

How IHG does business

Our purpose of providing True Hospitality for Good is underpinned by our commitment to a culture of operating in a responsible and ethical manner. Our culture sets the tone for how we do business.



Stakeholder engagement

IHG engages with its stakeholders at all levels of the business, from the Board, through the Executive Committee, Senior Leadership and corporate functions, to front-line operations. A variety of methods are used based on experience and developing best practice, including face-to-face meetings, feedback and performance reviews, employee forums and training. We adjust our engagement methods as required to ensure they remain effective for both our stakeholders and IHG. For example, adopting global CEO video calls with Q&A has ensured employees are kept informed and have an opportunity to raise topics that matter to them.

The effectiveness of our engagement methods is measured through a range of metrics, including our KPIs (such as signings and pipeline), performance, ability to attract and retain talent, employee engagement survey results, adherence to the policies covered by our Code of Conduct and AGM results.

The views and interests of other stakeholders, such as regulators and industry bodies, are also taken into consideration. They help provide a framework against which we measure ourselves, protect our reputation and develop our commercial and social awareness.

See information on our engagement with key stakeholders, approach to the planet on pages 20 to 39, 92, 101, 107, 108, 112-114, and Section 172 statement on pages 90 and 91.

A number of linked factors impact IHG's long-term success, including the resilience of our business model, our purpose, and the effectiveness of our strategy. Underpinning all of these is our workplace culture, which is driven by our reputation as a well-governed, trusted and ethical company.

Key factors that drive our over-arching culture and approach to business include our structure and governance, risk appetite, controls and systems, workplace environment, behaviours, Code of Conduct, including our values and related policies, all of which should be read in conjunction with our strategy, risk management, KPIs and Governance sections in this Report.

Our structure and governance

IHG's Board has overall responsibility for ensuring that the way we work and our culture are aligned with our purpose and drive our strategy. At each meeting, the Board and its Committees review metrics, reports and scorecards, and receive presentations on key business factors, including in relation to culture and governance. They challenge and support Senior Leaders, particularly where there is a need to adapt policies and initiatives, ensuring the continued alignment of strategy and culture.


The Board delegates day-to-day responsibility for setting and embedding Company culture to the CEO who, together with the Executive Committee, leads from the front and role models attitudes and behaviours to create an open and honest workplace environment, empowering employees to give feedback and freely ask questions about matters that concern them, such as during the CEO's quarterly, global all-employee calls. The Executive Committee is responsible for executing the Group's strategy, and keeping the Board informed of the operation of the business and workplace culture.

IHG's hotel development and operations are organised on a regional basis (Americas, EMEA and Greater China) and are supported by global functions in the key areas of Marketing, Commercial & Technology, Finance, Human Resources, Corporate Affairs, and Business Reputation and Responsibility.

Management of the regional and global teams is organised into leadership teams, who are responsible for executing on IHG's strategic priorities in a manner that aligns with the Group's culture and values. Decisions on hotel developments and capital expenditure go through the appropriate deal approval and expenditure committees.

The Group operates a Global Delegation of Authority Policy, which sets out financial commitment and expenditure approval controls. Commitments over certain thresholds or type of proposal require approval from the Group's Capital Committee, which reports into the Executive Committee.


The Group's legal ownership structure comprises around 390 subsidiaries worldwide. These entities provide the legal framework required to support the Group in making individual contracts and commitments.

 Information on the Board's monitoring and assessment of our culture is included on page 91.

Risk appetite, controls and systems

Our risk appetite and tolerance is continually reviewed by the Board in its pursuit of strategic and business objectives. While our strategy does not consciously expose any of our assets to significantly heightened risk, the choices we make aim to balance priorities and resources to either actively exploit current advantages or address current disadvantages versus a range of competitors, and meet stakeholder expectations. The Board considers the portfolio of risks we face and whether our allocation of resources and pace of initiatives to build enterprise capability, creates any imbalance or exposes other risk areas as the industry emerges from the pandemic. Our risk appetite is cascaded through our values and behaviours, our goals and targets, our Code of Conduct, Delegation of Authority and other global policies, and is further reinforced by frequent leadership communications to guide behaviours and set priorities.

We are committed to a framework of monitoring and assurance processes in relation to our initiatives and policies, reviewing whether they have operated within acceptable risk tolerances where priorities have shifted, or where additional actions were required. Board and Committee agenda topics allow the Board to identify and discuss the nature and extent of principal (and emerging) risks and how risk management arrangements have adapted where required.


 See Our risk management on pages 40 to 47 and Governance pages 89 and 96 to 97.

Workplace environment

The pandemic has ushered in fundamental changes to the workplace, including hybrid and remote working. We continually review our ways of working as new practises emerge in line with local restrictions and working cultures. Although each region has embraced this differently, with offices at different stages of re-opening, what has emerged is a new type of connectivity between employees, in particular with the adoption of video meetings, a focus on work-life balance and wellbeing, and a less formal approach. As an example, the Denham head office in the UK has embraced a flexible, hot-desking environment, with Executive Committee members working alongside team members in an open-plan workspace.

We are mindful that as a result of changes in the workplace and increased digitalisation, we need to be vigilant regarding the security of Company information and data. In 2021, we ran a series of global cybersecurity teaching sessions that included topics such as phishing, keeping information safe and secure whilst working remotely, social engineering, and securing and safely

transferring data. We also increased controls around IHG-approved tools and systems, and refreshed and relaunched our security policies at the beginning of 2022.

 See our people disclosures on pages 23 to 26, and key matters discussed by the Board on page 91.

Our behaviours

Our Move fast, Solutions focused, Think return and Build one team behaviours empower and inspire our employees to work in a way that supports our purpose and strategic priorities. These are underpinned by our Code of Conduct and responsible business approach, and together influence how we interact with our stakeholders. By role modelling our behaviours, IHG's leaders create an environment that encourages rapid decision making that supports our growth aspirations, within a framework of due diligence and assurance processes.

Employees have shown continued adaptability and resilience in the face of the pandemic, while demonstrating our behaviours. During the year, a series of Next Talk events were led by Executive Committee members across the organisation, to deepen understanding of the link between our behaviours and strategy. More than 2,000 employees joined the sessions, with positive feedback from them.

Code of Conduct and related policies

IHG's Code of Conduct (Code) is the framework for how we do business at IHG, and underpins our strategy and commitment to providing True Hospitality for Good. Our key principles and policies are included in the Code, which enables employees and colleagues working in IHG corporate offices, reservation centres, managed, owned, leased, and managed lease hotels to make the right decisions, in compliance with the law and IHG's ethical standards.

Included in the Code is an overview of our values, reporting concerns framework and Group policies, including human rights, respect in the workplace, diversity, equity, inclusion and equal opportunities, accurate reporting, information security, anti-bribery and corruption, and the environment. It also provides guidance on where to go if colleagues have a concern and need further help.

The Board, Executive Committee and all colleagues working in IHG corporate offices, reservation centres, managed, owned, leased, and managed lease hotels must comply with the Code. We expect those we do business with, including our franchisees, to uphold similar principles and standards.


The Code is reviewed and approved by the Board on an annual basis, and is supported by annual e-learning requirements. In 2022, we will continue to evolve our Code training, engagement and measurement approaches, including developing and launching a new



How IHG does business continued

Code e-learning module to support and provide additional guidance. In addition to our Code e-learning, we monitor and assess other aspects of our culture through a variety of methods, including direct engagement, employee engagement surveys, tracking of e-learning completion and our confidential reporting hotline.

The following policies and principles form some of the key areas of the Code. Other areas of the Code, such as our DE&I policy, and human rights and modern slavery commitments, are outlined on pages 25 and 26. Initiatives to respond to legal, regulatory and ethical compliance risks are on page 46.

 IHG's Code of Conduct is available in 10 languages on the Company's intranet and www.ihgplc.com/responsible-business

Our values

Led by the Board and Executive Committee and our values underpin our behaviours and business ethics, guide how we deliver our strategy, make decisions and live our purpose.



Do the right thing



Show we care



Aim higher



Celebrate difference



Work better together

Speaking up

Central to our people culture is respect in the workplace, whether it be relating to a colleague, guest or anyone else. IHG has zero-tolerance to any form of discrimination, harassment or bullying in line with our Respect in the Workplace Policy. Whilst we uphold our responsibility to behave ethically and protect IHG's reputation, it is possible that a few colleagues may act in a way which conflicts with the principles set out in the Code. Guidance is given to report concerns directly to line managers, supervisors or local Human Resources representatives. For instances where it is more appropriate, a confidential reporting hotline and online reporting facility is available and globally advertised. The Head of Risk and Assurance and General Counsel and Company Secretary are also available to be contacted. Reports are routinely reviewed by the Board, who ensure arrangements are in place for investigations and follow-up actions.

Safety and security

IHG is committed to providing a safe, secure and healthy environment for all our colleagues, guests and visitors. All operations must comply with all applicable health, safety and security laws. Beyond compliance with the law, IHG works to identify further improvements to the way we manage safety and security risk and has mandatory Brand Safety Standards in place for all hotels globally to drive consistency in this area. Initiatives to respond to safety and security risks are on page 47.

Bribery and corruption

IHG is committed to operating with integrity. Bribery and any form of financial crime, including improper payments, money laundering and tax evasion or the facilitation of tax evasion, are not permitted under any circumstances. This also applies to any agents, consultants and other service providers who do work on our behalf.

Our Anti-Bribery Policy sets out our zero-tolerance approach and is applicable to all Directors, Executive Committee members, employees and colleagues in managed, owned, leased, and managed lease hotels. It is accompanied by a mandatory Anti-Bribery e-learning module. Our Gifts and Entertainment Policy and guidance further supports our approach in this area. To continue to enhance our anti-bribery programme and in line with best practice, in 2021 we undertook a Group-wide bribery and corruption risk assessment with the assistance of specialist external counsel. The objective was to ensure that IHG's key bribery risks continue to be addressed and areas of improvement are identified. The assessment has recently concluded, and the findings will be incorporated and addressed throughout the business under the leadership of the Ethics and Compliance team. Initiatives to respond to legal, regulatory and ethical compliance risks are on page 46.

IHG is a member of Transparency International UK's Business Integrity Forum and participates in its annual Corporate Anti-Corruption Benchmark. Each year, the results from this benchmark help to measure the effectiveness of our anti-bribery and corruption programme and identify areas for continuous improvement.

Handling information responsibly

We are committed to ensuring that guests, members of our loyalty programmes, colleagues, shareholders, owners and other stakeholders trust the way we manage data. As part of our privacy and information security programmes, we have standards, policies and procedures in place to manage how personal data can be used and protected.

Our e-learning training for employees on handling information responsibly is a mandatory annual requirement, and covers topics such as password and email security, using personal data in accordance with our policies and privacy commitments, how to work with vendors and transferring data securely.

In addition to the cybersecurity awareness learnings mentioned on the previous page, we held tabletop exercises to practise our ability to detect and respond to potential security events, such as ransomware and supply chain attacks. We continue to develop our privacy and security programmes to address evolving requirements and take account of developing best practice. The Board regards cybersecurity as a critical business discipline and it regularly receives updates.

 See initiatives to respond to cybersecurity and information governance risks on page 44.

Section 172 statement


Details of how the Directors have had regard to the matters set forth in Section 172(1)(a) to (f) of the Companies Act 2006 is provided in the Section 172 statement on pages 90 to 91.

Further details can be found throughout the Strategic and Governance Reports, including in our key stakeholder engagement disclosures on pages 20 to 28, 39, 92, 101, 107, 108, 112 to 114, 227 and 228.

Non-financial information statement

Non-financial information, including a description of policies, due diligence processes, outcomes and risks and opportunities can be found as set out below. Internal verification and disclosure controls apply to all the information covered in these areas.

- Impact of the Company's activities on the environment on pages 29 to 35, and 229 and 230
- Social matters on pages 27 and 28
- Anti-corruption and anti-bribery matters on page 38
- Employee matters on pages 24 to 26, 101, 107, 108, 112, 114 and 227
- Respect for human rights on page 26
- A description of the Group's business model on pages 10 to 13
- The Group's principal risks on pages 42 to 47
- The Group's KPIs on pages 50 to 53

 See our relevant policies at www.ihgplc.com/responsible-business

Responsible procurement

Growing our business in an innovative and sustainable way, whilst working to the highest standards of business conduct, plays a key role both in our supplier selection process and how we continue to work with our existing suppliers. We are committed to working with suppliers who meet our minimum ethical standards and share the values of our responsible business plan – Journey to Tomorrow.

What we do already

Our supply chain activities are split between corporate and hotel supply chains. Hotel purchasing predominantly occurs at a local hotel level, as our hotels are largely owned by independent third-party owners who are responsible for managing their own supply chains. In some key markets, IHG has purchasing programmes in place for essential goods and services required for opening, renovating and operating a hotel, which hotels have the opportunity to buy. Our corporate supply chain covers marketing, technology and professional services.

To help manage and monitor our corporate supply chain, an automated procurement system is used across many of our large offices. Several strategic suppliers also receive hands-on support in the form of business performance reviews to mitigate risk and promote value realisation.

To ensure that suppliers act with the same integrity and respect as we do, new corporate suppliers are required to confirm their acceptance of the IHG Supplier Code of Conduct (or demonstrate they have equivalent policies in place), when they

are onboarded, in addition to it being a contractual requirement. Recommended guidance is also provided to our managed hotels.

What we achieved in 2021

In 2021, we focused on our supply chain risk assurance programme, IHG's Green Supplier programme, ongoing collaboration with diverse suppliers and improving employee awareness of responsible procurement.

Some procurement activities were reduced due to supply chain disruption, including longer shipping times, which impacted our ability to source products. However, other activities did continue and the Board reviewed initiatives to leverage our system-wide buying power and simplify the procurement programme to lower costs for owners. See page 91 for more information.

We refreshed our responsible procurement criteria for prospective suppliers. The pre-contract assessment is part of IHG's tendering process and includes due diligence questions about suppliers' governance, labour and environmental practices relevant to suppliers' own operations and supply chains.

IHG complies with its statutory reporting duties on payment practices and performance and is a voluntary signatory of the UK Prompt Payment Code. In 2021, we updated our processes to ensure that suppliers with less than 50 employees were paid within 30 days where centrally accounted for across our UK corporate and managed, owned, leased, and managed lease hotel supply chains.

With our hotels and resorts at the heart of local communities, we supported many programmes around the world during 2021, including in the UK, where we donated unused PPE to St John Ambulance.

Recognising the environmental impact textiles have across the entire value chain, we continued to collaborate with Exeter University (UK) to carry out a research assessment of the environmental and financial considerations when sourcing textiles. We also continued working with CARE International UK and carried out a workplace gender analysis in factories using interviews and focus groups, which will inform our work in 2022.

What's to come

We will continue our goal to increase the consideration of sustainable, diverse and risk resilient suppliers. This enables the right conversations to be had across the business and increase the amount of business awarded to them. To that end, we are in the process of evolving the digital systems that support our responsible procurement processes, including the evaluation of suppliers' risk, diversity and sustainability attributes.

Corporate and hotel supply activities are driven by our Procurement function and guided by our responsible business agenda, with oversight from the Board's Responsible Business Committee.

See our supply chain disclosure on page 26, and commitment to minimise waste on page 30.

Supplier engagement



Responsible supplier relationships are vital for IHG in driving efficiency and effectiveness throughout both hotel and corporate office lifecycles.

What impacted them in 2021

- Payment practices and performance
- Supply chain integrity
- Environmental concerns, including waste

Engagement

- Communications with suppliers about payment terms
- Working with suppliers as part of our tendering processes, to understand their responsible business activities
- Collaboration with suppliers regarding bulk amenity solutions

Outcomes

- Revised payment processes for small companies that supply IHG in the UK
- Increased collaboration with sustainable suppliers and alignment with our Journey to Tomorrow ambitions
- Sustainable bulk amenities solutions are being deployed across our estate globally



Further information about how the Board considered supply chain and procurement is on pages 91 and 101, and our business relationships, including our statement of business relationships with suppliers, customers and others, is on page 228.



Visit www.ihgplc.com/responsible-business for further information about our responsible procurement approach.