with any applicable laws and regulations.

An important objective of 2018 and onwards is working to ensure these Principles are communicated and understood throughout IHG’s operations.

**Reporting concerns**

We also have a confidential reporting process and ‘no retaliation’ policy. This encourages colleagues to report any ethical concerns or breaches of the Code of Conduct, including in relation to human rights and modern slavery. In 2017, this channel was expanded to enable reports to be received from colleagues in franchised hotels and is also accessible for external parties including third party suppliers and guests.

Other IHG policies which are relevant to our human rights programme include: Anti-Bribery Policy, Global Diversity and Inclusion Policy, Supporting Our Communities Policy and Global Procurement Policy.



## Our due diligence processes

We continue to leverage our 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. New suppliers being onboarded to the system are required to satisfy our due diligence requirements, which include adherence to IHG's Vendor Code of Conduct and confirmation that they will abide by the UN Global Compact Principles.

We also carry out risk-based due diligence and compliance checks on all new third parties with whom we are entering hotel agreements. A central committee of senior IHG decision-makers considers and reviews any issues identified, including relating to human rights. In 2018, we updated our guidance to explicitly require that allegations or concerns related to human trafficking or forced or child labour are issues that must be escalated as part of this process. It is important that our owners understand and share our commitment to responsible business.



## Risk assessment and management

### 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 for products such as lighting, ovens, fabrics and case goods, included modern slavery assessments. We have built on this in 2018 by partnering with the British Standards Institute (BSI) to further develop our risk assessment and audit approach and processes. This programme is still being developed, but it is intended that this will be used to help map our supply chains in order to identify higher risk locations and suppliers.

### Risk assessment

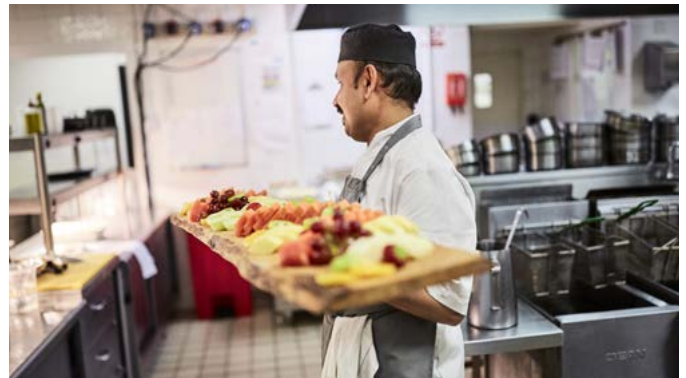
We have undertaken a number of risk assessment activities in recent years:

- 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.

To continue to build on our work in this space, in 2018 we partnered with the specialist business and human rights consultancy, Article One, to undertake a human rights impact assessment across IHG's operations – covering our supply chains, our hotels and our corporate offices. In line with expectations of the UN Guiding Principles, the assessment has included:

- saliency mapping – assessing actual and potential risks of IHG's operations against internationally recognized human rights, including the International Bill of Rights and International Labour Organisation Core Labour Standards; and
- gap analysis – review of IHG's existing policies and processes to determine the degree to which identified risks are being managed.

The findings from the human rights impact assessment were presented to senior management in early 2019 and will be used to help us develop our human rights programme, including our approach to modern slavery. We will continue to focus on human trafficking as a risk for our industry as well as human rights labour risks within our hotel operations and throughout the hotel lifecycle including forced labour and modern slavery.



## Training and awareness IHG-wide engagement

Our commitment to respecting human rights and combating modern slavery is made clear to colleagues as soon as they start working for IHG through the Code of Conduct e-learning module. This was updated in 2018 and contains summary information on our approach to human rights and modern slavery, including where to go for further details and guidance. As at 31 December 2018, more than 75,000 colleagues, including all our Board and Executive Committee, have completed the training.

We also have a standalone human rights e-learning module, which contains more detailed information on our overall approach to human rights and how to spot signs of, and help combat, modern slavery and human trafficking. To-date, close to 45,000 colleagues have completed the training.

**Hotel-level engagement**

In addition to the suite of materials referenced above, we have 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 in multiple languages.

We also have 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 helps 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.

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. For example, in preparation for the 2018 FIFA World Cup in Russia, checklists were disseminated to local hotels which included ensuring compliance with the IHG human rights brand standard and completion of human rights e-learning by General Managers and Heads of Department. The same checklist has been issued to all hotels in Japan ahead of the 2019 Rugby World Cup. In advance of the 2019 Super Bowl in Atlanta, IHG has partnered with Businesses Ending Slavery & Trafficking (BEST) to develop training on how to identify and respond to signs of sex trafficking, prostitution, and labour trafficking for delivery to IHG hotel colleagues in the Atlanta area.

Important dates such as Anti-Slavery Day (18 October 2018) and International Human Rights Day (10 December 2018) are also targeted by our communications teams to raise internal awareness by highlighting the role that hotels can play in combating modern slavery and human trafficking and the materials available to all IHG branded hotels on this issue.



**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:

Structure	Participation	Activities
<b>Corporate Responsibility Committee of the Board</b>	4 IHG Non-Executive Directors; Regular attendance by IHG Chairman and CEO	Responsible for reviewing our overall human rights work programme and modern slavery statement prior to its approval by the IHG Main Board
<b>Supply Chain Risk Council</b>	Senior Vice President of Procurement and Cost Efficiency; Senior Vice President of Risk and Assurance; Senior Vice President, Deputy Company Secretary and Head of Corporate Legal; Head of Responsible Procurement	Reviews our responsible procurement programme as well as a range of other matters related to IHG corporate and hotel supply chains. In 2018, displaying our commitment in this area, a new Head of Responsible Procurement position was created
<b>Business Reputation and Responsibility Leadership Team</b>	EVP General Counsel and Company Secretary; Senior Vice President, Deputy Company Secretary and Head of Corporate Legal; Senior Vice President Risk and Assurance; Regional Heads of Legal	Reviews the overall direction of the human rights programme
<b>Ethics and Compliance Team</b>	Led by Vice President Ethics and Compliance, and Director Ethics and Compliance	Responsible for central coordination and management of the human rights programme, including related policies and procedures
<b>Human Rights Working Group</b>	Cross functional group comprising representatives from functions including Global Corporate Responsibility, Risk Management, Ethics and Compliance, Human Resources, Procurement and Operations Support	Provides input into our ongoing human rights risk assessment and our overall human rights work programme



## Working together - Collaboration

We strongly believe that working together with others to identify risks and best practice is the most effective way to combat human rights abuses and modern slavery. 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 and 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 and in 2018 helped develop and publicly committed along with our industry peers to the International Tourism Partnership's Principles on Forced Labour. You can read more on this here: [www.tourismpartnership.org/blog/itp-launches-principles-on-forced-labour/](http://www.tourismpartnership.org/blog/itp-launches-principles-on-forced-labour/).

Through the IHG Academy, we also continue to partner with the Youth Career Initiative, which offers young people who have faced difficult challenges, including survivors of human trafficking, a viable way to improve their employability so that they can find legitimate work. Through this IHG Academy partnership, more than 470 young people have taken part in work experience placements in IHG hotels in South America, Asia and Africa, with many participants finding employment in the hospitality industry immediately after.



## Our effectiveness and performance indicators

We use training figures and the number of suppliers who have signed our Vendor Code of Conduct to help measure our performance. As at the end of 2018, close to 45,000 colleagues had completed our human rights e-learning and 2,809 suppliers had signed our Vendor Code of Conduct.

Our 2018-2020 Responsible Business Targets also include targets dedicated to responsible procurement. These targets have been communicated in IHG's Responsible Business Report and include targets in relation to supplier audits and employee education on ethical supply matters. As at the end of 2018, 230 IHG Marketplace suppliers were requested to complete a risk assessment against a comprehensive set of criteria which included human rights and ethics.



## Looking ahead

We believe that increased transparency in the way businesses are addressing risks is an important step in efforts to combat modern slavery. As an organisation with a long-standing commitment to responsible business, IHG is focused on further developing our approach to human rights and combating modern slavery. Our priority areas for 2019 include:

- developing our human trafficking training materials;
- communicating and embedding ITP's Principles on Forced Labour throughout our operations;
- updating our Vendor Code of Conduct; and
- continuing to enhance our human rights programme by building on the outcomes of both our supply chain risk assessment work and our human rights impact assessment.

The IHG Board approved this statement on 15 February 2019.

**Keith Barr**  
Chief Executive Officer

This Statement is for the financial year ended 31 December 2018 and covers IHG PLC and all fully owned group entities as listed in IHG's 2018 Annual Report.