

Implementation Statement for the year ending 31 March 2023

IHG UK Defined Contribution Pension Plan Implementation Statement for the year ending 31 March 2023

Welcome to the Trustee's Statement of how it implemented the policies and practices in the Plan's Statement of Investment Principles during the year ending 31 March 2023.

Why do the Plan's investments matter to me?

The Plan provides you with benefits on a defined contribution ("DC") basis (sometimes called money purchase benefits). This means that the size of the benefits paid to you when you retire will depend on how much the funds your pension savings are invested grow over the years.

What is the Statement of Investment Principles ('SIP')?

The SIP sets out the investment principles and practices the Trustee follows when governing the Plan's investments. It describes the rationale for the investment options which you can choose (including the default arrangement if you don't make a choice). It also explains the risks and expected returns of the funds used and the Trustee's approach to responsible investing (including considerations regarding climate change). The Trustee maintains an Investment Implementation Policy Document ('IIPD') which contains details of the Plan's investment arrangements and sits alongside the SIP.

The last review of the Plan's SIP was completed on 10 December 2021 and the next review will take place no later than 10 December 2024.

There have been no changes to the SIP in the last year.

If you want to find out more, you can find a copy of the Plan's current SIP (and the latest Plan's Chairs Statement) at <https://www.ihgplc.com/en/business/pensions>

What is this Implementation Statement for?

The Trustee is required to prepare an annual Implementation Statement which sets out how it has complied with the Plan's SIP during the last year.

Overall, the Trustee is satisfied that:

- The Plan's investments have been managed in accordance with the SIP; and
- The provisions in the SIP are suitable for the Plan's members.

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How the Plan's investments are governed

The Trustee has overall responsibility for how the Plan's investments are governed and managed in accordance with the Plan's Trust Deed and Rules as well as Trust Law, Pensions Law and Pension Regulations.

There were no changes to the Plan's governance structure over the year to 31 March 2023.

The Trustee has delegated day-to-day investment decisions, such as which investments to buy and sell, to the Plan's platform provider and underlying fund managers.

The Trustee undertook the following during the last year to ensure that their knowledge of investment matters remained up to date:

- DC trends in design and delivery (monitoring of investment Hot Topics provided by the Investment Adviser on a quarterly basis);
- Being up to date on regulatory items pertaining to investment – the most recent important regulatory changes are related to enhanced Value for Members assessments; and
- The Trustee is a professional Trustee so also receives training and brings experience from its other appointments of other schemes and market developments.

The Trustee monitors how well its investment advisers meet mutually agreed objectives which are in line with the requirements from the Competition & Markets Authority (CMA). These requirements came into effect on 10 December 2019, however, from 1 October 2022 the Department for Work and Pensions (DWP) brought them into pensions legislation under The Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the scheme administration regulations). These requirements are now being overseen by the Pensions Regulator (TPR).

The investment advisers agreed the following specific investment objectives for the Plan with the Trustee:

- Risk and return objectives at each stage of the default investment strategy are as follows:

	Return Objective	Risk Objective
Growth	CPI+ 4% p.a.	Negative return in 7/20 years
Consolidation	CPI+ 3% p.a.	Negative return in 3/10 years
Pre-retirement	CPI+ 1-2% p.a.	Negative return in 1/5 years

- The Investment Adviser is also assessed on strategic decisions, manager and ratings decisions and the timeliness and accuracy of compliance and regulatory reporting. This is inclusive of the default and self-select fund options.

The Trustee is satisfied that during the last year:

- **The Plan's DC governance structure was appropriate;**
- **The Trustee has maintained its understanding of investment matters; and**
- **The Plan's investment advisers performed in line with the objectives they were set.**

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How the default arrangement and other investment options are managed

The objectives and rationale are set out in the SIP in section 2.1 for the default arrangement and the other investment options.

The objectives, in summary, look to provide a range of investment options suitable to meet Plan members' needs, by providing options that give members a reasonable expectation of:

- Influencing the value of their assets at retirement, allowing for individual members' risk tolerances;
- Where required, maintaining the purchasing power of their savings in real (i.e. post-inflation) terms; and
- Providing protection for accumulated assets in the years approaching retirement against a sudden (downward) volatility in the capital value and, where required, against fluctuations in the cost of annuities;

The Trustee carries out an annual high-level monitoring of the default arrangement and other investment options to ensure they remain suitable for most members. This involves:

- Ensuring that the default arrangement complies with the charge cap (this is done on a quarterly basis through reviewing information received from Aegon);
- Monitoring the investment performance of each fund (this is done on a quarterly basis);
- Monitoring the turnover of the assets in which each fund is invested (this is done by the research team of our investment advisers);
- Considering whether the funds still meet the investment objectives the Trustee has set for the default arrangement and other investment options; and

Checking whether there have been any significant changes in the demographic profile of the Plan's membership, members' choices of investment options and members' choices of benefits when they retire. This is done through a review of the quarterly administration report provided by the Plan's platform provider.

During Q2 of the calendar year 2022, the investment adviser to the Trustee identified discrepancies in Aegon's quarterly benchmarking figures through their data review procedures. The issue impacted a handful of benchmarking figures that Aegon provided to the Trustee and were restricted to Q2 2022 benchmarking figures only. This had no impact on any accounting disclosures or statutory governance documentation. These were raised with Aegon which brought to light that various reporting issues had been discovered and not communicated. The investment adviser liaised with Aegon to ensure performance figures were rectified and reassurance was gained that the issues would not persist. Additionally, the Trustee met with representatives from Aegon in order to restore confidence.

The Trustee's investment beliefs

The Trustee has developed a set of investment beliefs which are set out in section 2 of the SIP which it follows when making investment decisions.

There have been no changes to these beliefs in the last year.

The expected risks and returns on your savings in the Plan

The investment risks relating to members' benefits are described in the SIP on pages 5 and 6 and the expected returns from each type of investment used by the Plan are set out in the SIP on page 8.

During the last year the Trustee, with the help of its investment adviser, reviewed the appropriateness of the risks and expected returns detailed by the Plan. No changes were made to these as the Trustee was satisfied that the changes made to this section in December 2021 remained appropriate.

The Trustee believes that the main investment risks members face in the Plan are described within the SIP and are suitable for managing the Plan.

The Trustee is satisfied that the current expected rates of investment return for the types of funds described in the SIP are still reasonable, relative to the risks that members face.

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Platform providers and fund managers

Choice of platform providers and funds

The Trustee monitors the service of the platform provider used by the Plan by:

- Periodically reviewing the performance of the platform provider against the wider market.
- Assessing the enhanced Value for Members of the service offered by the platform provider on an annual basis, including administration services, governance practices, investment performance, investment options and retirement support. The Trustee considers the Plan to offer Good value for money to members when compared to similar pension schemes.

The Trustee monitors the performance of the funds used by the Plan by:

- Receiving quarterly monitoring reports from their Investment Adviser.
- Discussing investment performance, in line with these reports, at Trustee meetings.

The Trustee reviews the platform provider on a regular basis, the last review being June 2021.

As mentioned, the Trustee also reviews their fund managers on a regular basis through the Investment Adviser monitoring reports. Additionally, the Trustee meets with key asset managers, the most recent meetings being on 7 June 2023 which had a focus on stewardship and climate change

The Trustee is satisfied that the platform provider and fund managers used by the Plan remained appropriate.

Ability to invest / disinvest promptly

It's important that your contributions can be invested promptly in the default arrangement, or the investment options you have chosen. It is also important that your investments can be sold promptly when you want to change where they are invested, transfer your pension pot to another pension scheme or your benefits are due to be paid out when you retire.

The Trustee ensures this happens by selecting pooled investment funds that can be dealt daily. Aegon are expected to notify the Trustee promptly should a situation arise where member's ability to invest/disinvest has been or may be impacted. During the previous Plan year, there were ongoing issues surrounding the Aegon DC Property Fund as it was previously suspended, meaning members were unable to invest in and/or disinvest from the fund. The Trustee removed the fund from the self-select range for new contributions (although it had been retained for the investments of existing members due to the costs involved in moving them to an alternative arrangement). The Trustee continued to review the ongoing suitability of the Aegon DC Property Fund for members of the Plan and have had conversations with Aegon throughout the Plan year.

The Trustee is satisfied that money can be invested in and taken out of the Plan's funds without delay as set out in the SIP.

Changes in where funds are invested

The Plan's Investment Adviser monitors the volume of buying and selling of the underlying funds of the Plan. This is achieved indirectly by considering the level of transaction costs incurred by each fund, which reflect the costs of buying and selling underlying assets as well as the impact of other trading-related costs.

Short-term changes in the level of turnover of the assets in which a fund is invested may be expected when a fund manager alters its investment strategy in response to changing market conditions. However, a change in the level of portfolio turnover might indicate a shift in the amount of risk the fund manager is taking, which could mean that a fund is less likely to meet the objectives for which it was chosen by the Trustee.

The Trustee is not aware of any underlying turnover within the funds used in the Plan that is inconsistent with those funds' objectives and has set up a process to monitor this.

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Security of your savings in the Plan

In addition to the normal investment risks faced when investing in the funds used by the Plan, the security of your savings in the Plan depends upon:

- The financial strength of the investment platform provider used by the Plan;
- The financial strength of the fund managers used by the investment platform; and
- The legal structure of the funds the Plan invests in.

The financial strength of the platform provider and the fund managers has a bearing on the risk of losses to the Plan's members caused by the remote chance of one of these institutions getting into financial difficulties. The legal structure of the funds used has a bearing on the degree to which the funds' assets are "ring-fenced" from the rest of the provider's or fund managers' business in the unlikely event that the provider or manager becomes insolvent.

The Trustee will undertake a review of the security of assets as part of the upcoming Triennial Investment Strategy Review 2024.

The Trustee is not aware of any material changes in the financial strength of the investment platform provider or the fund managers used by the platform in the last year. Aegon UK are rated as S&P rating A+ Outlook Negative (last reviewed April 2023).

The change from 'Stable' to 'Negative' outlook indicates the expectation that Aegon will face further challenges maintaining robust earnings and capital at least in the 'AA' range in the next 12-24 months due to continued market volatility and potential volatility of its equity holding.

Despite the change to Aegon's rating the Trustee is satisfied that the Plan's platform provider remains appropriate.

Conflicts of interest

As described on page 2 of the SIP, the Trustee considers potential conflicts of interest:

- When choosing fund managers;
- When monitoring the interests of the Trustee and the Plan's advisers;
- When monitoring the fund managers' investment performance and the fund managers' approaches to investment stewardship and responsible investing; and
- When the fund manager is making decisions on where each fund is invested.

The Trustee expects the fund managers to invest the Plan's assets in members' best interests. As the funds used by the Plan are held at arms-length from the Trustee via an investment platform, the Trustee plans to ask the platform provider to report on its own investment governance of the funds including potential conflicts of interest. The Trustee liaised with Aegon regarding their conflicts of interest management. On 30 May 2023, Aegon confirmed that they maintain an internal conflicts of interest policy.

The Trustee maintains a conflicts of interest log and reviews this on a quarterly basis. The Trustee is satisfied that there have been no material conflicts of interest during the year.

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Manager incentives

As described on pages 11 and 12 of the SIP, the Trustee seeks to ensure that the fund managers are suitably incentivised to deliver investment performance in keeping with the funds' objectives.

The funds used by the Plan are held at arms-length from the Trustee via an investment platform. Nevertheless, the Trustee believes it is in the platform provider's best commercial interests to ensure that the fund managers are suitably incentivised to meet their funds' investment objectives.

Incentivisation is assessed based on the fees paid to the underlying asset managers and the appropriateness of their risk and return objectives. The most recent triennial strategy review focused on incentivisation for managers. The Trustee notes that none of the asset managers used by the Plan use performance-related fees.

The Trustee is satisfied that the Plan's underlying fund managers are suitably incentivised to deliver good outcomes for the Plan's members.

Responsible Investment

The Trustee believes that responsible investing covers both sustainable investment and effective stewardship of the assets the Plan invests in.

Investing sustainably is important to control the risks that environmental factors (including climate change), social factors (such as the use of child labour) and corporate governance behaviour (collectively known as called "ESG" factors) can have on the value of the Plan's investments and in turn the size of your retirement benefits. As a result, the Trustee has an allocation to ESG-tilted funds in the default investment strategy which are in line with their investment beliefs.

The Trustee also gains invaluable insight on topics relating to sustainability and ESG-related issues through an annual presentation from IHG in which they cover a sustainability update from the company's perspective, along with a member of the Members Committee sitting on IHG's Sustainability Team.

The Trustee has considered the length of time members' contributions are invested in the Plan when choosing and reviewing the funds used in the investment options.

The Trustee periodically reviews the platform provider's and fund managers' approaches to sustainable investing. The Trustee receives quarterly reports from their investment advisers on how the fund managers have handled these risks in the form of a responsible investment rating.

Investment stewardship

As described within the SIP, the Trustee believes it is important that the fund managers as shareholders or bond holders take an active role in the supervision of the companies in which they invest, both by voting at shareholder meetings and engaging with the management on significant issues which could affect a company's financial performance (and in turn the value of the Plan's investments).

As the Plan's investments are held at arms-length from the Trustee and members through an investment platform operated by Aegon, the Trustee is not able to instruct the fund managers how they should vote on shareholder issues. The Trustee nevertheless:

- Chooses fund managers whose voting policy are consistent with the Plan's objectives;
- Expects fund managers to vote in a way which enhances the value of the funds in which the Plan invests and be signatories of the UK Stewardship Code (all of the underlying fund managers are signatories);
- Monitor how the fund managers exercise their voting rights.

The Trustee has identified climate change as its stewardship priority for 2023. To follow through with this priority, the Trustee is meeting with key fund managers to discuss their stewardship policies in relation to climate change. Additionally, the Trustee now has copies of these fund managers' voting and engagement policies to review and ensure alignment with the Plan.

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How does the Trustee monitor stewardship?

The Trustee periodically reviews the platform provider's and fund managers' approaches to stewardship including voting and engagement policies.

The Trustee is planning to receive quarterly reports from Aegon on how the fund managers have voted at shareholder meetings and what topics fund managers have discussed with the companies in which they invest.

The funds with voting rights attached that are available to members as part of the default fund range or the self-select fund range are listed below along with summary voting statistics for each fund.

Funds within the Default Arrangement

- | | |
|---|--|
| 1. BlackRock Emerging Markets Equity Index Fund | 4. Schrodgers Sustainable Multi-Factor Equity Fund |
| 2. BlackRock World ESG Equity Tracker Fund | 5. Schrodgers Dynamic Multi-Asset Fund |
| 3. BlackRock MSCI World Hedged Fund | 6. LGIM Future World Multi-Asset Fund |

Self-Select Funds

- | | |
|---|--|
| 7. Aegon BlackRock UK Equity Fund | 13. Aegon BlackRock Emerging Markets Equity Fund |
| 8. Aegon BlackRock US Equity Fund | 14. Aegon BlackRock Long Gilt Fund |
| 9. Aegon BlackRock European Equity Fund | 15. Aegon BlackRock Index Linked Gilt Fund |
| 10. Aegon BlackRock Japanese Equity Fund | 16. LGIM Pre-Retirement Fund |
| 11. Aegon BlackRock Pacific Rim Equity Fund | 17. HSBC Islamic Global Equity Index Fund |
| 12. Aegon BlackRock World (ex-UK) Equity Fund | |

Default Funds:

	1	2	3	4	5	6
No. of resolutions eligible to vote	25,350	5,653	14,092	4,430	9,657	93,332
% resolutions voted	98.4%	95.8%	88.3%	91.9%	93.5%	99.8%
% resolutions voted for management	88.4%	95.5%	94.0%	85.2%	89.6%	77.6%
% resolutions voted against management	11.6%	4.5%	6.0%	14.8%	10.4%	21.7%
% resolutions abstained and did not vote**	3.6%	0.8%	0.8%	0.1%	0.8%	0.7%
Of the resolutions voted, the % voted with management	91.6%	96.2%	94.8%	85.3%	90.4%	78.1%
Of the resolutions voted, the % against management	8.4%	3.8%	5.2%	14.7%	9.6%	21.9%

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Self-Select Funds:

	7	8	9	10	11	12	13	14*	15*	16*	17*
No. of resolutions eligible to vote	10,135	7,224	8,862	653	3,317	25,196	25,350	n/a	n/a	n/a	n/a
% resolutions voted	100%	99.2%	86.9%	100%	100%	95.2%	98.4%	n/a	n/a	n/a	n/a
% resolutions voted for management	96.1%	90.1%	88.1%	98.5%	88.5%	88.6%	88.0%	n/a	n/a	n/a	n/a
% resolutions voted against management	3.9%	7.5%	11.9%	1.5%	11.5%	6.6%	11.6%	n/a	n/a	n/a	n/a
% resolutions abstained and did not vote**	0.0%	2.4%	1.4%	0.0%	0.0%	0.5%	3.6%	n/a	n/a	n/a	n/a
Of the resolutions voted, the % voted with management	96.1%	95.9%	89.3%	98.5%	88.5%	93.6%	91.6%	n/a	n/a	n/a	n/a
Of the resolutions voted, the % against management	3.9%	4.1%	10.7%	1.5%	11.5%	6.4%	8.4%	n/a	n/a	n/a	n/a

*Reporting is not currently available for these funds as was not provided once requested from LGIM and Aegon.

**Per BlackRock figures may not total 100% as a vote of 'Abstain' may also be considered a vote for or against management.

The Trustee also considers how the fund managers voted on specific issues. The Trustee considers 'significant votes' to be either companies with relatively large weightings in the funds which members invest in (as this will impact the greatest number of members by the largest amount), or where there were shareholder issues that members are expected to have an interest in.

The funds/managers in question fit into the strategy in the following ways:

- Are underlying funds for the IHG Plan Long Term Growth Fund;
- Are underlying funds for the IHG Diversified Assets Fund; or
- Form a part of the self-select range of funds.

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The Trustee has decided that significant votes are for companies in the top 10 holdings of the underlying funds. The most significant shareholder votes and how the fund managers voted during the last year were:

Company:	Alphabet Inc	Amazon.com Inc.	Apple Inc.	Microsoft Corporation	Tesla Inc
Date	1 June 2022	25 May 2022	10 March 2023	13 December 2022	4 August 2022
Resolution	Report on steps to improve racial and gender board diversity.	Report on retirement plan options aligned with company climate goals.	Shareholder proposal regarding civil rights audit.	Shareholder proposal regarding risks of developing military weapons.	Report on efforts to prevent harassment and discrimination in the workplace.
BlackRock	Against	Against	Against	Against	For
HSBC Global Asset Management	For	Against	-	-	For
Legal & General Investment Management	For	Against	Against	Against	For
Schroders PLC	For	Against	Against	Against	For
Comments	<p>BlackRock votes against as the company already has policies in place to address the request being made by the proposal or is already enhancing its relevant policies.</p> <p>A vote in favour is applied by the other managers because they believe that a well governed and diverse board is more likely to perform over the long term.</p>	<p>A vote against this resolution is warranted. The company offers an option to employees that want to invest more responsibly, even if it is not well-promoted. The Department of Labor is finalizing rules on how ESG factors should be considered by fiduciaries. Still, this may be a growing potential risk for the company if it does not make any changes.</p>	<p>All managers voted against (or abstained as a vote against) as they believe the company has adequate disclosures related to its DEI initiatives and commitments, and it has already committed to conducting a civil rights audit.</p>	<p>All managers vote against (or abstained as a vote against) this proposal as the company provides adequate information on its product principles, due diligence, and oversight related to government use of its technology.</p>	<p>All managers agree that a vote in favour is applied as they believe it is in the best interests of shareholders to have access to greater disclosure on this issue.</p>

Source: Insightia

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How do fund managers implement their votes?

The managers often make use of proxy voting to inform their decision making. The managers use the following organisations as proxies for their voting activity:

Manager	Comment on approach
BlackRock	BlackRock’s proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas (“AMRS”), Asia-Pacific (“APAC”), and Europe, Middle East and Africa (“EMEA”) - located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock’s Global Principles and custom market-specific voting guidelines. While BlackRock subscribe to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, it is just one among many inputs into their vote analysis process, and they do not blindly follow their recommendations on how to vote. BlackRock primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that their investment stewardship analysts can readily identify and prioritise those companies where their own additional research and engagement would be beneficial. Other sources of information BlackRock use include the company’s own reporting (such as the proxy statement and the website), engagement and voting history with the company, and the views of their active investors, public information and ESG research.
HSBC	HSBC use the leading voting research and platform provider Institutional Shareholder Services (ISS) to assist with the global application of their voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene their guidelines. HSBC review voting policy recommendations according to the scale of their overall holdings. The bulk of holdings are voted in line with the recommendation based on their guidelines.
LGIM	LGIM’s Investment Stewardship team uses ISS’s ‘ProxyExchange’ electronic voting platform to electronically vote clients’ shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure LGIM’s proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions.
Schroders	Institutional Shareholder Services (ISS) act as Schroders one service provider for the processing of all proxy votes in all markets. ISS delivers vote processing through its Internet-based platform Proxy Exchange. Schroders receives recommendations from ISS in line with their own bespoke guidelines, in addition, Schroders receive ISS’s Benchmark research. This is complemented with analysis by their in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers.

The Trustee is satisfied that the fund managers’ voting record on the companies in which their funds invest was aligned with the stewardship policy described in the SIP.

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Ethical Investing

The Trustee recognises that some members will have strong views on where their pension savings should be invested.

The Plan offers members a choice of funds which:

- Invest in a variety of global equity indices;
- Invest in a Shariah compliant manner; and
- Invest in a manner that is cognisant of ESG factors, including climate change.

Nevertheless, the Trustee recognises that it is not possible to cater for everyone's views on non-financial/ethical matters.

The Trustee monitors the investments held by the Plan's ethical investment options through quarterly reporting from the platform provider. The Trustee also monitors developments in ethical investing funds which could be appropriate to the Plan's members.

The Trustee is satisfied that the Plan offers enough ethical investment options for members.

Communication and member engagement

The Trustee's approach to communicating the Plan's investment options and investment governance have not changed during the last year.

During the last year the Trustee undertook the following to support member engagement and obtain member feedback:

- An annual member newsletter, issued December 2022
- Issued a communication to all active members in March 2023 to remind members that they can utilise all or part of their bonus (usually paid in March payroll) to make additional pension contributions.
- Consulting the 3-person member forum to obtain feedback on the new personalised video benefit statements available via Aegon's website.
- Consulting the 3-person member forum to obtain feedback on the online user experience of the member portal and app and feeding that back to the administrator for future developments.

The key points to emerge from engagement with members during the last year were:

- The online experience using the app is not as developed as the member forum expected, although the portal is easier to navigate.
- The new personalised video benefit statements were well received.
- The reminder that employees can use their bonus to pay additional contributions resulted in a significant increase in the amount of additional contributions paid into the Plan compared to the previous year.
- There were no substantial complaints or difficulties arising from the investment changes introduced in late 2021, from either active or deferred members.

As a result of this feedback the Trustees will take the following action:

- Provide feedback regarding communications in general to Aegon, the Plan's administration platform provider. Continue to monitor the development of digital services and communications delivery by Aegon.
- Following the impact of the March 2023 communication about utilising bonus to pay additional contributions, issue a similar communication in March 2024.

During the last year the Trustee followed the policies and practices described in the SIP.

Appendix 3: Implementation Statement for the year ending 31 March 2023 continued

Looking forward

In the next Plan year, which will be covered by next year's Implementation Statement, the Trustee intends to undertake the following actions in relation to the SIP:

- Conduct the annual high-level review of the SIP;
- Undertake Triennial Strategy Review, part of which includes a review of the Trustee's investment and ESG beliefs;
- Work with their investment advisers to develop a policy on illiquid investment;
- Work with their investment advisers and fund managers to understand more about their voting policies and explore climate change as a specific objective set by the Trustee; and
- Monitor the performance, voting and engagement of the underlying investment managers.

Signed on behalf of the Trustee:

Dianne Day
Chair of the Trustee

Date: 27 October 2023