

2017 Responsible Business Executive Summary

March, 2018

IHG[®]



Introduction

We are one of the world's leading hotel companies, with a purpose to provide True Hospitality for everyone. We want to ensure we have a positive impact on the lives of all people that interact with IHG.

True Hospitality means making everyone feel welcome and cared for, recognised and respected, whoever and wherever they are in the world. We bring this commitment to life by embedding responsible business practices in all aspects of the way we work. Doing the right thing in the right way engenders pride among our people, greater preference among owners, and builds trust with guests and local communities. To ensure the long-term success of IHG and our stakeholders, it is more important than ever to build trust and create a positive impact within communities, in what is a fast-changing and uncertain world.

On 1 March 2018, we published a full report on our responsible business practices at www.ihgplc.com/responsible-business

This executive summary provides an overview of how we deliver this through our programmes, policies and people. We also set out our performance against our 2013-2017 external targets, and publish IHG's Responsible Business targets for 2018-2020.

Our 2013-2017 targets

In September 2013, we launched five-year targets to signal IHG's commitment to doing business responsibly and to creating shared value for all our stakeholders.

Since then, we have collaborated with our hotels around the world to make progress against those targets. Working closely with General Managers and the IHG Owners Association to gather learnings and share best practice, we have achieved four of our five external targets.

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

Having exceeded the initial target of 20,000 two years early, we doubled our target to 40,000 people. Since 2013, 47,962 individuals have benefited from the IHG Academy.



Reduce carbon footprint per occupied room by 12%*

We continued to make reductions in our carbon footprint in 2017, and in the five-year period from 2013, we have reduced our carbon footprint per occupied room by 15%. The most significant savings were in our managed hotels, which reported a 27% reduction.



Reduce water use per occupied room in water-stressed areas by 12%*

During the period 2013-2017, we reduced our water use per occupied room in water-stressed areas by 5%. Although, we were not able to achieve our five-year target, we saw significant reductions of 15% in water use across our managed hotels, and we continue to work across all our hotels to implement new water saving technologies.



Track and report diversity within our supply chain

Our spend with diverse suppliers in the US was \$66m vs \$59m in 2016.

Target achieved

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

Onboarded suppliers are required to complete due diligence questionnaires covering responsible business and human rights.

Target achieved

* From a 2012 baseline



DJSI

Achieved listing on the 2017 S&P Dow Jones Sustainability World Index.

FTSE4GOOD

IHG is a member of the FTSE4GOOD Index.

United Nations Global Compact

IHG is a signatory of the UN Global Compact.



A word from our Chairman



As a Board, we recognise the importance of ensuring a strong culture of responsible business is embedded throughout IHG. Such a culture is a force for good, ensuring that as a company we grow in a sustainable way in keeping with our values, and that more broadly we make a positive impact on the lives of those we interact with.

Patrick Cescau
Chairman

Our CEO's view

Q: What does responsible business mean to IHG?

KB: It means a culture of doing the right things in the right way, and it means grasping opportunities to make a positive impact. Because of our global scale, we have opportunities around skills and employment and sustainability, and we can step up to help communities in times of need. We also recognise being a responsible business is an increasingly important part of wider stakeholder expectations around environmental and social issues and good governance.

Q: What role do the people of IHG play in delivering responsible business?

KB: Our people are the most critical part. It's up to all of us to help run a responsible and sustainable business, and we help make sure everybody understands that with things like our Winning Ways, a set of values all colleagues share around the world. As a global business, it's incredibly important that we also invest in our colleagues and their careers, and that we create an inclusive culture that celebrates difference.

Q: What challenges did IHG face in 2017?

KB: In 2017, we saw a number of threats to our business and disasters affecting the people we care for. Sadly, there are too many to mention here,

but when I think about how our colleagues came together to help people when they needed it the most – whether it was terrorist attacks in Europe, torrential flooding in Southeast Asia, or devastating hurricanes in the Americas – it makes me very proud.

Q: What challenges do IHG face in the future?

KB: We must continue to evolve our business, ensuring we adapt to the changing global landscape. Cyber threats are an increasing concern; we need to constantly review our processes to ensure we can keep guest data secure. In addition, climate change is a real issue, which is why we work to minimise our environmental impacts. Extreme weather conditions cause untold pressures on our colleagues and threaten the safety of our guests, so we work to ensure that hotels are prepared and know how to respond if a disaster happens.

Q: Why is IHG launching new responsible business targets?

KB: We are proud of our culture to care for others and our planet; it's part of what we do every day. We made good progress against our 2013–2017 targets, but our performance in water savings fell short. We are using this opportunity to gather learnings on actions taken over the past five years.



After consultation with stakeholders, we are launching new three-year targets which focus on the areas where we feel we can have the greatest impact – environmental sustainability, community impact, our people, and responsible procurement. It will take the support and commitment of all colleagues and owners to help us achieve them.

Keith Barr
Chief Executive Officer



Developing our responsible business approach

Our focus on responsible business is part of everything we do at IHG, helping create a diverse and inclusive culture that embodies our commitment to providing True Hospitality for everyone.

We concentrate on a targeted portfolio that, together with disciplined execution of our strategy and a commitment to doing business responsibly, will drive superior returns for our shareholders. As a company, we recognise the need to continuously develop our responsible business approach in order to address growing stakeholder expectations around environmental, social and governance matters.

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. Moving at speed and focus is important and to accelerate our growth, we will sharpen our focus on scale and how we invest resources in the highest opportunity markets and segments.

Our operating model means that we must work in close collaboration with our third-party owners in order to embed our responsible business approach and key programmes across IHG hotels.



For more information on our strategy for high-quality growth, please see our 2017 Annual Report
www.ihgplc.com/investors/annual-report

We consult with our stakeholders to determine the issues that are most relevant to them and IHG. Using a materiality index, we align our responsible business priorities with IHG's strategic model and our principal risks. We consider the areas where we can make the greatest positive contribution to the communities in which we operate.

Our materiality index



Our culture of responsible business

- 1 Responsible procurement
- 2 Responsible attitudes and ethics
- 3 Human rights
- 4 Guest safety and security
- 5 Cyber security and information governance
- 6 Governance

Our people

- 7 Diversity and inclusion
- 8 Labour rights
- 9 Employee well-being
- 10 Employee volunteering

Environmental sustainability

- 11 Sustainable food and beverage
- 12 Waste
- 13 Biodiversity
- 14 Water
- 15 Energy and carbon

Community impact

- 16 Community investment
- 17 Disaster preparedness and relief

Supporting the United Nations Sustainable Development Goals

Our approach to responsible business means we can grow our business in a sustainable way, and make the greatest contribution to the 2030 Agenda for Sustainable Development and the United Nations Sustainable Development Goals.

The goals are connected and interlinked. However, we have identified the seven where we believe we can have the greatest impact.



This is a summary report. For full details on IHG's approach to responsible business visit www.ihgplc.com/responsible-business

Stakeholder engagement

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

Guests & 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. 63% of our corporate clients request key responsible business data.

Owners

We work closely with the IHG Owners Association to shape and implement our responsible business strategy. We engage formally with them through meetings and surveys, as well as through our regional conferences.

Colleagues

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

Shareholders

We are aware that our investors are placing greater emphasis on environmental, social and governance issues and we respond to their queries, as well as engaging with shareholders in our Annual General Meeting. Shareholders can read about our responsible business approach in the dedicated sections of our Annual Report and at www.ihgplc.com/responsible-business

Suppliers

We work with suppliers who share our commitment to doing business responsibly. We work with them to define clear guidelines on our responsible business requirements.

Academic institutions

IHG is a thought leader within the travel and tourism industry and we are regularly asked to collaborate with academic institutions to share best practice. In doing so, we can develop an approach for the hospitality industry to reduce its environmental footprint and increase its positive community impact.

NGOs, government and community organisations

We partner with many organisations. Through this collaboration we can implement new initiatives and policies to further embed responsible business practices across the organisation.

Industry associations

We collaborate with our industry peers to share best practice and to promote a responsible industry. This involves participation in working groups and developing common reporting methodology.

“We are proud to collaborate with partners like IHG on the GBTA Sustainability Committee. Together, we support our members to understand key environmental, economic and social challenges in our industry and share best practice to help find solutions to drive positive change.”

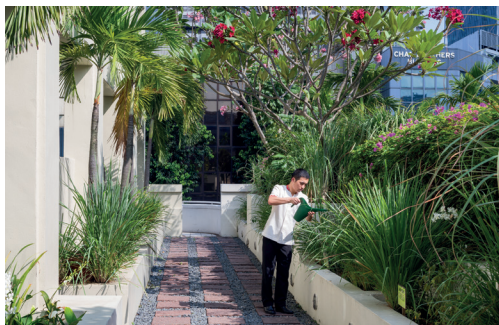
Marina Manganaris

Global Business Travel Association



Our 2018–2020 Responsible Business targets

We have engaged with internal and external stakeholders to define a new set of Responsible Business targets for 2018-2020. We will collaborate with colleagues in our owned, leased, managed and franchised hotels and corporate offices around the world to deliver these targets in the years to come.



Environmental
sustainability

6–7%

Reduce carbon footprint per occupied room.

Six projects

Launch two water stewardship projects per year.



Community
impact

30,000–40,000

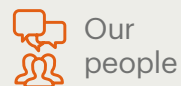
Individuals provided with hospitality skills training through the IHG Academy.

\$3,000,000

Raised to support communities through the IHG Foundation.

100,000

Colleagues involved in supporting IHG Foundation Week and other related events each year.



Our
people

Increase diversity

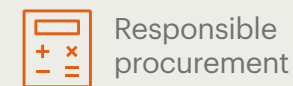
Increase diversity in terms of gender and nationality or ethnicity of IHG Senior Leaders.

Increase female representation

Increase females working in General Manager and Operations roles in managed hotels.

Employee engagement

Track and report employee engagement each year.



Responsible
procurement

Increase supplier audits

Increase supplier risk profiles and audits for preferred suppliers.

Increase ethical supplier awareness

Roll out new training for corporate colleagues and hotels¹.

IHG green criteria

Increase suppliers that meet IHG green criteria².

¹ Measured by the number Ethical Supplier e-learning completions for corporate colleagues and take up of the Responsible Procurement Toolkit for hotels.

² Measured by number of suppliers completing an additional questionnaire on their green credentials in addition to the Vendor Code of Conduct.



Our culture of responsible business

Our culture of responsible business extends to everyone we engage with – guests, colleagues, owners, partners and local communities. This can only be delivered through our people and the programmes and policies we have in place.

Achievements

\$66m

Increased our spend in 2017 to \$66m from \$59m in 2016.

40,000

Colleagues in our corporate office and managed hotels completed our human rights e-learning module to date.

In a fast-changing and increasingly uncertain world, building trust with our stakeholders, living our core values, and having a positive impact on society and the environment is more important than ever to IHG's long-term success. This involves:

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

We have comprehensive Group-wide policies and approaches on key responsible business issues. These are set out in our Code of Conduct and include Human Rights and Modern Slavery, Bribery and Financial Crime, Environment, Community Activities and Charitable Donations, and Diversity and Inclusion. We regularly review our policies to ensure we comply with best practice.

The Corporate Responsibility Committee provides direction, oversight and advice to the Board on the Group's corporate responsibility objectives and strategy.



Our approach to risk management

We have a robust and effective risk management system, which continues to evolve in step with our business. See www.ihgplc.com/investors/annual-report



Guest safety and security

We take the safety of guests, colleagues and visitors to our hotels very seriously. We manage safety and security through a global management system that includes Brand Safety Standards, risk guidance, training and toolkits for all hotels.



Anti-corruption and anti-bribery

We are committed to operating with integrity and to complying with all relevant laws. IHG has a zero-tolerance approach to bribery and corruption and this position is clearly set out in our Code of Conduct. This position applies to all IHG employees and Directors and our managed hotels.



Data privacy

Data privacy and the way we handle the personal data of guests, colleagues and others' data is extremely important to us. See our Privacy Statement here www.ihg.com/content/us/en/customer-care/privacy_statement



Responsible procurement

In 2015, we launched an automated procurement system in many of our large corporate offices. This helps our central procurement team to manage our supply chain, and we continue to increase corporate spend through the system. Onboarded suppliers are required to complete due diligence questionnaires covering responsible business and human rights. We have piloted a new supplier assessment and audit programme, using third party risk assessment providers, which will be developed further in 2018.

We also carry out due diligence and compliance checks on all new parties with whom we enter into hotel agreements. A central committee considers and reviews any issues identified including bribery and corruption and human rights.



Human rights

IHG focuses on those areas of human rights that are most relevant to our business and we work to ensure our values are reflected consistently. We require all IHG branded hotels to adopt and display a human rights policy, and we also have in place an e-learning module on human rights and modern slavery. See our Modern Slavery statement for further information at www.ihgplc.com/modern-slavery



This is a summary report. For full details on IHG's approach to responsible business visit www.ihgplc.com/responsible-business

Our people

More than 375,000 people work in IHG branded hotels and corporate offices, and they are integral to our commitment to operating responsibly.

Achievements

Top 10

In 2017, Hampton-Alexander Review listed IHG as one of the top 10 companies on the FTSE 100 for female representation across our Board, as well as our Executive Committee and their direct reports.

150,000

Colleagues completed our True Hospitality Services Skills training in 2017.

100%

Perfect score on the Human Rights Campaign's annual Corporate Equality Index in the US for four years in a row.

Best employer

In 2017, IHG were recognised by Aon Hewitt as Best employer, benchmarked against industry scores.



Our Winning Ways

As part of our culture, we have our Winning Ways, a set of everyday behaviours based on values that are important to us and our guests.



Do the right thing



Aim higher



Show we care



Celebrate difference



Work better together



Diversity and inclusion

As a global business, we recognise the importance of a workforce that represents the communities in which we operate. We celebrate difference and encourage diverse thinking and perspectives.

In 2017, the Hampton-Alexander Review listed IHG as one of the top 10 companies on the FTSE 100 for female representation across our Board, as well as our Executive Committee and their direct reports.

We have also achieved a perfect score on the Human Rights Campaign's annual Corporate Equality Index in the US, acknowledging IHG as a place to work for lesbian, gay, bisexual and transgender (LGBTQ) workplace equality.



Continuous learning

The IHG True Hospitality Service Skills training ensures colleagues consistently meet the needs of our guests. This training is now underway across each of our regions and so far, more than 150,000 colleagues from more than 3,500 hotels have completed the programme.

In 2017, we completed the global roll-out of our General Manager (GM) Learning Programme via Fuse. This is an online social community where they share best practice, seek advice and complete professional development courses.



Employee engagement

We measure employee engagement through our bi-annual survey, Colleague HeartBeat powered by Aon Hewitt. Colleagues in our corporate, managed hotel and customer reservations offices are invited to take part. Our most recent survey delivered record-breaking participation of 98%. These results were recognised by Aon as a Best Employer, benchmarked against industry scores.

Lean In Circles



IHG Lean In Circles are small groups created to provide professional growth opportunities for women through mentoring, networking, outside speakers and more. They have attracted great interest and today across all of our regions, hundreds of female colleagues have joined circles and many are also participating in mentoring programmes – helping them to step out of their comfort zones and lean in to their ambitions.



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Environmental sustainability

We understand the impact our business operations have on the environment and take active steps to manage it.

Achievements

15%

Reduction in our carbon footprint per occupied room.*

5%

Reduction in water use per occupied room in water-stressed areas.*

* From 2013-2017, against a 2012 baseline.

\$100m

Avoided costs by IHG branded hotels in 2017, through using the IHG Green Engage™ system.

1.6%

Absolute reduction of carbon emissions between 2016 and 2017 for our global hotel estate and corporate offices.



We are committed to ensuring our business grows in a sustainable way, always mindful of the resources we use, as well as the opportunity we have to do things differently.



IHG Green Engage™ system

The IHG Green Engage™ system is our Group-wide, online sustainability programme. It helps our hotels to manage and report their use of energy, carbon, water and waste, and minimise their overall utility costs and environmental impact.



Carbon and energy

As a global organisation, we believe our biggest contribution towards cutting greenhouse gas emissions will come from changing our own behaviour. We are 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.



Water

United Nations studies show that water stress impacts over 40% of the global population, with projections showing this is set to rise. From 2013-2017, we achieved 5% reduction in water use per occupied room in water-stressed areas, which was short of our target of 12%.

We are using this opportunity to consolidate learnings to inform our work in water stewardship and other areas going forward.



Waste

We encourage our hotels to manage their waste and recommend 20 solutions that set out how they can handle, store, recycle and dispose of waste, both on and off-site.



Amenity recycling

Many of our hotels partner with not-for-profit organisations to recycle soap and guest room amenities, so that they can be distributed to the developing world. Working with Clean the World in the Americas and Soap for Hope in Asia, 435 hotels have recycled 190,000kg of soap into 2.8 million bars of soap to date, preventing it entering into the waste stream.



Guest engagement

Through our 'A Greener Stay' programme, IHG® Rewards Club members who stay two nights or longer can forgo housekeeping, reducing their energy and water usage associated with washing linens and other cleaning.

Crowne Plaza London – The City



Since 2012, Crowne Plaza London – The City has implemented 60 Green Solutions; actions items that hotels can implement on property to build and operate sustainable hotels. Through implementing these measures the hotel has achieved reductions in its energy use by 22% per occupied room in 2017. The hotel delivered these high reductions throughout, replacing lighting in over 3,000 fixtures, saving 7% in energy and \$37,000. In addition, the hotel installed low flow shower heads, saving 12% in water. The hotel has also implemented measures to reduce waste by 21% including food waste, which is separately collected for biofuel.



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Community impact

Around the world, we work to have a positive impact by creating jobs and stimulating local economic development. We are creating more sustainable communities through skills-building opportunities and ensuring our hotels are prepared in the event of a disaster.

Achievements

13,633

Individuals provided with skills and improved employability through the IHG Academy in 2017.

2,599

IHG Academy programmes in 74 countries in 2017.

2,039

Colleagues supported through the IHG Colleague Disaster Relief Fund in 2017.



Changing lives with IHG Academy

Tourism accounts for 1 in 10 jobs worldwide, and with more than 5,300 hotels, we deliver positive economic impact by creating jobs for local people.

Through the IHG Academy programme we are developing people, improving their employability and growing their careers in the hospitality industry. Our hotels and corporate offices partner with local community organisations and/or education providers, to offer them on the job work experience. We're creating a pool of skilled, motivated and engaged people who are committed to providing a consistently great experience for our guests.



Disaster relief

We have a long and proud history of helping local communities and colleagues in times of need. Our hotels are centres of their community and as they can be a place for celebration, they also play a pivotal role in being centres of refuge following catastrophe. We empower our hotels so they are prepared in the event of a disaster and through our partnership with CARE International UK, we ensure a consistent response across our hotels and offices as we draw on their expertise in disaster preparedness and relief.

IHG Academy Frontier Programme



Since 2016, over 30 IHG Academy participants from IHG hotels in China have taken part in a cross-regional programme to broaden their hospitality skills in Asia-Pacific. The participants benefit as they adapt to working in new cultures, learning new languages and experiencing different hotels. They help our hotels better cater for the needs of Chinese travellers.

Eason, a former IHG Academy participant at the Holiday Inn Kandooma Maldives and now IHG Future Leader is working as a Guest Services Agent at Intercontinental Shanghai NECC "IHG Frontier gave me a good opportunity to work overseas, training in the Maldives for six months. It broadened my horizons."

Supporting our colleagues in times of need

In 2017, we saw an unprecedented number of natural disasters hit our planet, including catastrophic flooding in South Asia, wildfires in Portugal, and destructive hurricanes in the US and the Caribbean. With over 375,000 colleagues working in IHG branded hotels and offices in nearly 100 countries around the world, the IHG Colleague Disaster Relief Fund

supported over 2,000 colleagues impacted by 21 disasters in 14 countries.

Following the destruction caused by Hurricanes Harvey, Irma and Maria, we supported over 1,000 colleagues in over 100 hotels in the US and the Caribbean alone, providing shelter, clothing, food and medicine.



This is a summary report. For full details on IHG's approach to responsible business visit www.ihgplc.com/responsible-business

IHG Foundation Week

Each September, IHG holds its annual charitable fundraising week in aid of the IHG Foundation, supporting its work to help people in communities around the world.



1. More than 100 colleagues from Shanghai volunteered at the Shanghai Wulixiang community centre – grantee of the IHG Foundation



2. Colleagues from our Atlanta corporate offices came together during their field day to celebrate IHG Foundation Week



3. Colleagues from across Europe came together to ride from Leeds to York, UK in aid of the IHG Foundation



4. Colleagues from InterContinental Bali supported a local community organisation by planting trees

Supporting communities around the world

IHG supports the work of the IHG Foundation, an independent charity working to provide a helping hand to communities around the world.

In 2017, over 100,000 colleagues came together to raise over \$350,000 for the charity. Colleagues from hotels and corporate offices in nearly 80 countries took part in 10,000 activities. As part of the week, colleagues across the globe provided more than 200,000 hours of volunteering to a variety of community organisations.

For more information visit www.ihgfoundation.org

The IHG Foundation is a charity registered in England and Wales (no. 1164791) and a 501(c)(3) organisation in the US. In China, the IHG Foundation is brought to life through a partnership with the China Soong Ching Ling Foundation. The IHG Foundation is an independent charity that works to achieve long-lasting benefit to communities around the world.



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