



2015 Responsible Business Report

Great Hotels Guests Love[®]



*IHG[®] Rewards Club not applicable to Kimpton[®] Hotels & Restaurants; to be included at a future date.

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Cover image: Colleague fundraising event in China as part of 2015 IHG Global Community Fundraising Week.

This report forms the summary of IHG's responsible business activities for the year to 31 December 2015.



Introduction

A commitment to operating our business responsibly underpins our entire strategy.

We bring this commitment to life through our culture and by embedding it in all aspects of the way we work. Doing the right things in the right way engenders pride amongst our colleagues and owners, and builds trust with local communities and our guests, who hold this pledge in increasingly high regard.

We are committed to ensuring a positive impact on the lives of all people that interact with IHG. We deliver on this commitment through our culture of responsible business and our award-winning corporate responsibility programmes.

Our culture of responsible business

Our commitment to doing business responsibly begins with our Chairman, the Board and its Committees. They provide strong leadership and promote responsible business behaviours throughout the organisation to ensure compliance with relevant laws and regulations and instil a strong culture of business ethics. IHG's attitudes and ethical values are reflected in our Code of Conduct, Human Resource policies and performance reward systems. We have policies, programmes and training in place to ensure our employees deliver on our responsible business commitments such as human rights, anti-bribery and corruption, information security, and antitrust laws and procedures. We also work to ensure a safe and secure environment for our guests, employees and those working at, or visiting, our hotels and corporate offices.

In 2015, we continued to embed our culture of responsible business across IHG with the launch of our human rights e-learning for colleagues and maintained our commitment to embedding policies and training such as risk management and data protection.

The launch of the United Nations Sustainable Development Goals (SDGs) in September 2015 was a pivotal moment. At IHG, we are evolving our business to ensure we can adapt to the changing global landscape and that our efforts are aligned to the overall SDG objective to transform our world by 2030 through a commitment to sustainable development.

Our award-winning corporate responsibility programmes

At IHG, we work to make the communities around our hotels and corporate offices better places for all. Our colleagues across the globe care for the good of our guests, local communities and business too.

On the ground, we are capitalising on the hospitality industry's unique ability to make a positive difference to the environment and thousands of local communities through our corporate responsibility programmes: IHG Green Engage™ system and IHG® Academy. We continue to empower and equip our hotels to prepare for disasters and to support colleagues and communities when disasters strike.

We know our guests value and appreciate our approach and we make it easier for them to make informed travel decisions by highlighting our efforts to reduce the environmental impact of our operations.

In 2015, we continued to deliver strong progress against our five-year corporate responsibility targets – giving us confidence in our ability to meet or exceed our goals by 2017.

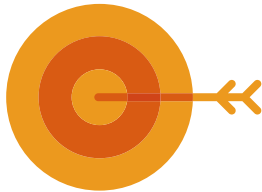
IHG® Foundation

Building on the positive impact of IHG's corporate responsibility programmes, the IHG Foundation launched in February 2016. This independent charitable trust provides grant funding to projects that create positive change. The IHG Foundation will focus on helping communities develop hospitality skills, ensuring support for those impacted by disasters, facilitating local community investment and protecting the environment. Through these efforts, the IHG Foundation will help set the foundations for stronger, healthier, more prosperous communities around the world.

Please visit www.ihgfoundation.com to learn more.



2015 highlights



100%

IHG® Academy target achieved, providing skills and employability to 20,000 people

Biggest Ever

120,000+

our biggest ever global community fundraising week with 98,000+ colleagues taking part

responsible business e-learning modules completed



4.8%

reduction in water use per occupied room in water-stressed areas*

Launched

Water Stewardship programme launched with global water-use experts, the Water Footprint Network



9,287

participants globally benefited from the IHG® Academy in 2015



27

disasters in 17 countries were responded to from our disaster relief fund



3.9%

reduction in carbon footprint per occupied room*



34,389

Green Solutions implemented through our IHG Green Engage™ system



98B

score reported on the Carbon Disclosure Project (CDP)

2015 Forbes

Top 50

Green Brands

87.3%

all-time high for employee engagement scores in corporate offices and managed hotels

Awarded the

Female FTSE 100 Award 2015

from Business in the Community

100%

score on the Human Rights Campaign's 2015 Corporate Equality Index

Forbes

Most Reputable

Companies 2015

* from a 2012 baseline

About IHG

IHG is a global hotel company whose purpose is to create Great Hotels Guests Love®.



IHG is one of the world's leading hotel companies, operating in nearly 100 countries around the world.

Our business model

We predominantly franchise our brands, and manage hotels on behalf of third-party owners. Our asset-light strategy enables us to grow our business whilst generating high returns on invested capital.

Franchised hotels (rooms)

4,219 (530,748)

2014: 4,096 (514,984)

Managed hotels (rooms)

806 (211,403)

2014: 735 (192,121)

Owned/Leased hotels (rooms)

7 (2,217)

2014: 9 (3,190)

Our 2013-2017 targets

In September 2013 IHG launched five-year targets, to signal our commitment to doing business responsibly and to creating shared value for our business, our owners, the environment and the local communities in which our hotels operate.

Having robust measurements in place is part of our commitment to responsible business.

Reduce carbon footprint per occupied room*



Contribute to communities through monetary donations and in-kind support, including through disaster relief (IHG® Shelter in a Storm)

We exceeded our target with a cumulative contribution of \$12.27m from 2013-2015. This strong track record of community contributions led to the launch of the IHG Foundation in February 2016. Please see page 29 for more information on the IHG Foundation.



Reduce water use per occupied room in water-stressed areas*



Provide skills and improved employability to people via the IHG® Academy

Having exceeded the target of 20,000 two years early, we have doubled our target to 40,000.



Track and report diversity within our supply chain

Our spend with diverse suppliers in 2015 was \$62.4m. This represents a 21% increase on our spend in 2014 (\$51.6m).

Integrate corporate responsibility criteria into the selection and evaluation process for all preferred suppliers

We have enhanced our procurement systems to require new suppliers to sign the IHG Vendor Code of Conduct as part of the process of becoming a preferred supplier.

*from a 2012 baseline.



*IHG® Rewards Club not applicable to Kimpton® Hotels & Restaurants; to be included at a future date.

Chairman's statement



“At IHG, our purpose is to create Great Hotels Guest Love. Behaving in a responsible and ethical way is a key part of this and is an area that the Board of IHG and the CR Committee take seriously.”

Welcome to the second edition of our Responsible Business Report.

The report provides an overview of IHG's culture of responsible business including our work around embedding strong business ethics, managing risk, ensuring an effective and efficient supply chain and raising awareness of human rights. It also provides an update on our corporate responsibility programmes and a detailed update on progress made against our formal targets.

The Board is focused not only on what we deliver as a business but also how we deliver. Ensuring that there is a high level of cultural integrity ingrained within the way we operate is just as important as delivering excellent financial and operational results, as is our ability to drive sustainable performance and meaningful shareholder value.

Indeed, IHG's growth over the 13 years since we became a standalone business has not just been about short term performance; it has been about nurturing the health of the organisation into the future, about being more agile, executing better and staying true to our values.

Our experience shows that this commitment and focus resonates with the more than 350,000 people who work in our hotels and corporate offices globally as well as with our corporate clients, owners and guests. It empowers our people and demonstrates to our guests that we are dedicated to caring for them as well as the local community and environment around our hotels.

In February, we announced that Jennifer Laing will be retiring from the IHG Board in May 2016. I would like to thank Jennifer for the passion and drive she has shown as Chairman of the Corporate Responsibility Committee. She has been instrumental to the success of our responsible business agenda. I would also like to congratulate Jill McDonald in her new role as Chairman of the Corporate Responsibility Committee.

A handwritten signature in black ink, appearing to read 'P. Cescau', written over a horizontal line.

Patrick Cescau
Chairman

Chief Executive Officer's review



“Doing business responsibly is integral to life at IHG and is a guiding principle to how all our colleagues around the world behave on a daily basis. What’s more, we capitalise on our scale to make a positive impact on the environment and communities we touch across our more than 5,000 hotels globally.”

Our 2015 Responsible Business Report highlights some of our key milestones and achievements during the course of the year, which included:

- Celebrating 10 years of the IHG Academy. From its beginnings in China, there are now more than 1,200 IHG Academy programmes in 68 countries, which provided skills and training to more than 9,200 participants in 2015.
- Responding to 27 disasters in 17 countries including our biggest ever contribution to support relief work following the devastating earthquakes in Nepal.
- Implementing over 34,000 Green Solutions through the IHG Green Engage system to reduce the environmental impact of our hotels.
- Over 120,000 responsible business e-learning modules completed.
- Developing and launching a Human Rights e-learning module available to all hotels and colleagues.
- Global roll-out of IHG Marketplace, a hotel procurement platform, which incorporates the Vendor Code of Conduct as well as responsible business criteria.

In February 2016, we were delighted to announce the launch of the IHG Foundation and its five initial grant recipients. The Foundation represents an evolution of our commitment to responsible business practices. It will ensure that we can expand our reach even further, beyond our hotels, and use the power of hospitality to set the foundations for stronger, healthier, more prosperous communities around the world.

Finally, I would like to thank our owners, colleagues and other partners for their ongoing support and for helping to ensure that IHG continues to put responsible business practices at the heart of everything we do. I am proud of our commitment to doing things the right way, and of our work to help make communities around the world better places to be for all.

Richard Solomons
Chief Executive Officer

Our culture of responsible business

In a climate where employees, guests and other stakeholders are seeking confirmation that companies share their values, the things we do to instil a culture of responsible business across the Group contribute to the credibility and value of the IHG brand. These include:

- Strong governance and leadership which promotes responsible business attitudes and behaviours throughout IHG.
- Ensuring our colleagues understand key legal and reputational issues.
- Engaging in responsible procurement.
- Ensuring the safety and security of employees, guests and other visitors to our hotels and offices.
- Operating effective risk management and internal controls.



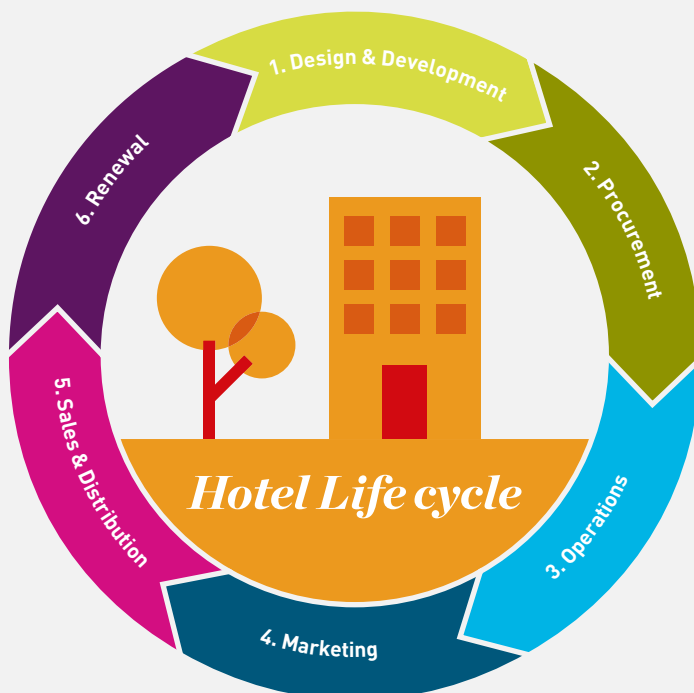
Developing our responsible business approach

In developing our approach to responsible business, we consider all aspects of the hotel life cycle to understand our impact in terms of our direct operations, our relationships with our owners and our supply chain.

Our culture of responsible business underpins our entire strategy and impacts the way we approach all aspects of the hotel life cycle. Our award-winning corporate responsibility programmes were developed to address the aspects where we believe we can make the biggest difference at scale. We are reducing the environmental impacts of our operations. Leveraging the economic and social contribution of hotels, we are creating jobs, stimulating local economies and providing opportunities for skills building, and offering support and shelter when disasters strike.

In a world where employees, guests and other stakeholders are asking the companies they interact with to demonstrate how they share their values, we constantly review our approach to instil a culture of responsible business and to leverage our corporate responsibility programmes.

IHG Responsible Business Approach Across the Hotel Life Cycle



1. Design & Development

IHG branded hotels are designed and developed in innovative and responsible ways to be at the heart of their communities.

2. Procurement

Hotels source goods and services in a responsible and sustainable way.

3. Operations

Hotels are operated in innovative ways to manage our environmental impacts and enhance our positive impact on the local economy and local people whilst ensuring the safety and security of colleagues and guests.

4. Marketing

We enhance the reputation of IHG and its brands by delivering responsible hotels our guests want.

5. Sales & Distribution

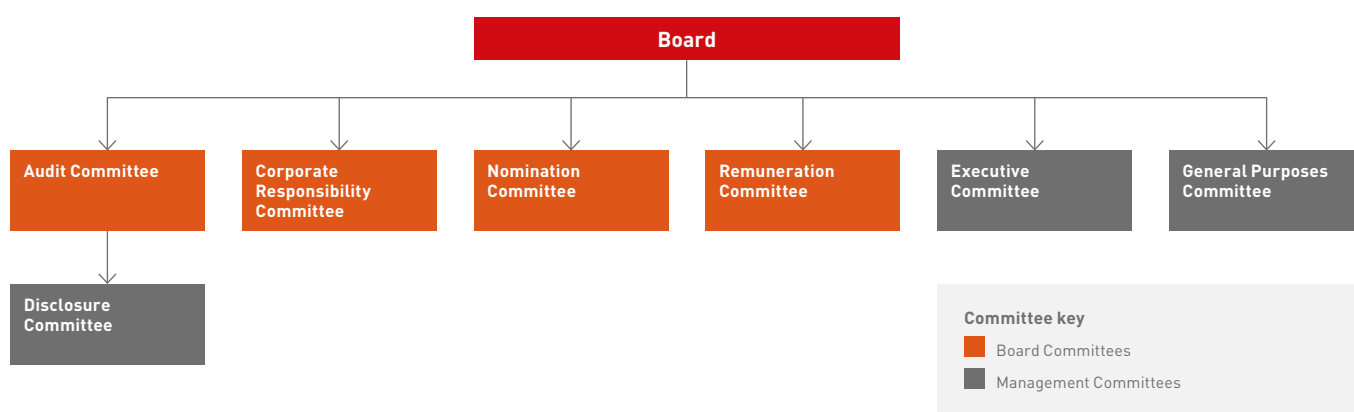
We manage key relationships in the business-to-business, transient, leisure, and speciality markets to attract guests who value responsible business practices to our hotels.

6. Renewal

Hotels renew, recycle and reuse materials.

Governance and leadership

Our culture of responsible business begins with strong leadership and the highest standards of governance. Our Board leads our governance framework which supports IHG's culture, our values and our commitment to doing business responsibly.



The Board and its Committees

The Board is responsible for ensuring leadership through effective oversight and review of the Group's activities.

Supported by its principal Committees (the Audit, Corporate Responsibility, Nomination and Remuneration Committees), the Board sets the strategic direction of the Group and aims to deliver sustainable shareholder value for the long term.

The Audit Committee: monitors the effectiveness of the Group's system of internal controls and risk management framework, the Group's risk appetite, and the integrity of the Group's financial reporting, whistleblowing and regulatory compliance.

The Nomination Committee: reviews and considers the size, structure and composition of the Board and its Committees, giving due regard to ongoing succession planning, and makes recommendations to the Board.

The Remuneration Committee: reviews all aspects of Executive remuneration, reviewing trends across the industry and setting Executive remuneration policies, which are designed to incentivise and retain talent to support the delivery of our long-term strategy.

The Corporate Responsibility Committee:

provides direction, oversight and advice to the Board on the Group's corporate responsibility objectives and strategy, including its environmental impact, social and community impact, human rights considerations and stakeholder engagement.

During 2016, its priorities are to:

- continue to drive meaningful progress on our five-year corporate responsibility targets, and consider and determine targets for the period beyond 2017;
- further enhance our efforts to reduce water use in our operations through developing our water stewardship strategy;
- accelerate the roll-out of IHG Academy across our global hotel estate and to deliver a positive impact on participants and our hotels;
- continue to enhance disaster preparedness efforts in IHG hotels and local communities to deliver greater community resilience;
- continue to increase awareness of human rights, embed the human rights standard and leverage e-learning courses and other training;
- and continue to deliver the stakeholder engagement plan, with a focus on guest engagement.

Please see the corporate governance section on the Company's website at www.ihgplc.com/investors for the schedule of matters reserved for the Board, which sets out those matters that are not delegated by the Board to its Committees, and the terms of reference for each Board Committee, which set out their respective roles and responsibilities in more detail.

Our Management Committees

The Executive Committee: has responsibility for implementing operational decisions. Day-to-day management of the business is delegated to the Chief Executive Officer and the Executive Committee. There is clear delegation and oversight from the Board to the Executive Committee, which strengthens decision-making across key areas of the business.

The General Purposes Committee: attends to business of a routine nature with parameters set by the Board or an appropriate Committee.

The Disclosure Committee: ensures proper procedures are in place for information disclosures required pursuant to UK and US accounting, statutory or listing requirements.

IHG's approach to risk management

Our robust and effective risk management system continues to evolve, enabling our business to achieve its strategic objectives, and deliver sustainable, long-term growth and a commitment to responsible business practices.

Our Winning Model and risk

The combination of our strategy and business model creates both opportunities and inherent risks and uncertainties. The Board is ultimately accountable for the effectiveness of the risk management and internal control systems, and is supported by the Audit Committee, the Executive Committee and other delegated committees, which oversee our risk management system and ensure that risks are appropriately identified and managed within IHG's risk appetite.

Risk appetite

IHG's risk appetite is reflective of the nature and extent of risk that the Board and IHG are willing to take and manage in pursuit of our strategic and other objectives. This is then cascaded through the goals we set, the strategy we choose, the decisions we make and how we allocate resources. Specific limits and guidelines for risk-taking are reflected in our governance committees and structures, our policies (eg our delegation of authority policy), and the targets we select.

Our risk management system

Our system for managing risk is fully integrated with the way we run the business through our culture, our management controls and our reporting. Our Global Risk Management function is responsible for the support, enhancement and monitoring of the effectiveness of this system, which encompasses the key areas below.

Risk and culture

Tone, attitudes, ethical values and policies

IHG's culture is supportive of considered and conscious risk-taking in pursuit of business objectives, and is embedded through, for example, our Winning Ways (see page 16) and our Code of Conduct, which consolidates and clarifies our ethical values and expected standards of behaviour.

The Code of Conduct, available at www.ihgplc.com/investors under corporate governance, is applicable to all Directors, officers and employees. It is supported by an e-learning programme and key policies in areas such as bribery, gifts and entertainment, and handling personal data. We also have a confidential disclosure channel to provide employees with a means to report any ethical concerns they may have.

Governance and committee structures

IHG has an operational committee structure in place, which includes regional operating and expenditure committees, franchise and management deal approval committees, and compliance committees, to ensure effective oversight and review of the Group's activities. These committees oversee, manage and mitigate risk in relation to their activities.

We continue to review and adjust management committees in light of changing business needs and to ensure they support effective and efficient decision-making, including appropriate consideration of risk.

In 2015, we have confirmed and reinforced committee accountabilities in relation to our brand and marketing activities, our programme portfolio management, and our owner strategy.

Risk and control management

Three lines of defence

As well as continued reinforcement of 'first line' accountability for risk management, we have continued to enhance our capability in 'second line' subject matter expertise. In 2015, this has included enhancements to procurement and HR processes, and continuing focus on regulatory compliance. 'Third line' independent assurance is primarily provided by Global Internal Audit, whose audit plan is aligned with the Group's principal risks.

Risk and strategy

In developing our strategy, we seek to mitigate or exploit a number of strategic risks to our business. Our strategic planning process involves the Executive Committee and relevant regions and functions, who develop plans that consider and address strategic risks, business-as-usual operational risks and financial control and compliance considerations within the framework of our broader risk appetite.

Risk monitoring and reporting

Risk and performance monitoring

Risk and performance information is crucial to effective management of known risks. Through regular review of key risk indicators and progress against our key performance indicators, and our internal performance measures, we are able to monitor risk trends and emerging risks effectively.

Principal risk reporting

IHG's principal risk review process engages management to identify, assess, manage and monitor the principal risks and uncertainties affecting the Group, considering risks related to our strategy, operations and to our financial reporting and compliance responsibilities, reporting to the Board and Audit Committee on a biannual basis.

Responsible procurement

We are working to ensure our culture of responsible business extends beyond our direct operations. We have targets to track and report supply chain diversity and integrate corporate responsibility criteria into the selection and evaluation process for all preferred suppliers.

Vendor Code of Conduct

Our Vendor Code of Conduct sets standards to which we require our supply chain partners to operate. In 2014, we undertook a detailed review of our processes used to request information from suppliers to ensure the importance of responsible business practices is reflected. As a result of this, we have enhanced our procurement systems to require new suppliers to sign the IHG Vendor Code of Conduct as part of the process of becoming a preferred supplier.

Vendor checking and accreditation

We continue to work with our suppliers to achieve an even better understanding of our supply chain base. Our suppliers provide relevant data to support our responsible procurement strategy.

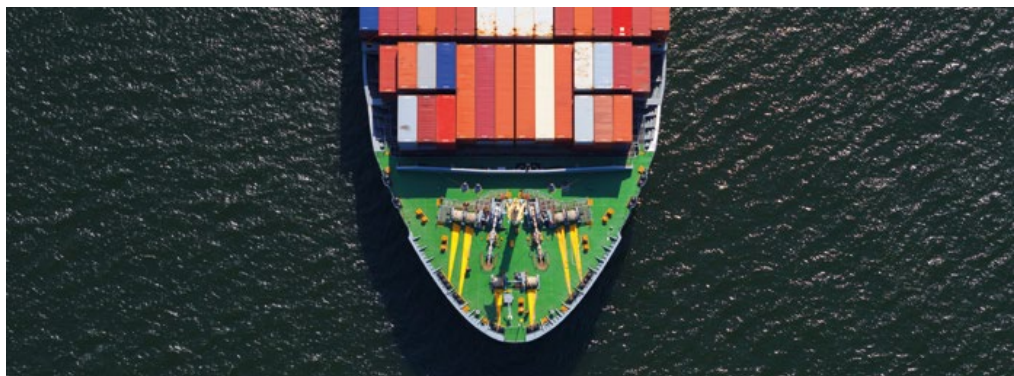
Diversity in the supply chain

We operate a supplier diversity programme in collaboration with IHG's Global Strategic Resourcing team. This supports our commitment to provide suppliers equal access to purchasing opportunities and economic stimulus in a way that reflects the diversity of our guest base and communities. We track and report our supply chain diversity profile and during 2015 our spend with diverse suppliers was \$62.4m, which increased from \$51.6m in 2014.

We encourage our hotels to use environmentally friendly products and to source goods and services locally wherever possible. In 2015, we developed and rolled out a Sustainable Seafood Policy which applies to all IHG branded hotels globally and which clarifies that shark fin is not permitted to be served in our hotels' bars and restaurants. Our Food & Beverage teams partner with our corporate responsibility team to constantly scan and review opportunities to further responsibly source the food items served in IHG branded hotels.

Our responsible procurement priorities for 2016

We will continue to work with diverse suppliers across our markets and increase this spend as appropriate. In addition we will continue to ensure that CR criteria is fully embedded in IHG procurement systems, forming an important decision criteria for preferred suppliers.



Responsible attitudes and ethics

We take steps to ensure that there is a culture of responsible business across our business and that employees act with integrity.

Ethical concerns

We think it is extremely important that all employees feel comfortable reporting ethical concerns. As a result, we have a Confidential Reporting Channel which provides employees with a means to share any ethical concerns they may have. Employees are made aware of this through regular internal communications as well as through a dedicated website, www.ihgethics.com. Regular reporting on the channel is provided to our Audit Committee.

Human rights

As part of our culture of responsible business, we're committed to complying with the laws and regulations of all the countries and jurisdictions in which we operate and our human rights policy is available in more than 40 languages.

To demonstrate our commitment to human rights we:

- support the protection of human rights, particularly those of our colleagues, the parties we do business with, and the communities where we operate;
- respect our colleagues' rights to voluntary freedom of association under the law;
- provide a safe and healthy working environment;
- do not support forced and compulsory labour or the exploitation of children;
- support the elimination of employment discrimination and promote diversity in the workplace;
- provide our colleagues with remuneration and tools for growing their careers, and take their well-being into consideration;
- promote fair competition and do not support corruption;
- conduct our business with honesty and integrity in compliance with applicable laws;
- develop and implement company procedures and processes to ensure we comply with this policy.

In 2014, we established a standard which requires all IHG branded hotels to adopt and display a human rights policy at the individual property level. This standard demonstrates our ongoing commitment to operating as a responsible business.

In 2015, we developed and launched a Human Rights e-learning module. The learning module is available to all hotels and colleagues and is designed to raise awareness of our human rights approach and support hotels to meet the human rights standard. In addition we delivered a number of human rights training sessions for our hotel leaders.

We are working to raise further awareness of our human rights approach in our hotels through embedding our human rights standard and will continue to develop our training materials. We are a signatory to the UN Global Compact aligning our operations and strategies with the 10 universal principles that include commitments to human rights and labour standards. We are part of the Business in the Community (BITC) and Business for Social Responsibility (BSR) cross industry working groups on human rights as well as the International Tourism Partnership's Human Trafficking Working Group. We are also working with our internal procurement team to further embed our human rights approach into our contracts.

Code of Conduct

Through our Code of Conduct we set the principles for doing business responsibly. The Code provides an overview of our key global policies and incorporates our values, our Winning Ways (see page 16) which are a key part of the way we do business.

Anti-bribery

At IHG we are committed to operating with integrity and to complying with all relevant laws including all applicable anti-corruption legislation. IHG has a zero-tolerance approach to bribery and corruption and this position is clearly set out in our Code of Conduct and Anti-Bribery policy. This applies to all IHG employees and directors and our managed hotels. Bribery is not permitted under any circumstances. Facilitation payments are also prohibited.

We have an anti-corruption training programme which applies to all employees and directors. This includes our Code of Conduct training and specific training on anti-bribery. In 2015, more than 20,000 people completed our online anti-bribery training.

We also have a Gifts and Entertainment Policy which applies to all IHG employees and directors and managed hotels. This policy sets out which types of gifts and entertainment are never acceptable and contains reporting and approval requirements for items over certain values. Our Code of Conduct also prohibits political donations.

We regularly monitor our anti-corruption programme including its suitability, adequacy and effectiveness and implement improvements as appropriate. Reporting on the anti-corruption programme is provided to the Audit Committee and Board.

All our policies can be found on www.ihgplc.com/policies



Our people

Being a responsible business cannot be achieved without the support and active engagement of the colleagues in our hotels. They are fundamental to the delivery of our different brand experiences and to fulfilling the brand promise for our guests.

As a global business, over 350,000 people work across IHG and its brands. Our ongoing expansion means that in the coming years we will need to find more people to join us in IHG branded hotels and our corporate offices.

Our people strategy is focused on securing the very best talent in the industry to meet the needs of our guests. Our brands want passionate people who are capable of bringing our brand promises to life and achieving our purpose of creating Great Hotels Guests Love.



Our people continued

Our 2015 achievements

87.3%

all-time high for employee engagement scores in corporate offices and managed hotels

1,700+

IHG® Frontline, an online learning platform that enables hotel colleagues to build knowledge and skills around brands, service and operations. Over 1,700 hotels signed up to IHG Frontline in 2015

The role of leaders

The role of leaders at IHG is to create the environment where everyone is heading in the same direction, completely aligned and committed. They attract, develop, motivate and retain great talent to work in all parts of IHG – helping to achieve a strong culture that gives a competitive advantage.

Making IHG a great place to work

We are dedicated to building a strong employer brand, which attracts the talented people we need to help us fulfil our strategic objectives.

We ask our employees in our corporate offices and managed hotels to live our Winning Ways, a set of behaviours and values which define how we expect them to interact with our guests and their colleagues (see page 16). In turn we offer our people our 'Room to be yourself' commitment, which involves four promises:

Room to have a great start

We pride ourselves on being able to attract great talent to IHG and work to ensure that our employees are engaged and stay with us, developing their skills and enjoying planned career progression.

We know how important it is to make sure that all our employees have a great start to their career with IHG. We ensure that all employees have access to the tools and information they need to hit the ground running and are integrated into their role as quickly as possible.

Room to be involved

We use conferences, team meetings, our intranet site and other channels to communicate with employees on the Group's performance and share information on people, policies and news across IHG. We also provide our employees opportunities to give regular feedback, inviting our corporate employees and those working in our managed hotels to participate in an employee engagement survey twice a year.





IHG® Frontline

Launched in 2015, IHG Frontline is an online learning platform that enables hotel colleagues at IHG branded hotels to build knowledge and skills around brands, service and operations. The tool has enjoyed rapid adoption, with over 1,700 hotels signed up to it, creating a positive impact on the performance of IHG branded hotels that are using it.

Room to grow

We promise our employees the support and training they need to perform at their best as well as career development opportunities.

Room for you

We reward and recognise employees for their contributions, and value the significance of a work-life balance.

We promote IHG as a place where people can bring the same amount of energy, enthusiasm and dedication to their jobs as they do to their interests and hobbies. IHG is a service business, so when our people perform at their best our business performs at its best.

In addition to our employee engagement survey, we also run a variety of events such as 'Celebrate Service Week' which includes a number of fun activities to thank colleagues in all hotels for their hard work. Celebrate Service Week began in 2010 and has since become a central part of IHG's culture.

We also run a 'Careers Week' to support employees in their development. In addition, we have an online reward and recognition tool called 'Bravo' which enables employees to thank each other, and managers to provide a financial reward to individuals and teams who go the extra mile. The recognition can be made visible to all employees through a news feed on the company intranet.

In addition to salary, various benefits will apply – depending on where in the world our employees work.

IHG Leadership Academy – Powered by Harvard

Our IHG Leadership Academy, powered by Harvard, gives our employees more 'Room to grow' than ever. It gives access to Harvard ManageMentor, a state-of-the-art online development tool covering more than 40 leadership subjects. It also offers complete access to the full archive of the Harvard Business Review, helping our people to challenge their thinking.

In its second year, IHG Leadership Academy, powered by Harvard, has continued to be extremely popular, with over 20,000 colleagues using it regularly to develop their leadership skills. Colleagues around the globe have completed more than 25,000 Harvard ManageMentor modules to date.

Delivering world-class 'People Tools' to our owners and hotels

We have developed a set of 'People Tools', industry-leading best practices tailored specifically for our brands. These resources assist hotel management and human resources teams to hire, train, involve and recognise colleagues at their hotels. Owners can select the tools that they need to help increase employee retention and performance; improve guest satisfaction, drive efficiencies and increase revenue for our owners.

Building a strong performance culture

We have established a framework for high performance where regions and functions are aligned to the key performance indicators that consistently matter most across the global network. This ensures our hotels offer great guest experiences through consistent brands, which enable our brands to win and deliver returns to owners.

Our Winning Ways

Our people created our culture; therefore we asked them what matters most to them. What they told us shaped our values – what we call our Winning Ways. These are something all our corporate offices and managed hotels share and which set us apart from our competitors:

We do the right thing

Keeping our promises; not letting people down; and making decisions, even when they're difficult

We show we care

Treating people as individuals; and looking and listening for the little things that make a difference

We aim higher

Putting our hearts into learning new things; and looking for ways to improve

We celebrate difference

Being respectful of all cultures; learning from others; and playing an active role in the communities in which we operate

We work better together

Thinking about what we do and how it might affect others; and working hard to develop excellent working relationships

Our people continued

Our Winning Ways provide a strong sense of shared purpose and are critical to driving our business performance forward, as well as making us a great, enjoyable place to work. They make us a high-performing organisation which helps deliver our core purpose – Great Hotels Guests Love.

Leading Others

Front-line teams at IHG branded hotels are focused on being number one for our guests. Achieving this takes leadership, and our 'Leading Others' programme helps front-line supervisors and managers deliver outstanding performance within their teams. Over the six-month programme, learners focus on different leadership competencies, putting new ideas and techniques into practice whilst being supported by their manager and colleagues.

Leading with Impact and Influence

'Leading with Impact and Influence' is a development programme for high-performing managers. Participants lead an individual project that aligns to IHG's priorities and addresses a live business need whilst acquiring new leadership skills and behaviours.

Diversity and equality

With brands, employees, guests and owners all around the globe, IHG enjoys a rich tapestry of diversity in its business. One of our Winning Ways, Celebrate Difference, highlights our belief in, and commitment to, creating a welcoming environment for our guests and employees.

We believe in diversity and inclusion across all aspects of our business. This includes our employees, our guests, hotel ownership, strategic sourcing relationships, recruitment, community relations, franchising and marketing. We create the right working environments and business relationships and encourage a culture where everyone feels valued and accepted.

We recruit and promote individuals solely on the basis of their suitability for the job and will not discriminate on the grounds of race, colour, ethnic or national origin, gender, sexual orientation, age, religion, marital status or disability unrelated to the role.

Development and training programmes, including for leadership and management, are accessible throughout IHG, in particular for minorities and other groups.

Where colleagues become disabled, we aim to provide continuing employment wherever practicable in the same or an alternative position. We also work with organisations across the world to make thoughtful considerations on behalf of guests with disabilities.

Our employees

Having a predominantly franchised estate means that most of the people who work at IHG branded hotels are not IHG employees. When the Group's entire estate is taken into account (including those working in both franchised and managed hotels) over 350,000 people globally worked across IHG's brands as at 31 December 2015.

However, IHG employed the following:

- 7,311 people worldwide (including those in our corporate offices, central reservations offices and owned hotels (excluding those in a category below)), whose costs were borne by the Group
- 5,416 people who worked directly on behalf of the System Fund and whose costs are borne by the System Fund
- 706 General Managers who work in our managed hotels and whose costs are borne by those hotels
- 19,746 other hotel workers who work in our managed hotels who have contracts or letters of service with IHG and whose costs are borne by those hotels.

2016 priorities

- Maintain our strong culture and high levels of employee engagement
- Develop leaders to maximise individual and team performance
- Grow the talent pipeline for key hotel and corporate positions.



Corporate responsibility

We are committed to making communities around the world better places to be for all. IHG cares for the good of our guests, local communities and business too. We work with our owners to develop new and better ways to build and operate IHG branded hotels, creating sustainable value for our brands, business and stakeholders, as well as addressing environmental and social challenges.

Environmental sustainability

We take steps to manage our environmental impacts in a responsible way. By delivering more environmentally sustainable hotels, we can drive cost efficiencies for owners as well as meet the expectations of all our stakeholders. We achieve these objectives through our core environmental initiative:

- IHG Green Engage™ system: Our group-wide online sustainability tool that helps hotels manage their use of energy, carbon, water and waste, and minimise their overall impacts on the environment.

Social and community

Each one of our hotels is a central part of its community, from creating jobs and stimulating local economic opportunities to providing shelter in times of need. Our social and communities agenda focuses on:

- IHG® Academy: A collaboration between our hotels and education providers and/or community organisations to help people develop the skills they need to improve their employability and secure a job in the hotel industry;
- Disaster relief: We empower our hotels to support guests, colleagues and local communities in times of need with financial support, vital supplies and accommodation.



Environmental sustainability

As one of the world's leading hotel companies, with hotels in nearly 100 countries, we understand the impact our business activities have on the environment and take active steps to manage it.

Targets 2013–2017

12%

reduction in carbon footprint per occupied room*

12%

reduction in water use per occupied room in water-stressed areas*

Our 2015 achievements

3.9%

reduction in carbon footprint per occupied room*

4.8%

reduction in water use per occupied room in water-stressed areas*

34,389

green solutions implemented through the IHG Green Engage system in 2015

\$86.8m

IHG branded hotels avoided costs of \$86.8m through using the IHG Green Engage system

* from a 2012 baseline

“As a family owned and operated business, we are honoured and proud to be an active member of the IHG Green Engage system. Our participation represents our commitment to protecting the environment for this and future generations, and, through the daily efforts of our Associates to reduce consumption, we have realised a reduction in our operating costs. We are thrilled to set a positive example for other hotels by adopting eco-friendly and sustainability practices in our day-to-day hotel operations.”

Kelly Spillett Slay

Vice President, Kelco Management & Development, Florida, USA

Holiday Inn New York – Wall Street
& Holiday Inn Express Atlanta Airport

The hotel business is growing. IHG is committed to ensuring our portfolio grows in a responsible way, always mindful of the resources we use, as well as the opportunity we have to do things differently. Our stakeholders, our colleagues and our guests want us to demonstrate how seriously we take issues such as climate change, water scarcity, utility consumption, and environmental preservation.

Environmental sustainability is one of the two pillars of our corporate responsibility agenda. We put the environment right at the heart of how our hotels operate. Our long-term success, as well as the comfort and well-being of our guests and planet, depends on it.

IHG Green Engage™ system

Our online sustainability tool that helps us minimise our hotels' impact on the local environment. It's our way of ensuring that our surroundings are preserved for everyone to enjoy.

- measures energy, carbon, water and waste
- uses actual data to provide customised environmental performance benchmarking, taking into account hotel location, brand and outfitting
- recommends over 200 Green Solutions to reduce the impact our energy, carbon and water use and waste have on the environment
- supports hotels to create environmental action plans and targets
- can achieve energy savings of up to 25% on average for those hotels achieving Level 3 certification; making our hotels more cost-effective to operate and ultimately allowing us to improve the value of service we offer our guests
- automatically feeds sustainability information about our hotels to our clients. In 2015, 48% of our business accounts asked for this information – such as carbon footprint and waste diversion rates – about our hotels.

The system recognises progress and performance through four levels of certification. In 2014, we announced a global standard that all our hotels must participate in the IHG Green Engage system. Throughout 2015, we have been working with IHG branded hotels globally to drive adoption and complete Level 1 certification.

We work with a number of third parties to align IHG Green Engage system activity to their requirements and through the system over 240 hotels have pursued additional third-party certification, including TripAdvisor's GreenLeaders, Green Globe, Green Tourism and Green Key Global.

IHG was the first hotel company to be approved for pre-certification for new and existing buildings by LEED, the top programme for the design, construction and operation of green buildings.

To ensure the quality of participation in the IHG Green Engage system, hotels that reach any level of certification undergo a third-party assurance process administered by Deloitte. In addition, our environmental performance data is independently verified through Lloyd's Register Quality Assurance (LRQA) in accordance with ISO14064 – 3:2006 specification with guidance for validation and verification of greenhouse gas assertions.

What is a Green Solution?

Green Solutions are action items that hotels can implement on property to build and operate sustainable hotels. Each Green Solution outlines the action the hotel must take (such as replacing incandescent bulbs in guest rooms), and provides detailed steps to implement the solution. These recommendations cover design, operations and technologies aimed at reducing energy, water and waste, cutting carbon emissions, improving guest health and comfort and reducing operating and maintenance costs.

Examples from the 200+ Green Solutions include:

- Using energy efficient lighting
- Installing water efficient bathroom fixtures
- Using energy efficient appliances
- Rainwater harvesting.

Environmental sustainability continued



InterContinental Berlin

The InterContinental Berlin sits at Level 4 – the highest level of certification in the IHG Green Engage system. For the third year running, they have also achieved the highest level of Green Globe certification. Through the IHG Green Engage system, the hotel has implemented measures to lower its energy and water consumption whilst managing its waste more effectively. Successful solutions implemented at the hotel include LED lighting, heat recovery systems, timing programmes for ventilation, motion sensors for lighting and aerators for water faucets. Most impressively, the hotel is powered solely by renewable energy sources including solar, wind and water, meaning no fossil fuels are burnt. The hotel has seen a reduction in its CO₂ emissions of 2,025 tonnes per year and through all of their innovations and sustainable measures implemented, the InterContinental Berlin is saving 1,600,000 kWh per year, equivalent to €267,500.

“IHG Green Engage was the key to helping our hotel reduce its energy consumption. With its friendly format and green solutions to minimise environmental impact and operating costs, it truly does make a difference.”

Aernout de Jong

Area General Manager,
InterContinental Berlin

Amenity recycling

In the United States, Canada and Mexico we continue to partner with Clean the World, a not-for-profit corporation which collects and recycles discarded soap and shampoo products and distributes them to impoverished people in the developing world to help prevent hygiene-related illness.

We now have 277 hotels participating in the programme, and through the partnership have recycled and distributed 417,938 lbs of soap and amenity waste, and distributed over 1.4 million bars of soap to the developing world. In 2015, we extended our partnership with Clean the World to the European Union and Switzerland and in 2016 we will make the programme available for all hotels in these areas to participate.

Innovation not offsetting

As a global organisation we believe our biggest contribution towards cutting greenhouse gas emissions will come from changing our own behaviour. We're therefore committed to reducing and managing carbon emissions across our hotel estate, rather than by purchasing carbon offsets. This provides a clear incentive to deliver the sorts of innovative solutions which guests want and which can deliver the greatest savings and efficiencies.

Environmental legislation

We work with government bodies to help refine proposed regulation and make it fit for our industry, as well as provide a best practice example of managing environmental impact that can help inform others seeking to do the same. The IHG Green Engage system plays a key role in helping hotel owners manage current regulatory performance and prepare for anticipated regulations. Throughout 2015, we supported these efforts through our ongoing participation in the American Hotel and Lodging Association (AHLA) where we co-chair the AHLA Sustainability Committee.

We also participate in the United States Better Buildings Challenge, and regularly demonstrate our IHG Green Engage system through hotel tours to government officials. For example, we have demonstrated our IHG Green Engage system to the United States Council on Environmental Quality (CEQ), the United States Department of Energy and several United States Congressional staffs. We continue to engage in dialogue with lawmakers around the world on the best way for governments to support the environmental efforts of private business.

Our carbon footprint

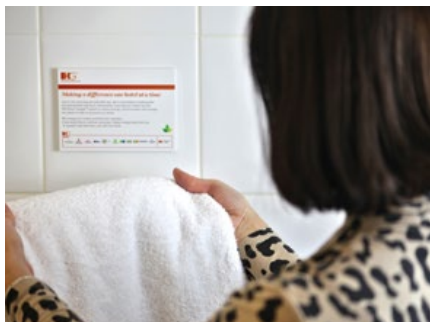
In 2015, we continued to work with carbon footprint specialists to give us an up-to-date picture of IHG's carbon footprint, using data gathered from 2,939 hotels worldwide.

Following the introduction of the Hotel Carbon Measurement Initiative (HCMI) standard across the industry in 2012, which IHG played a leading role in developing, we added a carbon calculator to the IHG Green Engage system. As well as strengthening our efforts to improve the quantity and quality of data gathered by our hotels, the calculator enables hotels to minimise their impact on the environment by tracking, managing and reducing carbon. We were the first hotel company to put the new HCMI standard into practice.

Guest awareness and participation

Through signage, literature and colleagues, our hotels can promote their green efforts and encourage guests to participate. We promote local sustainability initiatives such as low carbon alternative means of transport and can provide guests with feedback on their energy and resource usage. We also promote each hotel's participation in the IHG Green Engage system and their associated certification level on IHG booking sites to help guests make sustainable travel choices.

Environmental sustainability continued



A Greener Stay

Guests staying at Holiday Inn hotels in the Americas for more than one night can elect to participate in 'A Greener Stay', a programme where guests can opt out of housekeeping services in return for additional points from IHG Rewards Club, IHG's hotel loyalty programme.

As a result of this initiative, guests are encouraged to make more environmentally conscious decisions when travelling. Through 'A Greener Stay', guests will benefit from additional IHG Rewards Club points and the programme will help hotels to reduce their energy and water usage, thus minimising their environmental impact.

Supporting travel buyers

We know that sustainability is important to our corporate clients. Every year, more and more travel buyers ask for information about the environmental footprint of our hotels so that they can make more sustainable choices in their travel procurement. In 2015, 48% of our business accounts asked for this information about our hotels using the Global Business Travel Association (GBTA) CR module – such as carbon footprint and waste diversion rates.

Since 2013, we have continually enhanced our ability to report this information to our travel buyers to support their sustainability journey. The IHG Green Engage system automatically reports this information about each of our hotels to corporate clients that ask for it.

We also report our environmental performance data to the Carbon Disclosure Project (CDP) Supply Chain programme so our corporate clients have access to even more robust information.

Waste

The IHG Green Engage system provides guidance to hotels on how to manage their waste and through the system we encourage hotels to create a waste management plan that sets out how they're going to handle, store and dispose of waste, both on and off-site.

Food waste

Through careful menu planning we reduce food waste and make use of seasonally available ingredients. The IHG Green Engage system guides our hotels through the processes to enable them to set up or make use of food donation programmes where possible and encourage our hotels to sustainably dispose of food waste that is generated.

Biodiversity

Biodiversity plays an important role in the day-to-day life of a hotel and keeping the disturbance of animals, plants and their natural habitats to a minimum is an important part of our role as a responsible business. As part of our IHG Green Engage™ system we have developed a set of recommendations aimed at preserving and protecting on-site local flora and fauna and the wider regional ecosystems affected by our operations. This includes advice on management of green spaces and long term strategies for protecting local environments.



The Dino at InterContinental Miami

The InterContinental Miami disposes of their food waste with an ORCA (Organic Refuse Conversion Alternative) machine. This machine, nicknamed Dino, uses natural microorganisms and biochips to rapidly decompose food waste into earth-friendly water that can be safely discharged into the sanitary sewer system. In its first year of using the technology 55.5 tonnes of waste (the equivalent of more than 15,000 meals) were diverted from landfills resulting in a 7,000 cubic yard reduction in methane gas and 365 fewer miles travelled by truck to dispose of the food waste.

Environmental sustainability continued

“We applaud IHG for taking the initiative to address water usage across its hotels. A deeper understanding about water context where IHG hotels operate informs the best strategic approaches towards business water sustainability; it is the bedrock of any effective water stewardship programme. IHG’s global scale provides an opportunity to make both a broad and positive impact, as well as to inspire the millions of people and guests that work and stay in its hotels. We look forward to our continued collaboration.”

Ruth Mathews

Executive Director,
Water Footprint Network



Water Conservation in California

Following severe drought in California, in 2014, we sent IHG branded hotels in the state water conservation kits. As the drought continued, in 2014 the State Governor declared a state of emergency, and in 2015, through an Executive Order, he announced the first ever mandatory water reduction target of 25%. Leveraging the IHG Green Engage system, we are helping our hotels conserve their water use by implementing any one of our water based Green Solutions. Additionally, towel and linen reuse cards were sent to all California hotels helping them to comply with new regulations. Since the initiative, six IHG hotels in the state have gone on to complete a bathroom refresh, and collectively are expected to save 2.4m gallons of water annually.

The Holiday Inn Diamond Bar installed 186 water efficient toilets in February of 2015. Since then, they have already saved 1.4 million gallons of water (16% reduction in water use) and over US\$2,000 in associated water costs. The hotel has also received positive feedback from guests on their proactive water saving efforts.

“We were interested in participating in this project in order to support IHG and the California water conservation project, and wanted to do our part to help with the drought. Our toilets were really old and used a lot of water that was not needed. This was a great opportunity to make sure we help the environment and the local drought, as well as save on costs. It is a win-win situation.”

Michael Tsai

General Manager,
Holiday Inn Diamond Bar, California

Water

Many parts of the world are experiencing freshwater stress and climate change is expected to exacerbate this. Population growth is also a factor: according to the United Nations, two thirds of the world’s population could be living under water-stressed conditions by 2025.

The IHG Green Engage system provides our hotels with a comprehensive guide to water-saving technologies and processes. Typically, over 40% of the water used in a hotel is from showers, toilets, taps and kitchens, but installing low-flow fixtures, such as faucets, toilets and shower heads, reduces water consumption.

In 2015, we formed a partnership with the Water Footprint Network (WFN), one of the world’s leading centres of excellence for water stewardship, to help develop a

worldwide water stewardship programme. Building on strong progress made against our 2013-2017 target of reducing water consumption by 12% per occupied room in water-stressed areas, we will further work with WFN to develop a greater understanding of IHG hotels water usage at a local level. We will work with WFN and our hotels, particularly those in extreme water-stressed areas, to apply best practice techniques and behaviours to help reduce our water footprint.

Through our partnership with the International Tourism Partnership we are also collaborating with other industry peers in a working group to develop a common methodology to measure and report on water consumption in a consistent manner across the hotel industry – the Hotel Water Measurement Initiative (HWWMI).

Our priorities for 2016

- Continue to drive adoption of the IHG Green Engage system foundational standard across our entire global estate
- Continue to drive quality use of the system to reduce our impact on the environment and enable cost savings
- Continue to reduce water use across our entire estate, with a particular focus on hotels in water-stressed areas
- Work with the Water Footprint Network to identify actions that hotels can adopt to improve their water stewardship, enabling further reductions in water use.

Sustainable communities

We are committed to making the communities around our hotels and corporate offices better places to be for all.

Target 2013-2017

40,000

provide skills and improved employability to 40,000 people via the IHG Academy

Our 2015 achievements

1,215

IHG Academy programmes in 68 countries – an increase of 589 on 2014

9,287

participants globally benefited from the IHG Academy in 2015

27

disasters responded to in 17 countries in 2015

Across the world we have a positive impact on communities through creating jobs, stimulating local economic development, helping ensure community resilience through skills building opportunities and offering assistance when disasters strike.

We know that our success and the well-being of those who work in, and around, IHG branded hotels are closely linked. That is why sustainable communities is one of the two pillars of our Corporate Responsibility agenda.

Our aim is to maximise the positive contribution we make by creating shared value in our communities and with our business partners.

We create real life career-building opportunities through the IHG Academy, offering education and skills training to local people. In turn, many of our IHG Academy participants have found employment at IHG hotels, helping us to create Great Hotels Guests Love.

Through our disaster relief work, we not only support our guests, colleagues and local communities impacted by disaster, but we also guide hotels to enhance their disaster preparedness and to help support greater community resilience.

We partner with stakeholders in local communities as well as with humanitarian agencies, non-governmental organisations, other companies, and government bodies. We look closely at issues such as skills shortages, infrastructure development, and community resilience in areas where we have a substantial presence.

Changing lives with IHG® Academy

First launched 10 years ago in China, IHG Academy provides opportunities for local people from all walks of life to build their knowledge and skills, improve their employability and start and nurture a career in the hospitality industry. It's our way of opening our doors and creating opportunities for all.

With an expanding portfolio of hotels, we have a pressing business need to identify and develop the talented people who will staff and manage them. By working with local communities and in partnership with others, we help develop a pool of skilled, motivated and engaged people who are committed to providing the consistently great experience that our guests expect.



Partnering with the Youth Career Initiative (YCI) in Brazil

Established in 2012, the Holiday Inn Sao Paulo-Parque Anhembi and the InterContinental Sao Paulo partner with the YCI to help disadvantaged young people. As part of the IHG Academy programme, participants are taught key skills that help empower them to make informed career choices and positive life decisions. As part of the six month programme, eight IHG Academy participants rotate through a number of departments in each hotel, and through the programme a number of IHG

Academy participants have gone on to secure permanent positions at the hotels.

"IHG Academy was the best experience I had and it jumpstarted my professional career in hospitality. Before the programme I had no idea of how a hotel operates and how each department depends on each other. The programme gave me the opportunity to experience this first hand."

Thaiane Santana

former IHG Academy participant now employed at the Holiday Inn Sao Paulo-Parque Anhembi

Sustainable communities continued



10 years of the IHG Academy in China

In 2015, we celebrated 10 years of the IHG Academy. To mark the occasion our group Chairman, Patrick Cescau, joined 170 IHG Academy participants at Shanghai Second Polytechnic University to deliver a guest lecture on the subject of key trends in the global hospitality industry. As part of the celebration, the Chairman also unveiled the university's newly built IHG Academy Training Centre. Former IHG Academy participants at the event shared their experiences with the programme. Lerro Liu, an IHG Academy graduate and scholarship recipient, working in the front office of InterContinental Century City Chengdu told the audience:

"My experience with the IHG Academy has changed my life. It makes me feel more confident and passionate about my work. Meanwhile, it has given me a sense of responsibility, not only for my work, but it also carries over into my relationships with my friends and family."

The global travel and tourism industry is a source of considerable economic development. Through the IHG Academy we take this responsibility seriously and demonstrate that IHG is a leading player.

Within a global framework, each IHG Academy is unique, ensuring that the programme meets the needs of the local community it serves. All IHG Academy programmes operate together with local community organisations and/or education providers to offer participants real experience of working in a hotel or corporate office. The IHG Academy gives participants the opportunity to build their skills and improve their chances of finding a job in the hotel sector, in many cases in one of our hotels. Since 2013, 22,344 new IHG Academy participants have benefited from the programme, exceeding our target of 20,000 by 2017.

In 2015, 2,241 new participants joined our IHG Academy programmes in China. Among those participants who completed their IHG Academy programme in China during 2015, 32% of them joined IHG hotels in full time roles.

In 2010, IHG launched the IHG Academy scholarship programme in China. Each year we offer financial assistance to students from low-income families who wish to pursue education and careers in hospitality. We have assisted a total of 832 IHG Academy scholars to pay for their education since the scholarship programme began.

Disaster relief

Hotels are at the centre of their communities, a focal point for economic and social activity. Just as they can be a place for communities to come together at times of celebration, they can also play a vital role by providing security and refuge when disaster strikes.

Our disaster relief efforts build on our long and proud history of helping local communities and our colleagues in times of need. We aim to provide a consistent response in our hotels and corporate offices, using our global partnership with CARE International to draw on their expertise in disaster preparedness and relief, guiding our hotels on how to respond.

In order to provide vital assistance and shelter in the immediate aftermath of disasters, we have a designated disaster relief fund. We can offer assistance to communities and our colleagues right away and do not have to wait for fundraising campaigns to take effect.

By using our global scale and the size of both our colleague and guest base, we are able to raise considerable funds. In 2015, we raised more than \$775,000 for our disaster relief fund, enabling us to provide support following 27 disasters in 17 countries in 2015.

In 2015, we responded to 27 disasters in the following countries:



CARE International

We continue to collaborate with CARE International to provide strategic advice and guidance to our hotels in times of disaster and to help increase our focus on disaster preparedness.

Sustainable communities continued



Disaster relief in South Carolina

In October 2015, South Carolina, US, experienced catastrophic flooding, and the weather system was labelled a 1-in-1,000 year event. Thousands of people were displaced with many experiencing irreparable damage to their homes. Through the American Red Cross, our disaster relief fund made a community donation to support on-the-ground relief efforts for local communities. In addition IHG also allocated funds to support 89 colleagues from IHG branded hotels and the Charleston Reservation Office impacted by the devastating flooding.

"You never think something like this will happen to you. The assistance helped tremendously with the clean up and getting things back to normal. We are so grateful to everyone for their donations."

Fornesha Griffin

Voice Agent, IHG Charleston Reservation Centre, South Carolina



Nepal earthquake

In April and May, 2015, Nepal was struck by a series of earthquakes and aftershocks with the largest measuring 7.9 on the Richter scale. The devastation caused was severe with thousands of people losing their lives and countless others injured. IHG responded right away to offer support and made a donation to CARE International to support the local community in Nepal. We also allocated funds to support our colleagues working at the Crowne Plaza

Soaltee Kathmandu and hundreds of Nepalese colleagues working in IHG hotels across the globe whose homes and families had been affected. Immediately following the earthquake, we saw a tremendous surge of fundraising support. Colleagues in our hotels and offices set up fundraising events, meanwhile our IHG® Rewards Club members showed their support by donating their loyalty points to contribute toward relief efforts.



Global community fundraising week, September 21-28, 2015

Each year, thousands of colleagues take part in our global fundraising week and organise events ranging from bake sales to bike rides and even white water rafting. In 2015, over 98,000 colleagues took part in 7,000 events in 787 hotels across 76 countries, making it a truly record-breaking year.

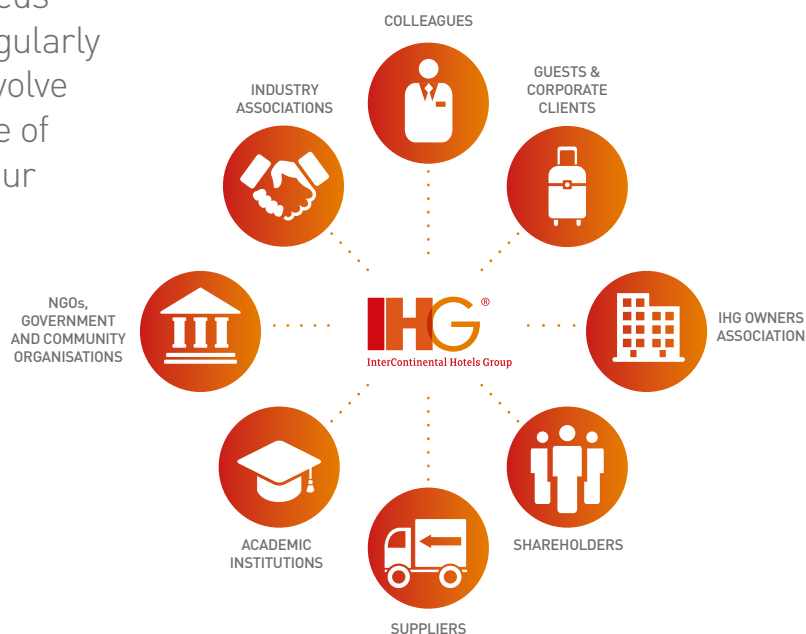
Kenneth Macpherson, Chief Executive Officer of IHG, Greater China, and regional operations leaders completed a four-day 400km cycling tour from Shanghai to Nanjing. Hundreds of colleagues from IHG branded hotels and corporate offices in Shanghai gathered together to send them off. They stopped at a number of IHG hotels along the way and were joined by local hotel colleagues for various stages of their tour.

Our priorities for 2016

- Continue to provide skills and improved employability to people via IHG Academy, ensuring positive impact for local people, our owners and IHG
- Roll out the enhanced IHG Academy online tool to enable quality growth in the programme, including increased engagement with our franchise hotels
- Work with humanitarian agencies and like-minded companies to further leverage our hotels and other assets on the ground in times of disaster and to increase focus on disaster preparedness.

Stakeholder engagement

We take time to understand the needs of our stakeholders and engage regularly with them so we can assess and evolve our priorities. We also have a range of strategic partnerships to support our responsible business strategy.



“IHG plays an active role in driving positive change in the hospitality industry, partnering with ITP they focus on a number of social and environmental issues from human rights to water stewardship and implement practical solutions in their hotels. IHG have made significant progress in meeting their Communities target, for which I applaud their achievements.”

Fran Hughes
Director,
International Tourism Partnership

Colleagues

We engage with colleagues through conferences, our intranet, internal engagement events and our in-house publications.

Colleagues are encouraged to follow our dedicated social media channels at facebook.com/IHGCorporateResponsibility and twitter.com/ihg_cr and share their success stories.

Guests and corporate clients

We engage with our guests through our corporate and brand websites, through our loyalty programme, IHG® Rewards Club, and via our social media channels.

We provide environmental sustainability information to our corporate clients via the IHG Green Engage system.

IHG Owners Association

We work closely with the IHG Owners Association to shape and implement our strategy. We engage formally with them through meetings and conferences, and monitor our effectiveness through an annual Owner Engagement survey.

Shareholders

Shareholders can read about our Responsible Business approach in the dedicated sections of our Annual Report. In addition, regular meetings are held with institutional shareholders. IHG is a member of the FTSE4Good Index.

In 2015, we held a corporate responsibility Investors Meeting to share our Corporate Responsibility programmes in detail.

Suppliers

Where possible, hotels are encouraged to source goods and services locally. We also engage with suppliers through our Vendor Code of Conduct.

Academic institutions

IHG is a thought leader within the travel and tourism industry and we collaborate with a large number of academic institutions around the world to help develop approaches for the hospitality industry to reduce its environmental footprint and increase its positive community impact.

NGOs, government and community organisations

We work and participate in a number of public-private forums and are engaged in a number of strategic partnerships. These include:

United Nations Global Compact

In 2010, we became a member of the United Nations Global Compact. We're committed to aligning our operations, culture and strategies with its 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

Business for Social Responsibility (BSR)

BSR is a global non-profit organisation with a network of 250 member companies, who together build sustainable business strategies and solutions. Through our partnership with BSR and our representation on the human rights working group we leverage their experience and expertise to develop our approach to Human Rights.

Stakeholder engagement continued

“IHG understands that minimising harmful environmental impacts cuts operating costs and is the right thing to do for people and the planet. Through the IHG Green Engage system, they provide tools for each hotel to measure and report progress. We, at the Global Sustainable Tourism Council, are pleased to work with IHG to implement policies and practices to deliver more sustainable hotels and to better educate consumers so they can make informed travel choices.”

Randy Durband

Chief Executive Officer,
Global Sustainable Tourism Council

“Our strong relationship with IHG and the very significant support they provide for the Emergency Shelter Team at CARE has been invaluable in ensuring the team has the capacity to respond to disasters around the world, providing rapid and scalable assistance for communities in times of need.”

Tom Newby

Head of Emergency Shelter Team,
CARE International

US Better Buildings Challenge

We are committed to the US Department of Energy's Better Buildings Challenge to reduce energy consumption in our US managed hotels by 20% by 2020. We participate in the annual Better Buildings Challenge summit, through webinars, and by showcasing IHG Green Engage system as an implementation model in an effort to not only reduce our own footprint but to also encourage others to do the same.

In addition in 2015 we signed the American Business Act on Climate Pledge along with 153 companies to demonstrate our support for action against climate change.

Water Footprint Network

In 2015 we announced our partnership with the Water Footprint Network as part of our Water Stewardship initiative. Working together we will better understand water usage at a local level, and apply best practice techniques and behaviours to manage and reduce our water footprint.

CARE International

CARE – the 'Cooperative for Assistance and Relief Everywhere' – is one of the world's largest aid agencies. It has expertise in humanitarian assistance and disaster relief. We work with CARE International to develop best practice in disaster preparedness and relief to support communities, colleagues and guests in need.

Goodwill Industries International

One of America's most inspiring companies (Forbes), we work with Goodwill Industries' network of 165 community-based agencies in the United States and Canada to provide skills development and employment opportunities to those seeking a career in the hospitality industry through the IHG Academy.

Infrastructure Leasing & Financial Services (IL&FS)

Through our IHG Academy partnership with IL&FS, one of India's largest skills development organisations, we provide training and skills development to support students with on-the-job training in our IHG branded hotels in India. There is a particular emphasis on mobilising the female workforce.

Youth Career Initiative (YCI)

YCI supports young people who are unlikely to have a viable route into legitimate work without external help. IHG branded hotels work with YCI in many countries around the world to offer skills training through the IHG Academy.

Enactus

Enactus is an international non-profit organisation dedicated to inspiring students to improve the world through entrepreneurial actions. Representatives from IHG support events and programmes, and provide work experience placements through the IHG Academy.

Industry associations

Business in the Community (BITC)

We joined BITC in 2009 and work with other members to develop best practice to manage environmental resources and make a positive impact in the communities where our hotels operate. We are part of the BITC international leadership team and disaster relief working group, bringing together like minded companies to develop a cross-sector collaborative approach for disaster preparedness and response. We are also part of the BITC Human Rights Working Group.

International Tourism Partnership (ITP)

We work with industry peers to share knowledge and resources, develop policy and implement programmes which have a positive social, economic and environmental impact.

IHG is part of the ITP's Human Trafficking Working Group as well as the Water Working Group.

Global Sustainable Tourism Council (GSTC)

The GSTC established and manages global sustainable standards with the aim of increasing sustainable tourism knowledge and practices among public and private stakeholders. IHG is represented on the board of GSTC.

Global Business Travel Association (GBTA)

GBTA is the world's leading business travel and meetings organisation with over 7,000 members. GBTA and the GBTA Foundation deliver world class education, events, research, advocacy and media to a network of travel professionals. IHG is represented on the Sustainability Committee which aims to balance the social, economic and environmental impact of their members' business travel programmes.

American Hotel & Lodging Association (AH&LA)

AH&LA provides focused advocacy, communications support and educational resources for the hospitality industry. Representatives from IHG serve on and co-lead the sustainability committee of the AH&LA.

Our awards and recognition



We are proud that our responsible business achievements are being recognised.

IHG is a member of the

**FTSE4Good
Index**

In the United States, we ranked 6th
in the Atlanta Journal Constitution's

Top 25

large workplaces to work

For the second straight year,
we received a

100%

score on the Human Rights Campaign's
2015 Corporate Equality Index

Fortune Magazine

Most Admired

2015 list

Forbes

**Most
Reputable**

Companies 2015

We were also recognised
by graduates at

**TheJobCrowd
awards**

Awarded the

**Female
FTSE 100
Award 2015**

from Business in the Community

100%

Kimpton becomes first brand to have 100%
Trip Advisor Green Leaders compliance

Project Icarus Sustainability

Gold Medal

from the Global Business Travel Association
(GBTA) 2013-2014; 2015-2016

**RobecoSam
Bronze Class**

Recognised by RobecoSam as a sustainability
mover in the travel & tourism industry

IHG have been accredited by Top Employers UK
and China in 2015 for our great people offering.
Our Singapore and India offices have also been
recognised by the Great Place To Work institute

Top Employer

98B

score for Carbon Disclosure
Project Response 2015

IHG® Foundation

The positive impact of our award-winning corporate responsibility programmes led to the launch of the IHG Foundation in February 2016.

The IHG Foundation works to set the foundations for stronger, healthier, more prosperous communities around the world.

The foundation is committed to helping communities develop hospitality skills, ensuring support for those impacted by disasters, facilitating local community investment and protecting the environment.

Hospitality skills development

The IHG Foundation provides support to community organisations and education providers to tackle key social challenges and break down the barriers that many individuals face in accessing employment and to help them build their knowledge and skills in the hospitality industry.

International disaster relief

The IHG Foundation helps local communities when they need it the most, providing support when disaster strikes to help them get back on their feet and to be better prepared for future disasters.

Local community investment

The IHG Foundation collaborates with local organisations working hard to develop communities around the world where we can all prosper, creating better places for us all.

Environmental sustainability

Mindful of the impacts the hospitality industry has on the environment, the IHG Foundation provides support for organisations developing opportunities to do things differently to preserve scarce resources and help create a more sustainable future for everyone.

For more information on the IHG Foundation and the support it is providing for community projects with lasting impact please visit

www.ihgfoundation.com



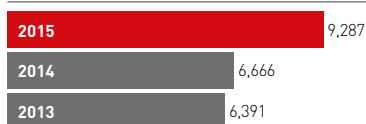
Our performance

Our five-year targets, 2013–2017, signal our commitment to doing business responsibly and to creating shared value for IHG, our owners, the environment and the local community.

Sustainable communities

Provide skills and improved employability to 20,000 people via IHG® Academy

Number of people participating in IHG® Academy programmes



Target complete

2015 progress

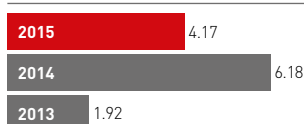
- 9,287 participants benefited from the IHG Academy.
- 1,215 IHG Academy programmes across 68 countries.
- We have exceeded our target in advance of 2017. Based on our 2013-2015 performance, we have taken the decision to double our target to 40,000 by year end 2017.

2016 priorities

- Continue to provide skills and improved employability to people via IHG Academy, ensuring positive impact for local people, our owners and IHG.
- Roll out the enhanced IHG Academy online tool to enable quality growth in the programme, including increased engagement with our franchise hotels.

Contribute a total of \$10m to communities through monetary donations and in-kind support, including through disaster relief (IHG® Shelter in a Storm)

Value of monetary donations and in-kind support to communities, including through disaster relief (IHG® Shelter in a Storm) (\$m)



Target complete

2015 progress

- \$4.17m contributed to communities through monetary donations and in-kind support.
- 27 disasters responded to in 17 countries in 2015.
- We have exceeded our target in advance of 2017. This strong track record of community contributions has led to the launch of the IHG® Foundation in February 2016.

2016 priorities

- Work with humanitarian agencies and like minded companies to further leverage our hotels and other assets on the ground in times of disaster and to increase focus on disaster preparedness.

Our performance continued

Environmental sustainability^a

Reduce carbon footprint per occupied room by 12% (from a 2012 baseline)

Carbon footprint per occupied room (KgCO ₂ e)	2015 progress	2016 priorities
2015 31.53	<ul style="list-style-type: none"> 3.9% reduction in carbon footprint per occupied room (to 31.53 KgCO₂e) on a 2012 baseline across our entire estate. Reported a Carbon Disclosure Score of 98B (increase on our score of 92B in 2014). Drove adoption of the IHG Green Engage system across our global estate. 	<ul style="list-style-type: none"> Continue to drive adoption of the IHG Green Engage system foundational standard across our entire global estate. Continue to drive quality use of the system to reduce our impact on the environment and enable cost savings.
2014 32.04		
2013 32.88		
2012 32.81		

33% of target complete

Reduce water use per occupied room in water-stressed areas (from a 2012 baseline)

Water use per occupied room in water-stressed areas (m ³)	2015 progress	2016 priorities
2015 0.66	<ul style="list-style-type: none"> 4.8%^b reduction in water use per occupied room (by 0.03m³) on a 2012 baseline in water-stressed areas. Launched a partnership with the Water Footprint Network to help further progress our Water Stewardship Programme. 	<ul style="list-style-type: none"> Continue to reduce water use across our entire estate, with a particular focus on hotels in water-stressed areas. Work with the Water Footprint Network to identify actions that hotels can adopt to improve their water stewardship, enabling further reductions in water use.
2014 0.67		
2013 0.67		
2012 0.69		

40% of target complete

Responsible procurement

Diversity within our supply chain

Achievements	2015 progress	2016 priorities
Track and report supply chain diversity. \$62.4m spend with diverse suppliers	<ul style="list-style-type: none"> Our spend with diverse suppliers was \$62.4m. This represents a 21% increase on our spend in 2014 (\$51.6m). 	<ul style="list-style-type: none"> Continue to work with diverse suppliers across our markets and increase this spend as appropriate.

Supplier evaluation of corporate responsibility criteria

Achievements	2015 progress	2016 priorities
Integrate corporate responsibility criteria into the selection and evaluation process for all preferred suppliers.	<ul style="list-style-type: none"> We have enhanced our procurement systems to require new suppliers to sign the IHG Vendor Code of Conduct as part of the process of becoming a preferred supplier. 	<ul style="list-style-type: none"> Continue to ensure that CR criteria is fully embedded in IHG procurement systems, forming an important decision criteria for preferred suppliers.

^a We are continuing to improve the quantity and quality of the environment data reported by hotels using the IHG Green Engage system; enabling us to improve the accuracy of our data. Each year our estate changes and the number of hotels reporting data increases, enabling our sampling to become more representative. Consequently we are restating the impacts for all years from the baseline year 2012 annually to enable comparisons to be made. Reporting period from 1 October 2014 to 30 September 2015. We calculate our environmental performance up to 15 decimal places. We have rounded to 2 decimal places in this report.

^b We calculate water performance to 15 decimal places. Using full decimal place calculation results in a 4.8% reduction.

Data tables

Carbon footprint^a

IHG's total carbon footprint (tCO₂e)

Franchised hotels	Owned and Managed hotels	Global All hotels and Corporate offices
2015 3,014,082.67	2015 2,329,970.52	2015 5,365,054.29
2014 2,809,387.21	2014 2,281,599.30	2014 5,113,393.16
2013 2,622,857.44	2013 2,232,562.26	2013 4,879,543.62
2012 2,447,571.69	2012 2,137,694.91	2012 4,607,015.20

IHG's direct and indirect global emissions in our corporate offices and managed, franchised, owned and leased hotels (tCO₂e)^c

Direct (Scope 1)	Indirect (Scope 2)	Total
2015 1,548,358.61	2015 3,816,695.68	2015 5,365,054.29
2014 1,407,239.59	2014 3,706,153.58	2014 5,113,393.16
2013 1,320,841.25	2013 3,558,702.36	2013 4,879,543.62
2012 1,175,729.26	2012 3,431,285.94	2012 4,607,015.20

IHG's direct and indirect emissions in our owned, leased and managed estate (tCO₂e)^c

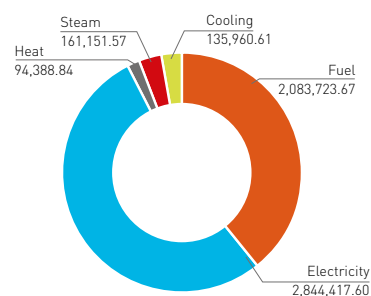
Direct (Scope 1)	Indirect (Scope 2)	Total
2015 531,683.21	2015 1,798,287.31	2015 2,329,970.52
2014 487,672.64	2014 1,793,926.66	2014 2,281,599.30
2013 472,384.26	2013 1,760,178.01	2013 2,232,562.26
2012 448,990.64	2012 1,688,704.27	2012 2,137,694.91

IHG's direct and indirect emissions in our franchised estate (tCO₂e)^c

Direct (Scope 1)	Indirect (Scope 2)	Total
2015 1,014,084.91	2015 1,999,997.76	2015 3,014,082.67
2014 916,164.59	2014 1,893,222.62	2014 2,809,387.21
2013 845,822.24	2013 1,777,035.20	2013 2,622,857.44
2012 725,464.25	2012 1,722,107.45	2012 2,447,571.69

Energy consumption^a

Energy consumption for owned, leased and managed estate (Mwh)



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^b We calculate water performance to 15 decimal places. Using full decimal place calculation results in a 4.8% reduction.

^c We report Scope 1 and 2 emissions as defined by the GHG protocol as follows:

Scope 1 (Direct emissions): combustion of fuel and operation of facilities; and

Scope 2 (Indirect emissions): electricity, heat, steam and cooling purchased for own use.

Data tables continued

Water^a

IHG's water use in water-stressed and non-water-stressed regions across the estate (%)



■ Water-stressed 46%
■ Non-water-stressed 54%

IHG's water use per occupied room across the global estate (m³)

2015	0.61
2014	0.62
2013	0.60
2012	0.63

IHG's total water consumption across the global estate (m³)

2015	104,212,802.06
2014	98,266,470.67
2013	89,065,361.04
2012	87,465,473.49

Waste^a

IHG's waste per occupied rooms (lbs)

Total dry waste per occupied room

2015	6.13
2014	6.05
2013	4.71
2012	4.72

Total wet waste per occupied room

2015	2.77
2014	2.71
2013	3.77
2012	3.82

Total recycling per occupied room

2015	1.12
2014	1.99
2013	1.20
2012	1.22

Gender profile

Directors on the Board



■ Female 50%
■ Male 50%

Senior managers



■ Female 25%
■ Male 75%

Group



■ Female 56%
■ Male 44%

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