

Responsible Business at IHG

Investor roundtable



Agenda

1. Responsible Business at IHG

Keith Barr – Chief Executive Officer

2. Journey to Tomorrow

Yasmin Diamond - EVP, Global Corporate Affairs

3. Supporting our communities

Yasmin Diamond - EVP, Global Corporate Affairs

4. Long term environmental resilience

Catherine Dolton – Chief Sustainability Officer

5. Our people agenda

Keith Barr – Chief Executive Officer

6. Q&A



Our next chapter as a business

OUR PURPOSE

True Hospitality
for Good

OUR AMBITION

To deliver
industry-leading
net rooms growth

OUR STRATEGY

Use our scale and expertise to create the exceptional guest experiences and owner returns needed to grow our brands in the industry's most valuable markets and segments. Delivered through a culture that retains and attracts the best people and embraces opportunities to positively impact the world around us.

PRIORITIES



Build loved
and trusted
brands



Customer
centric in all
we do



Create digital
advantage



Care for
our people,
communities
and planet

BEHAVIOURS



Move
fast



Solutions
focused



Think
return



Build one
team

Acting responsibly even in tough times

Supporting our people

- Flexible working for our colleagues
- Employee Assistance Programme
- Employee Resource Groups (ERGs)
- Disaster Response

Stepping up in times of need

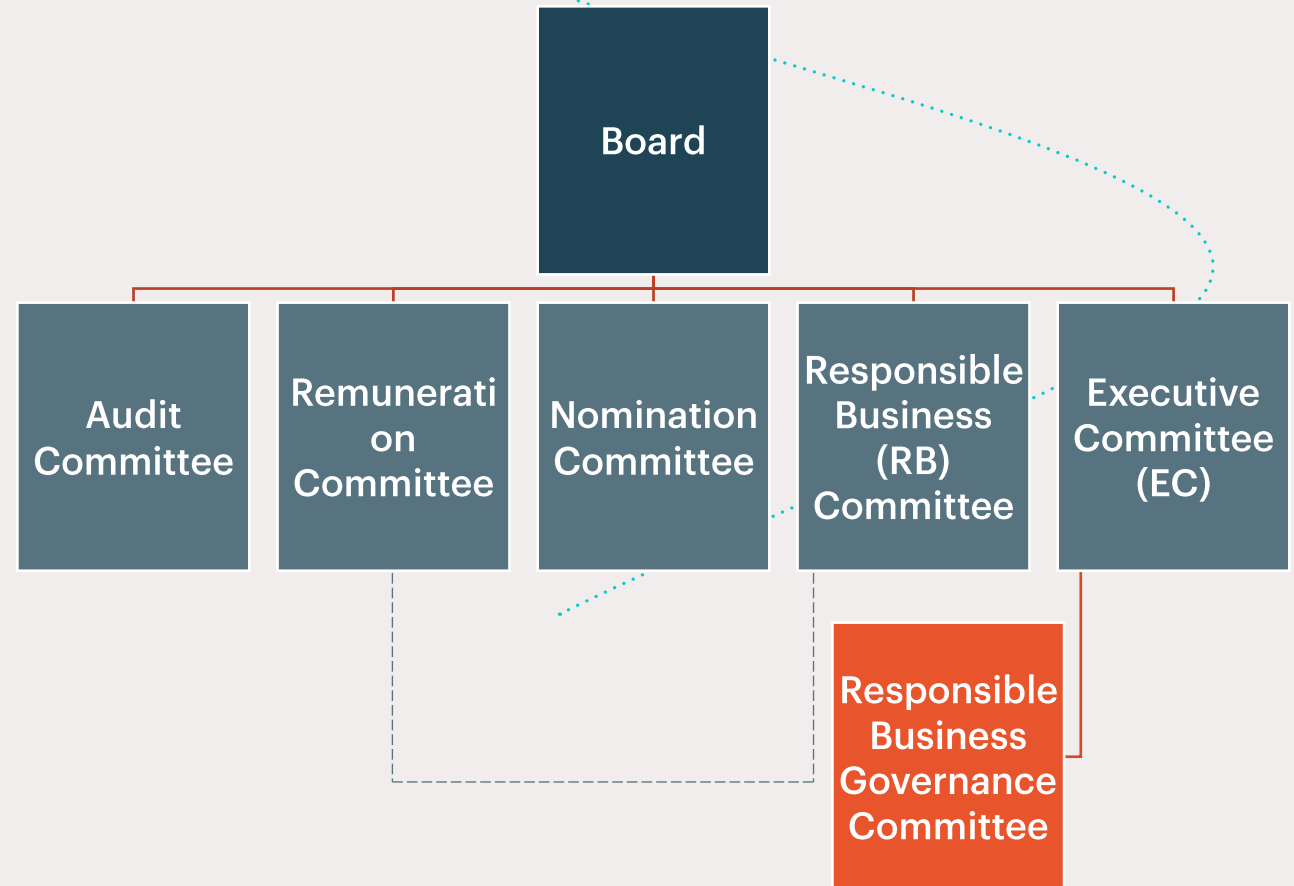
- IHG Clean Promise and Meet with Confidence
- Food bank infrastructure and partnerships
- Accommodate those in need
- Thanking our heroes

Collaborating to drive change

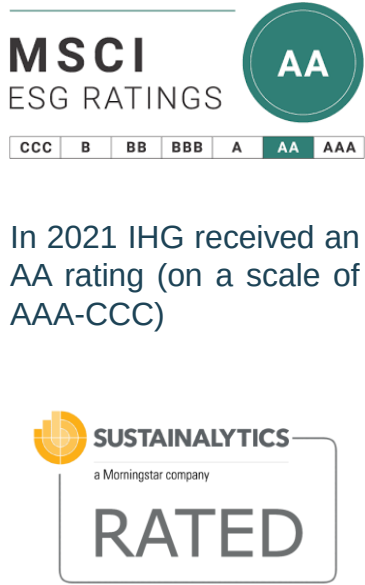
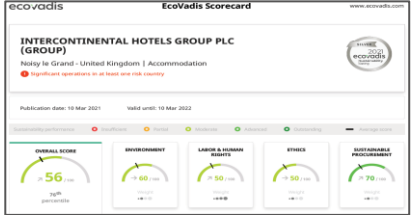
- Sustainability Hospitality Alliance
- BITC Race at Work Charter
- Membership of Zero Carbon Forum
- Collective action in water-stressed areas

Underpinned by clear governance

- Responsible Business Committee advise and support the Board on our objectives and strategy
- Meets regularly with the remuneration committee to discuss the addition of an ESG metric into the next remuneration policy
- The Responsible Business Governance Committee, formed from senior leaders across the business, lead on the day-to-day management of our responsible business activities and advise the EC and Board on our wider ESG agenda



A strong commitment to ESG reporting and transparency

Responsible Business report and ESG databook	ESG ratings	Index participation	CDP questionnaire responses	EcoVadis scorecard
 Provides a summary of all our efforts across the ESG agenda in 2020, including our TCFD disclosure, GRI and SASB alignment. Find at: IHGPLC.com > Responsible Business > Reporting	 In 2021 IHG received an AA rating (on a scale of AAA-CCC) In, February 2021, IHG received an ESG risk rating of “low” from Sustainalytics	 Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA	 We respond annually to CDP Climate and Water questionnaire. In 2020 we scored C for Climate and B for Water. Find at: IHGPLC.com > Responsible Business > Reporting (Climate and Water)	 Rates/ benchmarks a company's responsible business performance in four themes and highlights strengths and improvement areas. Used by IHG corporate customers.

We are well positioned to respond to the evolving commercial context



- **Regulatory changes:** Biden Administration; Paris Climate Agreement; EU 2030 Climate Plan; COP26; China reaching net zero by 2060
- Guests willing to spend an average of **31% extra** per night on accommodation that operates responsibly
- Employees looking for a greater sense of **purpose** from the businesses they work for
- Greater focus on sustainability data from guests: **particularly corporate clients**
- Intermediaries e.g. OTAs increasingly looking to classify hotels as **“green”**

Summary

- Doing business responsibly is at the heart of everything we do
- Underpinned by strong oversight from the Board and Executive Committee
- Strong commercial imperative to deliver competitive advantage for IHG
- Greater focus from guests on sustainability data, particularly corporate clients
- Employees looking for a greater sense of purpose from the businesses they work for
- Well positioned for our next decade of action

Introducing Journey to Tomorrow, our 10-year action plan



2018-2020 targets: largely met despite Covid-19 impact

10

Environmental sustainability

Target

6-7%

carbon reduction per occupied room

2

water stewardship projects launched per year

- **2019:** 5.9% reduction in carbon per occupied room vs 2017 baseline
- **2020:** increased by 10.2% vs 2017 baseline due to occupancy reduction from Covid-19 impact
- **2017-2020:** Overall 23.6% reduction in carbon emissions
- Water stewardship **target met**

Community Impact

Target

30k-40k

individuals provided with hospitality skills training through our IHG Academy

\$3m

contributed to community impact projects

100k

colleagues involved in community projects each year

- **32k** individuals provided with skills training
- **\$3.4m** donated to community impact projects
- **>300k** colleagues supported community impact activities

Our People

Target

Increase diversity

Increased diversity in terms of gender and nationality or ethnicity of IHG Senior Leaders

Increase female representation

Increase number of females working in General Manager (GM) and operational roles in managed hotels

Employee engagement

Track and report employee engagement

- **38%** female representation across senior leadership
- **25%** of females working in GM and operational roles (vs 22% in 2017)
- Stable employee engagement **above external top quartile benchmarks**

Responsible Procurement

Target

Increase supplier audits

Increased the number of supplier risk profiles and audits for preferred suppliers

Ethical suppliers

Increase ethical supplier awareness

IHG Green Criteria

Increase suppliers that meet IHG Green Criteria

- **Expanded risk assessment questionnaire** to over 260 key suppliers
- Developed **Responsible Sourcing Principles** for hotels
- **More stringent criteria** for qualification as a green supplier
- IHG Green Criteria **fully embedded** into sourcing processes

Introducing Journey to Tomorrow

video



Our 2030 Responsible Business Commitments



Improve the lives of 30 million people in our communities around the world

- Drive economic and social change through skills training and innovation
- Support our communities when natural disasters strike
- Collaborate to aid those facing food poverty



Reduce our energy use and carbon emissions in line with climate science

- Implement a 2030 science-based target that delivers:
 - 15% absolute reduction in our direct operations
 - 46% per m2 reduction in franchise operations
- Target 100% new build hotels to operate at very low / zero carbon emissions by 2030
- Maximise / optimise the role of renewable energy



Pioneer the transformation to a minimal waste hospitality industry

- Eliminate single use items, or move to reusable or recyclable alternatives across the guest stay
- Minimise food going to waste through a “prevent, donate, divert” plan
- Collaborate to achieve circular solutions for major hotel commodity items



Conserve water and help secure water access in those areas at greatest risk

- Implement tools to reduce the water footprint of our hotels
- Mitigate water risk through stakeholder collaboration to deliver water stewardship at basin level
- Collaborate to ensure adequate water, sanitation, and hygiene (WASH) conditions for our operating communities



Champion a diverse culture where everyone can thrive

- Drive gender balance and a doubling of under-represented groups across our leadership
- Cultivate an inclusive culture for our colleagues, owners and suppliers
- Support all colleagues to prioritise their wellbeing and of others
- Drive respect for and advance human rights





“
How we grow as a company, and work to be a force for good, are inextricably linked. We are empowering our colleagues, and working with our hotel owners and industry to help shape the **future of responsible travel**. ”

Keith Barr, Chief Executive Officer

Partnering to achieve change

Owners

- Support in understanding the changing regulatory environment
- Work together for a win-win to deliver strong returns

Industry

- Working on collaborative solutions
- Sharing information and best practice through membership organisations

Governments

- Advocating for positive change
- Working with governments and NGOs to address shared challenges

Communities: improve the lives of 30 million people in our communities around the world

Communities



- Drive economic and social change through skills training and innovation
- Support our communities when natural disasters strike
- Collaborate to aid those facing food poverty



Communities: building employability through IHG Academy

- Investing in the next generation by providing skills and training to those furthest from employment
- Colleagues regularly participate in lectures, seminars and panel discussions globally
- Programme used to provide access to training and materials for our NGO partners
- 2020 Virtual Challenge – pivoted support to digital opportunities to ensure access to opportunities during the pandemic
- This combined learning has helped us shape the future of IHG Academy



Communities: IHG Academy – Evolving our approach

From...

Over three years have delivered over 30,000 experiences to IHG Academy participants.

These have been focused on:

- Placements
- Work Experience
- Internships
- First Look events



To...

Retaining the core of IHG Academy but adding in virtual, self serve materials in conjunction with key partners.

Can scale our offering, and drive a talent pipeline for the industry.

This provides an opportunity to make a **tangible difference in the community** and **grow IHG's talent reach** at the same time.



Communities: helping to improve food security



- Strengthening our network to deliver our food banking strategy
- Recent partnerships include Global FoodBanking Network and Ozharvest

“When families across the globe were in severe need, IHG made an invaluable commitment to The Global FoodBanking Network, helping us serve meals to more than 27 million people in 44 countries.”

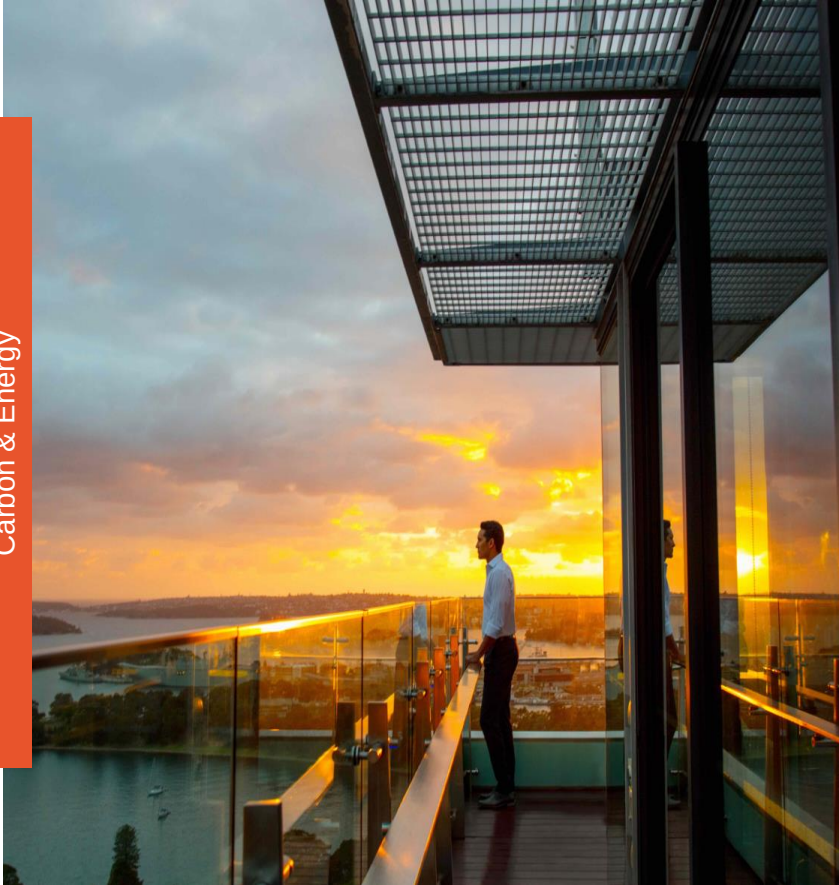
**Lisa Moon CEO and President,
The Global FoodBanking Network**

Building long term environmental resilience



Energy: reduce our energy use and carbon emissions across the entire estate

Carbon & Energy

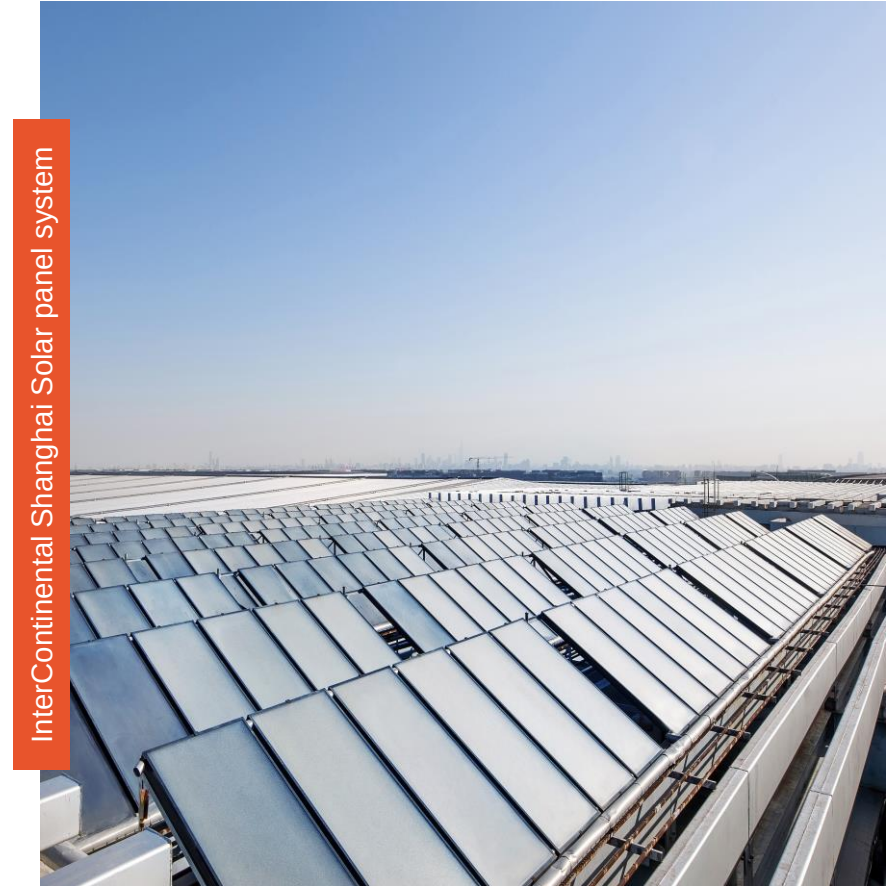


- Implement a stretching 2030 science-based target:
 - 15% absolute reduction in our **direct** operations vs 2018
 - 46% per m² reduction in **franchise** operations vs 2018
- Target 100% new build hotels to operate at very low/zero carbon emissions by 2030
- Maximise/optimize the role of renewable energy



Energy: focusing on decarbonisation

- Decarbonisation model to scenario test our science-based target
- Based on a framework of “**Avoid**,” “**Reduce**” and “**Compensate**”
- **Avoid**: through targeting new builds operating at very low/zero carbon
- **Reduce**: hotel level carbon reduction metrics to drive behavioural and operational change
- **Compensate**: global project to identify opportunities for renewables across our global estate
- Centralised data collection through IHG Green Engage upgrade
- Integration of sustainability considerations into build and retrofitting requirements

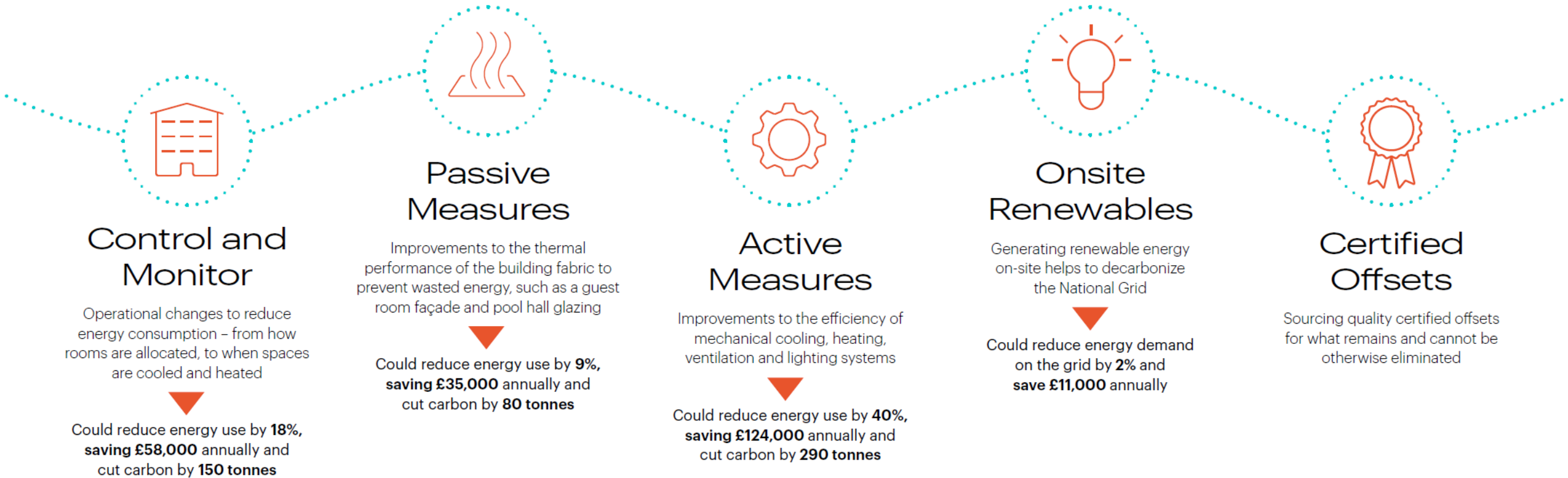




Energy: leading the change

White Paper: looking at decarbonising a UK based property and moving operational energy to net-zero.
Based on a full service midscale hotel built in the UK in 1966.

Five key areas of intervention:



Owner return on investment in less than five years

Net zero carbon target delivered and payback rapidly achieved on cost of work when taking into account the added value realised through higher revenues or increased asset value

Waste: Pioneer the transformation to a minimal waste hospitality industry

Waste



- Eliminate single-use items, or move to reusable or recyclable alternatives across the guest stay
- Removal of miniature bathroom amenities
- Minimise food waste through “prevent, donate, divert” plan
- Collaborate to achieve circular solutions for major hotel commodity items



Waste: Innovating to reduce waste

Single use items



- First major hotel company to launch bulk bath amenities
- Cross functional team to drive further change

Circular solutions



- Incorporating circularity across estate
- Over 3 million water bottles diverted from landfill to bedding

Food waste



- Use of AI to combat food waste
- Food waste reduction across UK managed estate

Water: conserve water and help secure water access in those areas at greatest risk



- Implement tools to reduce the water footprint of our hotels
- Mitigate water risk through collaboration to deliver water stewardship at basin level
- Collaborate to ensure adequate water, sanitation, and hygiene (WASH) conditions for our operating communities





Water: Stewardship projects driving change

- Partnership with the Alliance of Water Stewardship to utilise their certification methodology at 6 water stewardship locations in China, Australia, Indonesia, UK and India
- Projects identified six priority areas including increasing water efficiency and stakeholder engagement
- Stakeholder engagement and collaboration are key given the small part our hotels play in a water basin
- To drive collaboration we have joined CEO Water Mandate Water Resilience Coalition
- White paper due to be released later this year with our learnings from projects to date



Our people agenda



People: champion a diverse culture where everyone can thrive



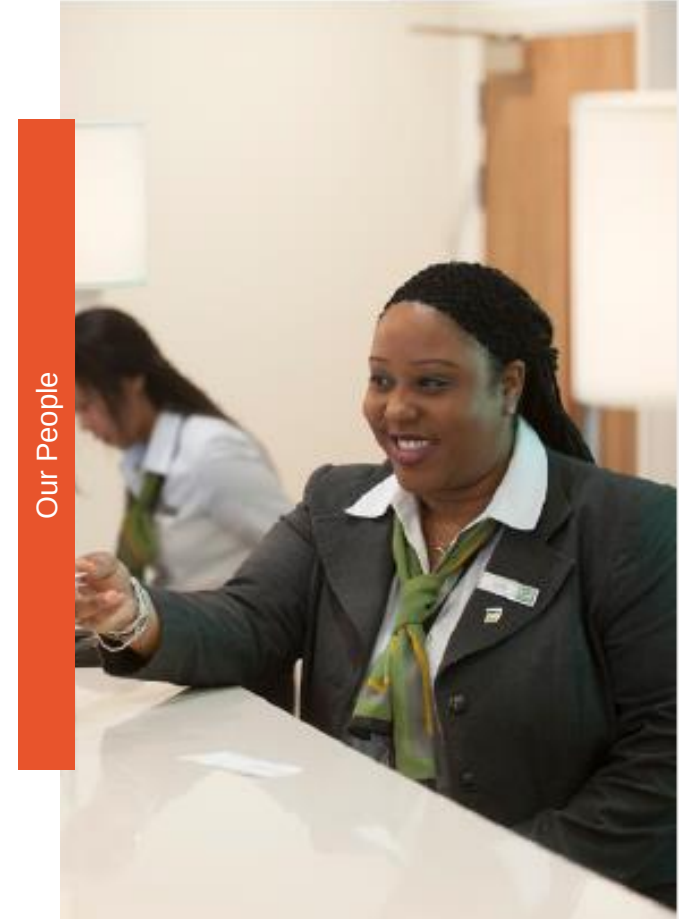
Our People

- Drive gender balance and a doubling of underrepresented groups across our leadership
- Cultivate an inclusive culture for our colleagues, owners and suppliers
- Support all colleagues to prioritise their wellbeing and the wellbeing of others
- Drive respect for and advance human rights



People: creating a culture to be proud of

- Conscious inclusion training for colleagues in all markets
- Expanding Employee Resource Groups (ERG)
- Launch of Ascend Talent programme for ethnic minorities
- RISE programme to increase female representation across hotel General Managers
- Roadmap to achieve diverse leadership representation goals
- Further enhancements to our diverse hiring practices
- Supplier diversity programme



Our People



People: developing our approach to human rights and combating modern slavery

- Human rights toolkit for hotels
- Collaborating on industry projects
- Ethical recruitment pilots
- Supply chain due diligence and audits
- Anti-trafficking training and awareness
- Transparency and reporting



Responsible business at IHG

- IHG has a strong heritage of doing business responsibly
- Journey to Tomorrow sets out our next decade of action
- Focused on three key areas – our communities, our planet and our people
- Working closely with our owners to deliver our ambitious commitments, including our stretching scope 3 target to reduce carbon footprint
- Collaborating across industries, trade bodies and governments to drive change

Thank you

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