

Our risk management

The delivery of IHG's refreshed strategic objectives and overall ambition requires us to continuously balance opportunities for strategic advantage or efficiency with the need to remain resilient and agile in the short and longer term.

How we define and review our risk appetite and risk tolerance

Key accountabilities and activities

The Board, supported by the Audit Committee, Executive Committee and delegated committees, is accountable for:

- establishing a framework of prudent and effective controls, that enable risks to be assessed and managed;
- ongoing consideration of emerging and evolving uncertainties across a wide range of topics and timeframes;
- reviewing the overall levels of risk within the business, our resilience to individual and aggregated uncertainties and implications for strategic decision-making;
- evaluating our risk appetite and tolerance as part of setting strategy and objectives, and cascading this through:
 - our values and behaviours;
 - our Code of Conduct, delegations of authority and other key global policies;
 - our goals and targets;
 - frequent leadership communications to guide decisions and set priorities; and
- reviewing policies, initiatives and learnings to determine if they have operated within acceptable risk tolerances where priorities have shifted or additional actions were required to continuously enhance our future resilience.

Key milestones and outcomes

- Executive Committee and Board strategy meetings, considering the level of risk we are willing to take across our strategic priorities.
- Refining and communicating our bold ambitions through our strategic priorities and associated growth behaviours.
- Periodic review of key global policies, including the Delegation of Authority.
- Dedicated Executive Sub-Committee to review our risk financing and insurance strategy.
- Annual mandatory Code of Conduct training to all colleagues.

How we identify, discuss and escalate risks, including emerging factors

Key accountabilities and activities

- Management teams across IHG are aware of the challenges our current industry context creates, and risks are identified, discussed and escalated through a variety of steps across our decision-making calendar, including specific interventions facilitated by our global Risk and Assurance team. In 2024 these have included:
 - portfolio risk reviews with the full Executive Committee;
 - deep dive discussions of each principal risk with nominated Executive Committee sponsors;
 - regional and functional leadership risk conversations on risk prioritisation and preparedness across their area of the business;
 - ongoing engagement with first-line teams with day-to-day responsibilities for identifying and managing risk within key decisions, programmes and transactions, and escalating where appropriate;
 - a principal risk survey gathering senior leader opinions on changes in trends and velocity of our principal risks and to capture emerging risk topics; and
 - targeted discussions of identified emerging topics, including generative AI, supply chain resilience and climate-related factors, with external insight where valuable. We think about emerging risks as:
 - new risks, or existing risks in a new context, when the nature and value of the impact are not yet known or understood; and
 - factors with an increasing impact and probability over a longer time horizon.


Key milestones and outcomes

- Review of first-line risk profiles culminating in regional/functional leadership team meetings facilitated by the Risk and Assurance team.
- Refreshed risk profiles for each principal risk, considering trend indicators, reviewed with Executive Committee sponsors.
- Mid- and full-year Executive Committee principal risk review, reported to the Board.

This section should be read together with the 2024 Board focus areas and activities and its delegated committees, and:

 Pages 112 to 177 for 2024 focus activities and its delegated committees.

 Pages 28 to 37 for Our Strategy.

 Pages 20 and 21 for more detailed discussion of trends impacting our industry.

How we integrate our risk management and internal control framework components within our business processes

Key accountabilities and activities

- Managing risk isn't one dimensional and management teams across IHG apply many levers and routines to anticipate, address and respond to uncertainty as they drive to achieve business objectives.
- To align across the many different operational and functional teams, the Risk and Assurance team describe our risk management and internal control framework using a deliberately simple structure that can be applied to any principal risk area.



Culture and leadership

Leadership and accountability
Policy and standards
Target and incentive
Comms and training



Processes and controls

Risk assessments for targeted topics
Specific process and control routines
Specific measurement activities



Monitoring and reporting

Indicators and dashboards
Internal and external reporting

- Elements of the framework are subject to ongoing review and adjustment by management teams, supported by subject matter experts for key areas.
- The Audit Committee reviews the ongoing effectiveness of the risk management and internal control framework.

Key milestones and outcomes

- Review of key controls for each principal risk with relevant Executive Committee sponsors.
- Consideration of preparedness and resilience to risk with each of the Executive Committee members leadership team.

The following pages describe illustrative examples of our key controls, and we will be reviewing the materiality of these controls in 2025.

How the Board obtains assurance in our risk management and resilience

Key accountabilities and activities

- Our governance arrangements enable the Board and its delegated committees to receive insight and conclude on the appropriateness of our risk management and overall resilience during the year. These include:
 - risk and control considerations within presentations from executive leadership on strategic delivery and major programmes;
 - specific updates on matters potentially impacting our overall resilience, including the conflict in the Middle East, and our crisis management and business continuity frameworks;
 - briefings on specific risk and control topics from key second-line teams, such as information security, privacy, ethics and compliance, financial governance, operational safety and security, loyalty and System Fund controls;
 - review of our group insurance arrangements, including cyber;
 - independent third-line internal audit reporting on specific reviews, thematic observations on the effectiveness of the risk management and internal control framework, and trends from confidential disclosure channel reporting and investigations; and
 - updates from Risk and Assurance and the external auditors to the Audit Committee in relation to corporate governance developments.

For further information on how the Board and senior management obtain assurance in our risk management and resilience see pages 112 to 177 which detail the 2024 focus areas and activities for the Board and its delegated committees.

Key milestones and outcomes

- The Board concludes on the effectiveness of IHG's risk management and internal control framework.
- Annual assessment of Global Internal Audit.
- Annual assessment of external Auditor.

Our principal risks and uncertainties

Like many companies, we continue to face a dynamic and uncertain environment, which includes multiple factors from outside IHG and other inherent execution risks relating to our own internal initiatives.

Multiple factors have the potential to affect the level of uncertainty in relation to our principal risks. These risks are materially unchanged and have been used for structured engagement with senior leaders.

Internal survey responses during 2024 indicated that each principal risk should be viewed as trending upwards in impact, likelihood and velocity.

The Risk and Assurance team reviews with management teams whether these trends and our existing levels of preparedness create a need to evolve

our risk management and internal control framework, refresh our resilience plans to anticipate threats or position ourselves to exploit opportunities. This includes how leadership teams allocate their attention and the level of reporting visibility and assurance that they may require in 2025.

Realities for 2025–2027...

We are monitoring a range of external and internal factors:

- Macroeconomic pressures – recessionary, inflationary and interest rate dynamics, energy and other cost-of-living pressures.
- Geopolitical volatility and conflict, heightening cyber threats, supply chain disruption, shifts in trade policy and increased use of tariffs.
- Onerous and increasing legislative or regulatory and compliance developments (including influenced by political shifts).
- Uncertain central bank policies and increasing development or financing costs for owners.
- Pace of digitalisation, including generative AI developments, rapidly evolving technology ecosystems, third-party dependencies, cloud capabilities and increasing regulations to new technologies in particular generative AI.
- Aggressive brand, loyalty and partnership strategies from existing and new competitors.
- Intensifying expectations of growth and scale, including in new markets, brands and partnerships.
- Labour and talent scarcity and costs, including expectations for compensation.
- Pressure on colleague wellbeing and labour relations in certain markets.
- Growing opportunities for operational efficiency and effectiveness, including organisational models, and automation.
- Continuing stakeholder interest in environmental, social and governance performance.
- Frequency of climate-related natural disasters.

...which affect the level of uncertainty we face in relation to...



...refreshed principal risks – 2025–2027

Our principal risks are articulated as uncertainties that will often present an opportunity and a threat at the same time:

- 1 Guest preferences or loyalty for IHG branded hotel experiences and channels
- 2 Owner preferences for, or ability to invest in, our brands
- 3 Talent and capability attraction or retention
- 4 Data and information usage, storage, security and transfer
- 5 Ethical and social expectations
- 6 Legal, regulatory and contractual complexity or litigation exposures
- 7 Supply chain efficiency and resilience (including corporate and hotel products and services)
- 8 Operational resilience to incidents or disruption or control breakdown (including geopolitical, safety and security, cybersecurity, fraud and health-related)
- 9 Our ability to deliver technological or digital performance or innovation (at scale, speed, etc.)
- 10 The impact of climate-related physical and transition risks

We consider all principal risks to be material in absolute terms. Further detail for each risk is provided on the following pages, which should be read in conjunction with the Our Strategy and Our Stakeholders sections of the report.

Guest preferences or loyalty for IHG branded hotel experiences and channels

Why this uncertainty is important to the achievement of our strategic objectives over the next 2–3 years

Our strategic objectives and growth ambitions mean we actively pursue opportunities for effective investment to support our masterbrand, new brands, loyalty programme, new Exclusive Partners, Luxury & Lifestyle expansion plans and digital platforms.

We also aim to carefully deliver on fundamental expectations of our individual and corporate guests, underpinning their trust in, and loyalty for, our brands. For example, how we meet increasing guest demands for personalisation, for safety, or in relation to our response to climate change and our brands' impact on the environment.

If we are unable to manage this uncertainty effectively it could impact our competitive positioning, our openings and signings ambitions and our guests' and owners' trust in and preference for our brands.

Executive Risk Sponsor

– Global Chief Commercial and Marketing Officer

Link to
strategy



Example factors discussed with management to monitor trending

- Future consumer travel preferences and megatrends (including heightened customer sensitivity to price).
- Loyalty proposition, competitiveness and ability to deliver change (including at property level through our business model).
- Brand positioning relative to competitors, as measured by social reviews and guest preference indices.
- Brand awareness and health, including for our masterbrand and loyalty programmes.

Illustrative key controls

Culture and leadership:

- Brand strategies and standards to define consistent guest experiences.
- Defined accountabilities for individual brands and brand segmentations, including IHG masterbrand and loyalty.
- Targets for brand and loyalty performance.
- Brand, service and loyalty colleague training and educational resources.

Processes and controls:

- Governance processes for the introduction of brand standards, loyalty, technology, and hotel projects.

Monitoring and reporting:

- Quality evaluations at hotels and guest surveys to measure guest experience.
- Executive reporting on key guest-facing metrics.

Examples of how the Board obtained assurance on our risk management and resilience in 2024

- Reviews of brand category and masterbrand awareness, loyalty, co-brand and responsible business strategies.
- Review of competitor activity analysis.
- Review of new brand and partnership projects.
- The Internal Audit plan included independent assurance on monitoring arrangements for brand standards and new hotel performance compliance and data transmissions for key loyalty channels.

Owner preferences for, or ability to invest in, our brands

Why this uncertainty is important to the achievement of our strategic objectives over the next 2–3 years

Our growth ambitions require us to take calculated risks to attract owners while continuing to drive returns for our existing and potential owners.

Continuing macroeconomic uncertainty and inflation create significant pressures on owners' financial capacity that must be considered carefully as we pursue opportunities to drive brand preference and focus on relentless growth.

These opportunities need to be balanced with the risks associated with increasingly complex deal structures, new strategic relationships, expansion into new markets and a need to risk our own capital to pursue inorganic growth or to incentivise deals in key locations for key brands. We also recognise our responsibilities as a franchisor and manager of our brands.

If we fail to respond effectively to this risk, we will lose competitiveness and may not realise the opportunities to grow our brand footprint.

Executive Risk Sponsor

– Global Chief Commercial and Marketing Officer
– Regional CEOs

Link to
strategy



Example factors discussed with management to monitor trending

- Owner financial capacity (current and future), including continuing the impact of macroeconomic uncertainties.
- Preference for and confidence in IHG's enterprise platforms.
- IHG's ability to drive bottom line returns and preference for existing and potential owners, relative to competition.
- Overall owner advocacy and relationship strength, gathered through feedback from owners.

Illustrative key controls

Culture and leadership:

- IHG masterbrand, loyalty and individual brand strategies.
- Governance structures and leadership responsibilities to monitor owner returns and support owner finance.
- Colleague training on drivers of loyalty and owner returns.

Processes and controls:

- Specific projects focused on owner returns (including sustainability, procurement, hotel technology, learning).
- Brand development processes with ROI targets.
- Compliance processes, including Guest Love and quality evaluations.

Monitoring and reporting:

- Regular tracking of cost to build, open and operate hotels.
- Key Executive Committee metrics on Growth and Enterprise, and Loyalty contribution.
- Tracking of external data and competitor analysis.
- Measurement of ongoing performance and strategy delivery.

Examples of how the Board obtained assurance on our risk management and resilience in 2024

- Priority market updates from regional CEOs.
- Review of new brand, partnership and key owner-facing technology initiatives.
- Review of System Fund and loyalty programme changes.
- Review of energy, water and waste strategies.
- The Internal Audit plan included independent assurance on governance for the Low Carbon Pioneers programme and data integrity for key owner metrics.

+ For further information on why hotel owners choose to work with IHG see page 27.

Our principal risks and uncertainties continued

Talent and capability attraction or retention

Why this uncertainty is important to the achievement of our strategic objectives over the next 2–3 years

Our growth ambitions are dependent on high-quality talent across our hotels, reservations offices and corporate functions.

We continue to face a competitive market and uncertainties in relation to the availability, recruitment and retention of sufficient quality, quantity and breadth of talent.

We need to balance our responsibilities and commitments to our colleagues' development and wellbeing, whilst maintaining productivity, collaboration and appropriate labour relations, in an environment of highly pressurised growth and growing stakeholder expectations of transparency and disclosure.

IHG has the ability to manage talent and retention risks directly in relation to IHG employees but relies on owners and third-party suppliers to manage these risks within their businesses.

If we do not anticipate and respond appropriately to this uncertainty, it could impact our ability to operate and grow hotels, the effectiveness and efficiency of our key corporate functions and executive leadership, and it could heighten risks of exposure to non-compliance or litigation.

Executive Risk Sponsor

– Chief Human Resources Officer

Link to strategy



Example factors discussed with management to monitor trending

- The competitiveness and attractiveness of our recruitment, learning and talent development offer within the hospitality market as well as alternative industries.
- The health of our internal talent and succession pipeline and development pathways, including the impact of expectations of productivity, agility and performance.
- Key talent engagement and turnover.
- External macro factors, including evolving expectations on inclusion in the workplace, labour practices, our operational practices and remuneration structures, and potential for political and regulatory volatility.

Illustrative key controls

Culture and leadership:

- Employer brand strategies and policies.
- Defined accountabilities and steering structures for key talent leadership topics, including leadership boards and employee resource groups.

- Short- and long-term incentive programmes, incorporating specific incentives for key teams, colleague travel benefits.
- Training and education resources on people leadership and management, including employer branding, supported by external expertise and insight.

Processes and controls:

- Global annual talent and performance cadence, including talent forums and supporting technology.
- Compensation and benefits benchmarking, including executive remuneration.
- Specific recruitment/hiring processes, onboarding and offboarding processes, internship programmes.

Monitoring and reporting:

- Ongoing Executive Committee tracking of performance and culture and key people metrics.

Examples of how the Board obtained assurance on our risk management and resilience in 2024

- Review of Executive Committee talent and succession pipeline.
- Review of remuneration and incentive strategies and policies.
- Review of Voice of the Employee feedback.
- Review of Journey to Tomorrow people targets.
- The Internal Audit plan included independent assurance on foundational controls for key people systems following a major transition.

 For further information see Our People pages 53 to 57.

Data and information usage, storage, security and transfer

Why this uncertainty is important to the achievement of our strategic objectives over the next 2–3 years

Our ambitions require us to use data as a strategic asset – to drive revenue and marketing efficiency, improve and personalise the customer experience, grow loyalty and empower decisions.

There are opportunities and efficiencies available from cloud-based capabilities, and storage and technology advancements and innovation, including AI.

These opportunities are consciously balanced with our responsibilities to manage large volumes of data safely and responsibly, across increasingly complex data flows, business partnerships, applications and platforms.

If we fail to respond to this risk effectively, we face operational, financial, and reputational impacts to the range of high-value assets we are responsible for, or we may miss chances to capitalise on the opportunities that effective use of data can bring. In addition, if the data we use is not accurate, this may impair decision-making and/or lead to lack of trust or satisfaction by our stakeholders.

Executive Risk Sponsor

- Global Chief Product and Technology Officer
- Global Chief Commercial and Marketing Officer
- Executive Vice President General Counsel and Company Secretary

Link to strategy



Example factors discussed with management to monitor trending

- Expectations for personalisation, commercialisation and monetisation of data in support of commercial performance.
- Data infrastructure complexity, including relationships with third-party cloud providers, loyalty/customer platforms and hotel systems.
- Cybersecurity threats and trends, including agile threat actors and fraudsters, and growing use of AI tools to perpetrate attacks.
- Developments in regulatory complexity and enforcement, including privacy laws in certain territories and growing expectations for data integrity.

Illustrative key controls

Culture and leadership:

- Information governance operating framework.
- Policies for information security, handling personal data including requirements relating to AI.
- Colleague awareness campaigns on phishing and general security education and testing.

- Centralised expertise for information security, privacy and governance.

Processes and controls:

- Privacy and information security risk assessments and horizon scanning.
- IHG privacy framework, including privacy impact assessment process.
- Third-party risk management programme to monitor potential breaches with critical vendors.

Monitoring and reporting:

- Sarbanes-Oxley Act 2002 (SOX) compliance testing of key data controls.
- Management monitoring of information security issues and privacy programme development.
- Independent assessments of key controls for payment cardholder data and international money and security transfers.

Examples of how the Board obtained assurance on our risk management and resilience in 2024

- Presentations from the Chief Information Security Officer on cyber risks and management strategies.
- Review of data privacy programmes.
- Updates on cyber insurance renewal strategy.
- The Internal Audit plan included several independent reviews of foundational controls relating to access and asset management, data governance and loss prevention, and cloud provider security.

Ethical and social expectations

Why this uncertainty is important to the achievement of our strategic objectives over the next 2–3 years

As IHG operates in more than 100 countries and continues to explore new growth opportunities, we are continually exposed to evolving expectations from our stakeholders (including our owners, colleagues, guests, investors, workers in our supply chains, and our local communities) in relation to ethical and responsible business conduct across our wider business and supply chain, extending beyond compliance with laws.

We are committed to monitoring, reinforcing, and communicating the continued effectiveness of our human rights approach, our social responsibility and environmental performance.

If we fail to effectively respond to this risk, it has the potential to impact our performance and growth in key markets as well as cause reputational damage.

Executive Risk Sponsor

- Executive Vice President General Counsel and Company Secretary
- Executive Vice President Global Corporate Affairs
- Chief Human Resources Officer

Link to
strategy



Example factors discussed with management to monitor trending

- Interest in our ethical and social performance from the media and investors.
- External stakeholder expectations for IHG to manage and drive ethical and responsible business through our supply chains and across our wider business, including our franchised properties.
- Industry benchmarking, noting the challenging operating environment in many markets to build brands while also considering stakeholder responsibilities.
- Corporate account interest in travel and hospitality ethical and social performance.
- Colleague perceptions of our performance.

Illustrative key controls

Culture and leadership:

- IHG Code of Conduct supported by individual policies and brand standards on ethical and social topics.

- Formal IHG position statements including Modern Slavery statement and Approach to Tax.
- Defined accountabilities for key responsible business topic steering and oversight.
- Journey to Tomorrow goals, community strategy, partnerships, and engagement in cross-industry groups.
- Mandatory and support training on responsible business topics.

Processes and controls:

- Periodic risk assessments (anti-bribery, human rights, new country entry)
- Owner/supplier due diligence processes.
- Responsible labour requirements for hotels.

Monitoring and reporting:

- Executive tracking of human rights performance, responsible procurement metrics and confidential disclosure channel reporting trends.
- Tracking of Code of Conduct training levels for key leaders.

Examples of how the Board obtained assurance on our risk management and resilience in 2024

- Review of Code of Conduct
- Updates on strategies for ethics and compliance, community partnerships, human rights and responsible procurement supported by external perspectives.

- The Internal Audit team maintained oversight of the confidential reporting hotline and supported independent investigations where required.

+ For further information see our Being a responsible business pages 52 to 59.

Legal, regulatory and contractual complexity or litigation exposures

Why this uncertainty is important to the achievement of our strategic objectives over the next 2–3 years

The global business regulatory and contractual environment continues to evolve rapidly, adding complexity and uncertainty.

Our business ambitions and strategy consciously expose us to these trends, reflecting the complexity of our global operations across multiple jurisdictions, our business relationships and models, and where we target growth or digital innovation.

Factors to consider include the nature of our franchise relationships with hotel owners, our interactions with our suppliers (including major technology partners), and our stakeholder responsibilities. We consider such exposures carefully as part of our decision-making, drawing on an extensive network of legal advisers.

We recognise that failure to address this risk effectively, and non-compliance or inadequate compliance, could expose us to regulatory breaches, significant monetary and non-monetary penalties, adverse litigation and associated reputational harm which could impact confidence in the IHG brand and our ability to perform in key markets.

Executive Risk Sponsor

- Executive Vice President General Counsel and Company Secretary

Link to
strategy



Example factors discussed with management to monitor trending

- The scope and maturity of regulation, including ongoing legislative changes impacting our franchise relationships with hotel owners, our interactions with our suppliers, our responsibilities to consumers and to colleagues and generative AI.
- The frequency and severity of regulatory enforcement, which can vary considerably between territories, and which is subject to political influence. This includes ongoing use of sanctions and countermeasures as foreign policy tools.
- The rapid evolution of litigation and class action lawsuits, including the impact of external funding for lawsuits increasing costs and claim volumes.

Illustrative key controls

Culture and leadership:

- IHG Code of Conduct supported by individual policies on regulatory matters (anti-bribery, sanctions, antitrust, etc.) and an overarching policy governance framework.
- Defined accountabilities, steering and oversight for information governance, safety, privacy, regulatory compliance.

- Education and training resources for first-line colleagues on key legal, regulatory, and contractual requirements.

Processes and controls:

- Risk assessments on specific regulatory matters.
- Specific control processes, including third-party due diligence, franchise disclosure, new country entry, sanctions monitoring, HR procedures and entity management.
- Compliance programmes for key regulatory requirements such as safety, anti-bribery, anti-trust, privacy.

Monitoring and reporting:

- Executive-level reporting on operational safety and security, privacy, ethics and compliance, human rights trends and litigation matters.
- Corporate governance and regulatory developments updates.

Examples of how the Board obtained assurance on our risk management and resilience in 2024

- Review of corporate governance, regulatory and corporate affairs developments (including external advice).
- Specific updates on regulatory topics including privacy, tax, fraud, franchise law and litigation.

- The Internal Audit plan included independent assurance on arrangements for horizon scanning for incoming laws and project governance as teams prepare for new regulatory requirements.

Our principal risks and uncertainties continued

Supply chain efficiency and resilience (including corporate and hotel products and services)

Why this uncertainty is important to the achievement of our strategic objectives over the next 2–3 years

Macroeconomic uncertainties continue to impact corporate and hotel supply chains. Supporting our owners to source cost-efficient products or services and to safeguard supply chains can offer competitive opportunity and resilience.

Moreover, in an increasingly interconnected world, our strategic ambitions require us to work closely with a wide range of third parties to access capabilities and innovation, and to access scale efficiencies in our corporate spending.

We need to balance these opportunities with potential exposures to IHG, increasing demands for transparency, and important data responsibilities as we work with a complex range of third-party technology suppliers.

Failure to respond to this risk may impact hotel opening and performance, commercial channels, and margins for our owners, as well as IHG's financial performance and reputation.

Executive Risk Sponsor

- Chief Financial Officer
- Chief Product and Technology Officer
- Executive Vice President General Counsel and Company Secretary

Link to strategy



Example factors discussed with management to monitor trending

- The complexity of our corporate supply chain (including partners we work with, marketing investments we make and outsourced services).
- External geopolitical, economic and environmental instability, including trade and other government policies.
- Economic or financial downturns, impacting commodity pricing (for example, energy, food and beverages, labour) and inflation.
- Legislative, regulatory, and code changes, including demands for transparency and due diligence across global supply chains.
- The complexity and competitiveness of the hotel supply chain, including how we support procurement across global markets.

Illustrative key controls

Culture and leadership:

- Key policies and delegated authorities to structure how we engage with suppliers

(for example, capital expenditure controls, policies for procurement, information security, supplier conduct, supported by training resources).

- Dedicated cross-business forum to review supply chain risk and control matters.

Processes and controls:


- Supplier financial risk ratings, due diligence assessments and certifications, and onboarding and offboarding processes.
- Responsible procurement risk assessment and roadmaps.

Monitoring and reporting:

- Tracking of service level agreements, regular meetings and executive status updates for strategic suppliers.
- Tracking of supplier code acceptance and monitoring of adverse supplier practices.
- Tracking of responsible procurement and third-party information security indicators.

Examples of how the Board obtained assurance on our risk management and resilience in 2024

- Presentations on efficiency and effectiveness initiatives throughout the year.
- Supply chain risk considerations within market updates from regional CEOs.
- Review of specific major supplier contracts.
- The Internal Audit plan included independent assurance on project governance during a major supply chain system transition and monitoring of procurement policy compliance in a key market.

 For our approach to Responsible Procurement see page 80.

Operational resilience to incidents or disruption or control breakdown (including geopolitical, safety and security, cybersecurity, fraud and health-related)

Why this uncertainty is important to the achievement of our strategic objectives over the next 2–3 years

In a high-growth, fast-paced and complex global business, we depend upon the overall resilience of key processes, infrastructure and relationships.

We recognise that we need to consider and prepare for uncertainties across our operations, including fire, life safety and security threats, geopolitical volatility, health-related concerns and natural disasters.

We also need to anticipate potential disruption to technology and information security from external threats and operational breakdown and potential breakdowns in our financial management and control systems, including the risk of fraudulent behaviour, which may be heightened in the current economic environment.

Building resilience supports long-term viability and enables us to take advantage of opportunities. Failure to respond effectively could impact reputation, lead to financial loss and claims and undermine stakeholder confidence in our brands.

Executive Risk Sponsor

- Executive Vice President General Counsel and Company Secretary
- Chief Financial Officer
- Chief Product and Technology Officer
- Regional CEOs

Link to strategy



Example factors discussed with management to monitor trending

- Increasing internal and external threat levels linked to uncertain geopolitics, cyber crime and fraud, insider threats, natural catastrophes and extreme weather events.
- Potential for human-related failures such as control breakdowns resulting from organisational changes and fatigue.
- Exposure to system and infrastructure failures, with inherent stresses due to the complexity and age of key infrastructure and evolving supplier and data ecosystem.
- Heightened stakeholder expectations of how IHG responds to disruption, including new notification requirements in key territories.

Illustrative key controls

Culture and leadership:

- Centralised expertise in resilience, safety and security, threat management, and information security, complemented by cross-business oversight of financial control and fraud risk management.

- Refreshed crisis management framework, including a network of trained crisis duty directors, escalation parameters and third-party expertise on call.
- Targeted awareness campaigns for potential threats (for example, phishing).

Processes and controls:

- Ongoing management risk assessments in executive leadership teams, supported by intelligence assessments for geopolitical events.
- Contractual provisions (for example, specific language on information security, crisis management, insurance requirements).
- Specific preventative controls, including privileged access reviews.
- Business continuity and disaster recovery planning for key processes and services.

Monitoring and reporting:

- Periodic external benchmarking of programme maturity (safety, cyber, threat management).
- Compliance reporting to senior management.
- Ongoing control monitoring – including SOX testing (financial, IT controls).

Examples of how the Board obtained assurance on our risk management and resilience in 2024

- Reporting on operational safety and security, serious incidents and threats, financial control and governance, fraud risk management and cyber security.
- PwC assurance on SOC1 control reports.
- Specific updates on Middle East conflict.
- The Internal Audit plan included independent assurance on change management controls for key hotel security measures and governance of important finance process improvements.

Our ability to deliver technological or digital performance or innovation (at scale, speed, etc.)

Why this uncertainty is important to the achievement of our strategic objectives over the next 2–3 years

We are pursuing a high-paced, multi-year roadmap of investments to enhance our technology, developing our own talent and working with a wide range of suppliers, partners and academic institutions to leverage their insights, while the pace of innovation and competition in digital behaviours in the hospitality industry and wider society continues to accelerate rapidly.

In doing this, we will consciously expose ourselves to uncertainty. This involves applying machine learning, AI and generative AI to enhance and personalise guest experiences, marketing and analytics and to improve effectiveness and efficiency, including in-hotel operations.

We will need to maintain the right balance between disruptive and incremental innovation, while maintaining the performance of our foundational technology platforms and channels.

If we fail to address this risk, we may not capitalise on opportunities to maintain or increase guest and owner preferences for IHG and its brands and/or reduce our resilience.

Executive Risk Sponsor

- Chief Product and Technology Officer
- Global Chief Commercial and Marketing Officer

Link to
strategy



Example factors discussed with management to monitor trending

- The current state of our foundational technology infrastructure and applications in order to position ourselves for fast progress with innovation.
- Talent and capabilities, working with thought leaders, and collaborating with key suppliers and partners to ensure that we have competitive capabilities, knowledge and insights as stakeholder needs and preferences evolve rapidly and as partnering with a range of major tech suppliers on generative AI developments increases.
- Our ability to execute and govern a programme of significant multi-year investments, particularly where we are increasingly reliant on third parties.

Illustrative key controls

Culture and leadership:

- Refreshed Product and Technology leadership team during 2024.
- Accountabilities for product ownership across website, app, loyalty platforms, supported by development teams.
- Defined leadership accountability for technology innovation, closely aligned with technology architecture responsibilities.
- External networking and thought leadership, including engagement with educational institutions and consultants.
- Generative AI Steering Committee

Processes and controls:

- Formalised change management processes, including roadmaps for phased rollout of technology initiatives.
- Defined generative AI governance processes.

Monitoring and reporting:

- Executive-level monitoring of current programme execution.
- Tracking of technology debt.

Examples of how the Board obtained assurance on our risk management and resilience in 2024

- Review of product and technology strategies and key initiative rollout updates.
- Review of cybersecurity status and risks.
- Updates on technology rollout to support data across our global estate.
- The Internal Audit plan included several independent reviews of technology programmes relating to new applications, cloud arrangements and procurement of Artificial Intelligence capabilities.

The impact of climate-related physical and transition risks

Why this uncertainty is important to the achievement of our strategic objectives over the next 2–3 years

Climate change presents a range of physical and transition risks for IHG and the wider hospitality sector.

Our TCFD assessment details both physical and transition risks to IHG, and we will continue to assess the aggregate impact of climate change on our wider stakeholders, including incremental costs for our third-party hotel owners.

Our business model means that we share these uncertainties with the owners of hotels carrying IHG's brands, and we are reliant on their continued appetite and capacity to invest in hotels as profitable assets in the short and long term.

The potential impact of climate change-related uncertainties is an integral part of other principal risks; however, if we fail to react to physical and transition risks effectively overall, or to position ourselves to capitalise on opportunities that the low-carbon transition may bring, then this has the potential to impact IHG's reputation, performance and growth in key markets.

Executive Risk Sponsor

- Chief Financial Officer
- Executive Vice President Global Corporate Affairs

Link to
strategy



Example factors discussed with management to monitor trending

- Evolving regulatory and fiscal interventions, including reporting requirements on corporates.
- Expectations of investors and ratings agencies changes.
- Cost implications for owners, for example, to build, convert and renovate hotel assets.
- Corporate client preferences and whether climate considerations influence travel and spending decisions.
- Exposure to acute and chronic physical risks for our open and pipeline hotels over the short, medium and longer term.

Illustrative key controls

Culture and leadership:

- Definition of planet related goals and programmes within overall strategy.
- Industry and stakeholder engagement on key topics including industry standards and financial incentives.
- Steering Committee accountabilities for Journey to Tomorrow and decarbonisation.

Processes and controls:

- Periodic external assessment support for physical and transition risks.
- Energy reduction processes and resources (including brand standards and e-learning) to help mitigate cost risks for owners.

Monitoring and reporting:

- Hotel energy use reporting via IHG Green Engage tool.
- Executive tracking of TCFD metrics.

Examples of how the Board obtained assurance on our risk management and resilience in 2024

- Review of TCFD disclosures and the embedding of climate considerations in strategy, governance, risk management and performance management, supported by external expertise.
- Review of climate data, reporting and assurance strategies.
- The Internal Audit plan included ongoing independent assurance on management progress with energy data estimation methodologies.

+ For further information see
Our planet pages 60 to 76.