

Responsible Business Report 2020

# On a journey towards a better future



**IHG**<sup>®</sup>  
HOTELS & RESORTS



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## Welcome

With hotels in thousands of communities all over the world, our business and brands touch the lives of millions of people every day.

By caring for our guests and colleagues, recognising and respecting one another, protecting the environment and giving back to our communities, we deliver our purpose of True Hospitality for Good.

Our actions as a responsible business not only shape our culture and operations but also reflect our commitment to positively contribute to the world around us – from supporting Covid-19 recovery efforts, to promoting social equality and tackling climate change.

In this report we are pleased to share with you our approach, the actions we have taken to operate responsibly and how we'll continue to help shape the future of responsible travel.

Welcome to our 2020 Responsible Business Report.



## Chair's statement



Welcome to IHG® Hotels & Resorts' Responsible Business Report, which charts our progress in 2020, alongside managing our response to Covid-19, and outlines our commitment to operating and growing in the right way, giving back to our communities and protecting the planet.

**We entered the year with a busy agenda to continue embedding the right culture, policies and governance approach into our actions and operations, alongside ensuring we delivered on our 2018-2020 responsible business targets. In addition, work had begun to define our future path with a longer-term set of commitments capable of engaging and inspiring our stakeholders to continue making a positive difference to our business, communities and the environment.**

The arrival of the pandemic of course meant that a busy year turned into the most difficult period IHG and the hospitality industry has ever faced. In an unprecedented environment, and with our business, hotel owners and industry under immense pressure, we refocused many of our efforts and acted with great speed, care, thought and compassion. We have strived to do what's right for our colleagues, guests, owners and communities, and IHG's Executive Committee, supported by the Board, have worked to ensure the impact of the crisis is managed responsibly and that we emerge an even stronger business.

I am incredibly proud of everyone's actions, and while the pandemic has had an unavoidable impact on the outcome of some 2018-2020 targets, the fact that such a huge amount has been achieved on so many fronts is testament to the strength of IHG's leadership, colleagues, owners and partnerships.

### True Hospitality for Good

Indeed, it's because of the way we've rallied together in response to this pandemic, and the real passion and desire colleagues share to make a difference to our guests, one another and the world around us, that we've chosen to evolve our purpose from True Hospitality for everyone, to True Hospitality for Good. Our commitment to providing True Hospitality to everyone, every day, doesn't diminish – it's vital that we do that. But in a changing world, our teams have underlined the importance of purpose, giving new meaning to our potential to effect positive change, and highlighted the growing expectation that we must deliver that change in a challenging world. True Hospitality for Good captures this and will see us focus on the positive impact we can have on our people, guests, communities and planet.

Today's stakeholders are increasingly looking at companies through an environmental, social and governance (ESG) lens. At IHG, we know our colleagues, owners, guests, suppliers, partners and investors are making decisions based on how we act as a company, including how we operate our hotels, the diverse and inclusive culture we create for our workforce, how we care for our communities and how we manage our environmental impact. Supported by the Board, we take great care to ensure those voices are listened to and reflected in our policies, plans and overall governance approach.

We are taking clear steps to ensure we meet those expectations and deliver on our purpose. Caring for our people, communities and planet is one of four priorities in our refreshed corporate strategy, and it is supported by our new 2030 Responsible Business plan, Journey to Tomorrow, which includes science-based targets alongside other stretching ambitions.

Through its Responsible Business Committee, the Board was closely involved in developing these plans, which I believe represent a clear and compelling road map for IHG's responsible and sustainable future growth.

In early 2020, IHG also committed to support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). To inform this work, we have developed an initial climate risk assessment framework, which we will use to conduct quantified scenario analysis in 2021.

This will enable us to identify the potential climate-related risks and opportunities for IHG and will allow us to take action to build resilience accordingly.

Quantifying the success of any organisation is now more complex than ever. It cannot be measured purely in terms of profitability or size – there is a bigger role to play that involves understanding the power of acting with purpose, reaching your targets in the right way, and collaborating with others for greater change. As a company, we understand how important it is that we act with awareness, consideration, responsibility and transparency, and I look to the next decade with great optimism that we can build an even stronger company, which makes an even greater impact on our communities and planet.

**Patrick Cescau**

Chair



## CEO statement



Our business and brands are built on a pride and passion to care for people, and the immense challenge of Covid-19 in 2020 saw us demonstrate this commitment more than ever before, bringing our purpose of True Hospitality for Good to the fore all over the world.

**The magnitude of the pandemic means billions of lives have been changed, economies damaged, and societies challenged, while our hospitality industry has experienced the hardest period in its history. Such a backdrop led to an extremely difficult year for everyone, and yet despite this, I am deeply proud of how our colleagues, owners, charity partners and so many other stakeholders came together to support one another and those around them.**

Ensuring we operate as a responsible business relies on multiple factors. It requires constant thought and investment in our culture and the governance that sits around our actions; a deep understanding of what's important to our stakeholders, including colleagues, guests, owners and investors; a clear grasp of how our operations impact the environment; and a passion to put our scale as a global company to greatest use among the communities in which we operate.

Each is as important as the other, and I believe it is because these elements have been in place at IHG for so many years that, not only were we able to respond to the crisis with such warmth, care and compassion, but also continue to move forward as a company in several important areas.

### Responding to Covid-19

From the onset of the pandemic, the health and safety of our colleagues and guests has been a key priority, supported by significant enhancements to our IHG Way of Clean programme. We've proudly welcomed frontline workers into hundreds of our hotels around the world and provided shelter for the homeless, while also offering meals and care packages to those in need in our communities. Working closely with some incredible charity partners, we also supported relief efforts and donated to food bank networks that have provided meals to almost 27 million people facing hunger.

Mental health and wellbeing resources were provided to our thousands of corporate colleagues working remotely, all-colleague calls were held more frequently to keep everyone informed, and smaller feedback groups took place to hear our team's thoughts. Programmes and support networks were also put in place for all those who sadly saw their jobs impacted by such a vastly changed trading environment. We kept moving forward as a business as well – addressing social inequity through strengthened D&I commitments, continuing to help our communities during natural disasters, and being mindful of our environmental footprint, offsetting unavoidable PPE waste in our hotels by moving more guest room items to request only.

As we made sure to respond to what was needed, we have maintained a focus on ensuring both IHG and our industry emerges from the pandemic in a stronger position. More than ever, businesses, trade bodies and governments must work together, so coordinated action was taken throughout the year, including joining the World Travel & Tourism Council in seeking a responsible recovery, speaking at the G20 Tourism meeting, and supporting the Sustainable Hospitality Alliance, where the world's biggest hotel companies work collectively for the greater good.

### Journey to Tomorrow

We are also excited to have launched Journey to Tomorrow, a series of clear commitments for the next 10 years in areas aligned to both our purpose and the UN Sustainable Development Goals. The plan builds on important achievements in our 2018-2020 targets and includes ambitions as a company to promote wellbeing in the workplace, champion an inclusive culture, and advance human rights.

In our communities, we want to seize the opportunity to improve millions of lives, whether by supporting disaster relief or tackling food poverty, or by providing skills training that drives social and economic change. And, for our planet, we will work across our hotels to reduce carbon emissions in line with climate science, eliminate single-use items and champion reusable alternatives, reduce food waste, and collaborate with local stakeholders to tackle water sustainability issues in areas of greatest risk.

People want to see clear and measurable targets; they want organisations to initiate change rather than wait for it; and they want companies to understand and adapt to what's happening around them. Our Journey to Tomorrow plan will help us make changes for the better – not only for our Company and stakeholders, but also our industry as we collaborate and share best practice, and for our communities as we use our scale and resources to make a positive difference to those around us.

I'm excited about what we can achieve, and I want to thank our incredibly dedicated colleagues, owners and partners for keeping responsible business at the heart of IHG during a very difficult year.

**Keith Barr**  
CEO





## About IHG Hotels & Resorts

IHG is one of the world's leading hotel companies, with thousands of colleagues working across more than 100 countries. Our purpose is to provide True Hospitality for Good — striving to make a difference every day to our colleagues, guests, communities and the world around us.

### Our operations

5,964

Total hotels in the IHG system (886,036 rooms)

5,005

Franchised hotels (627,348 rooms)

936

Managed hotels (253,288 rooms)

23

Owned, leased and managed lease hotels  
(5,400 rooms)

1,815

Total hotels in the pipeline (272,057 rooms)

### Our business model

As at 31 December, 2020, there were 5,964 IHG-branded hotels open globally and a further 1,815 in our development pipeline. Our strategy focuses on growing our portfolio of differentiated hotel brands at scale in high-value markets to deliver long-term value for both IHG and our stakeholders.

Whether we franchise to, or manage hotels on behalf of hotel owners, depends largely on market maturity,

owner preference and, in certain cases, the hotel brand. Mature markets, such as the Americas and Europe, largely follow a franchise model, while a managed model is more frequently seen in emerging markets, such as Greater China.

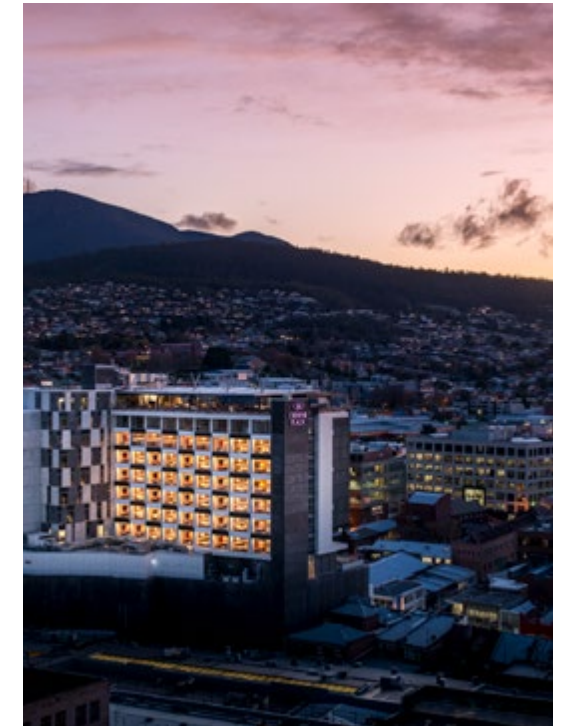
Due to our asset-light approach, our number of owned, leased and managed-leased hotels has reduced from more than 180 hotels in 2003, to just 23 today.

### The key differences between our three main models are summarised below

Business model	Hotel ownership	IHG capital intensity	Employees	Brand ownership marketing and distribution
Franchised	Third party	Low	Third party	IHG
Managed	Third party	Low	IHG and third party	
Owned and leased	IHG	High	IHG	

→ [Learn more about our business and brands here](#)

### Our brands





## About IHG Hotels & Resorts *continued*

### Our workforce

As a result of our hotel estate being predominately franchised, the majority of people who work at IHG-branded hotels are not employed by IHG. In franchised hotels, IHG does not control the day-to-day operations of the hotels, including the employment policies, practices, terms and conditions. However, both IHG and its third-party owners are committed to delivering a consistent brand experience, conducting business responsibly and upholding our purpose of providing True Hospitality for Good.

Thousands of colleagues work across our estate of 5,964 hotels. However as of 31 December 2020 IHG directly employed 12,832 people globally, including individuals employed in our corporate offices, central reservations offices and owned and managed hotels. For the purposes of this report, when we refer to our employees, it is defined as this group.

### Our suppliers

We aim to work with suppliers who share our commitment to operating responsibly. This includes adopting ethical work practices and having a positive impact on both the environment and local community. To ensure that our suppliers act with the same integrity and respect as we do, all our suppliers are expected to adhere to the standards of our Supplier Code of Conduct within their own business and across their own supply chains.

Due to our operating model, our supply chain activities are complex, but can be split into two categories: corporate and hotel.

Our corporate supply chain covers categories including technology, marketing services, HR services and other professional services, such as management consultancy.

Procurement of goods and services for hotels includes items required for opening, renovating and operating a hotel, such as operating supplies and equipment (e.g. linens, bathroom amenities, cleaning products), uniforms, food and beverage, furniture, electrical equipment, lighting, wall and floor coverings and services (e.g. lift maintenance). Procurement predominantly occurs at the local hotel level as our hotels are largely owned by independent third-party owners, who are responsible for managing their own independent supply chains.

IHG provides hotel procurement support in the Americas, Greater China and many countries within EMEAA. The IHG Procurement team enables programmes and buying platforms for responsibly sourced goods and services, leveraging the scale of our system for our independent owners and their hotels.

### Scope of our reporting

This report provides an overview of IHG's responsible business strategy and performance for 1 January – 31 December 2020 (referred to as 'this year'), focusing mainly on the activities of our directly controlled operations across the world. Where we have access to wider data sets from across our value chain, we have indicated the change in scope. This pertains to our environmental sustainability data, which covers our entire estate of 5,964 hotels.

The information in our report is validated through an internal assurance process, which is supported by external assurance of our environmental data.

→ [Apex assurance statements](#)

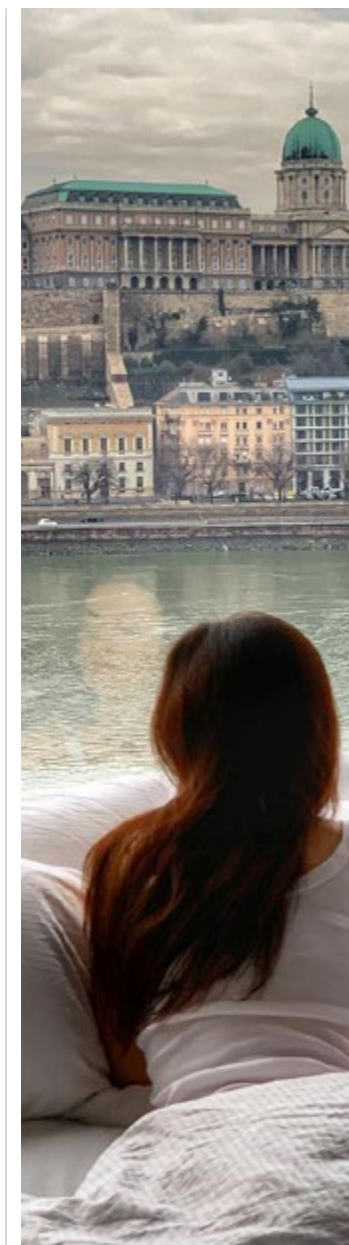
### Reporting framework

Our reporting integrates the recommendations of the Sustainability Accounting Standards Board (SASB), Global Reporting Initiative (GRI), and Stakeholder Capitalism Metrics.

→ [ESG databook](#)

We participate in numerous ESG questionnaires and rating indices, including the S&P SAM Global (DJSI), CDP, MSCI, Sustainalytics, FTSE4GOOD and WDI.

→ [See our stakeholder engagement section to learn more about engagement with our investors](#)





## Summary of 2020

### Stepping up in times of need

#### Launched IHG Clean Promise and Meet with Confidence

Worked with world-leading medical experts to enhance our cleaning standards to support the safety and wellbeing of our guests and colleagues



#### Food bank infrastructure

Provided financial assistance to our charity partners so they could give basic food provisions to society's most vulnerable



#### Accommodated those in need

Our hotels provided a safe place to stay for frontline workers, quarantining travellers and the most vulnerable, such as the homeless

#### Thanking our heroes

Launched a special 'Heroes' rate and surprised more than 85 frontline workers

### Working towards our 2018-2020 targets

#### IHG Academy

Improved the employability of 31,889 people through our skills building programme, IHG Academy

#### Recognising our community heroes



Our Giving for Good awards recognised the efforts of thousands of colleagues who supported their communities this year. 212,000 hours volunteered by colleagues to support communities in need

#### Water stewardship

Launched two new water stewardship projects in Australia and China

#### ERGs

Launched new employee resource groups (ERG) to support our employees

#### Disaster response

Responded to 14 disasters, supporting 1,428 colleagues and thousands more across local communities

### Building for the future

#### Dow Jones Sustainability Indices

Member of  
**Dow Jones  
Sustainability Indices**

Powered by the S&P Global CSA

Listed as a constituent of the S&P World and European Dow Jones Sustainability Indices

#### BITC Race at Work Charter

Backed the five principles of the Race at Work Charter to ensure ethnic minority employees are represented at all levels of an organisation



#### Zero Carbon Forum

Joined forces with the UK hospitality sector to drive a green recovery from Covid-19

#### Collective action in water-stressed areas



Joined the Water Resilience Coalition





# Our approach to responsible business

The definition of what it means to be a responsible business continues to evolve. How companies operate and behave is receiving more focus from wider society than ever before. This in turn is having a greater influence on the perceptions and decisions of a broader set of stakeholders, including investors, consumers and colleagues.

At IHG, we understand the importance of operating responsibly and sustainably – it is absolutely core to our business and culture. In recent years, we have made important progress in targeting operational, people-led and environmental issues most material to us and our stakeholders, broadening our focus and our impact as part of our promise to provide True Hospitality for Good. We are proud of our progress on what is a journey towards making an increasingly positive difference to our people, communities and the world around us.





## Our strategy

We are an ambitious company, with a clear strategy to strengthen and grow our hotel brands around the world by investing in the right guest experiences and technology, and driving owner returns. How we achieve that growth is equally important to us, which is why this year as part of a refreshed strategy, IHG made caring for our people, communities and planet one of four strategic priorities for the Company.

Our responsible business strategy is continually reviewed and refreshed, building on reflections from the Covid-19 pandemic, as well as more formal insights from our materiality and risk assessments, stakeholder engagement and external frameworks such as the United Nations Sustainable Development Goals.

Underpinning our approach to operating responsibly is good governance, which begins with our Board and is implemented and overseen by our CEO and Executive Committee.

### OUR PURPOSE

True Hospitality for Good

### OUR AMBITION

To deliver industry-leading net rooms growth

### OUR STRATEGY

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

### OUR FOUR PRIORITIES



Build loved and  
trusted brands



Create digital  
advantage



Customer centric  
in all we do



Care for our people,  
communities and planet

### OUR RESPONSIBLE BUSINESS STRATEGY

#### People and communities

Building on a culture of investing in our people, we focus on promoting wellbeing in the workplace; respecting and advancing human rights; and providing equality, inclusion and fairness for all. We champion these values in our communities, and through our hotels worldwide, we aim to drive social and economic change with skills training, volunteering and supporting people in times of need.

#### Planet

With hotels in more than 100 countries and ambitious growth plans for our brands, it is important to us that we operate sustainably and help preserve our planet for all generations to travel and explore. Working with our hotel owners and our industry, our goal is to create more sustainable guest stays by reducing our carbon emissions, managing waste, and conserving and preserving natural resources.



## Governance structure

Our commitment to responsible business starts at the top. Our Board is focused on ensuring we maintain the highest ethical standards of governance to support our culture, values and commitment to conducting business responsibly; and our CEO, Executive Committee and senior leaders make sure it is embedded, measured and upheld on a day-to-day basis.

Our Group Responsible Business Committee reviews IHG's responsible business objectives and strategy, including its impact on environmental, social, community and human rights issues; its approach to sustainable development and responsible procurement; and how it engages with key stakeholders in relation to its approach to responsible business. Key considerations and recommendations are then shared with the Group Board.

The Committee meets three times a year and in 2020 it was chaired by Jill McDonald, a Non-Executive Director (NED). Other NEDs who sit on the committee are Anne Busquet, Luke Mayhew, Arthur de Haast and Sharon Rothstein. At the end of 2020, Luke Mayhew stood down from the IHG Board and Responsible Business Committee and Duriya Farooqui joined the IHG Board and its Responsible Business Committee. The Group's Executive Vice President of Global Corporate Affairs and Vice President of Global Corporate Responsibility attend all meetings, and our Group Chair and CEO attended all meetings in the year.

In 2020, the key responsibilities and focus areas were:

- Reviewing the Group's corporate responsibility strategy and post-2020 responsible business ambitions;
- Reviewing and approving our new science-based targets;
- Monitoring the delivery of the responsible business targets for 2018-2020, focusing on the Group's environmental, community and diversity and inclusion targets;
- Reviewing the Group's approach to responsible business in the supply chain;



- Reviewing our approach to human rights issues, including the Group's Modern Slavery Statement; and
- Overseeing responsible business stakeholder engagement and key stakeholder engagement mechanisms as they relate to the workforce (Voice of Employee).

To support our Board and Executive Committee, we have an internal Responsible Business Governance Committee, which comprises of senior leaders from across the business who oversee our day-to-day responsible business activities. This committee includes representatives from teams such as Cybersecurity and Information Security, Procurement, Human Resources, Legal, Operations and Corporate Responsibility.

This committee meets quarterly to review the wider ESG agenda, ensure we are on track to meet our external and internal commitments, and to discuss opportunities to advance the agenda. This year, the committee has played an important role in reviewing and helping to shape our 2030 Journey to Tomorrow plan.

 To view our Responsible Business Committee Report, [click here](#)







## Materiality

In 2020, we undertook a detailed materiality assessment to identify and prioritise the key responsible business issues relating to our core business activities. Our materiality process adhered to best practice external standards and frameworks, including GRI Standards, DJSI, SASB and the Stakeholder Capitalism Metrics. The scope of the assessment covered all areas of our business model, while taking into account our asset-light structure and principal risks (see 2020 IHG Annual Report and Form 20-F page 34).

A long list of ESG issues were consolidated and ranked based on relevance to IHG and importance to our stakeholders, helping to prioritise significant issues that have the potential to create both risks and opportunities for our business.

This year, material issues have naturally shifted in response to the dramatic global impact of Covid-19, and so has the social dialogue on topics such as racial equity. In 2020, a total of 15 material issues were identified (16 in 2019). The list is created as a result of refinement, consolidation and movement of issues based on the outcomes of the assessment. Most noticeable changes have been the following areas becoming increasingly important for both IHG and our stakeholders:

- Safety and security;
- Human rights;
- Employee wellbeing;
- Training and development;
- Diversity and inclusion.

In such a challenging year, these shifts are as expected and reflect the switch in focus to social challenges and their impact on people around the world.

From a reporting perspective, we only cover issues that are deemed to be of a medium to high importance to our business. Each issue is covered within this report. The updated materiality assessment played a key role in shaping our 2030 Journey to Tomorrow plan.

### Materiality matrix – 2020



#### Culture

- 1 Cybersecurity and information governance
- 2 Responsible attitudes and ethics
- 3 Responsible business governance
- 4 Responsible procurement

#### People and communities

- 5 Safety and security
- 6 Training and development
- 7 Diversity and inclusion

#### Planet

- 8 Employee wellbeing
- 9 Human rights
- 10 Socio-economic impact
- 11 Respecting local cultures
- 12 Community activities

#### Planet

- 13 Energy and carbon
- 14 Waste
- 15 Water



## Risk management

### The Board's role in risk management – stewardship and active partnership

The Board is ultimately accountable for establishing a framework of prudent and effective controls, which enable risk to be assessed and managed, and is supported by the Audit Committee, Executive Committee and delegated committees. Our governance framework and Committee agendas establish procedures for Board members to receive information on risk from the Executive Committee and Senior Leaders and a range of other internal and external sources.

In 2020, our Board and management team, supported by the Risk and Assurance team, have reviewed our risk profile with increased frequency, and evaluated the appropriateness and resilience of our risk management and internal control arrangements. Throughout the management of the Covid-19 crisis, the Board has also considered the longer-term impact of the pandemic and other external and internal factors on our risk profile.

During 2020, alongside the close focus on responding to Covid-19, Board and Committee discussions have allowed for consideration of other emerging and evolving risks.

→ Further information on these emerging risks can be found in our 2020 Annual Report and Form 20-F page 34.

### How risk management and our appetite for risk has supported decision-making in 2020

Our risk management and internal control systems remain fully integrated with the way we run the business, and IHG's risk appetite is visible through the nature and extent of risk taken by the Board in pursuit of strategic and other business objectives. We cascade this appetite through our culture, values and behaviours, the goals and targets we set, and our Code of Conduct and other global policies, all of which are further reinforced by frequent leadership communications to guide behaviours and set priorities.

The short- and medium-term uncertainties created by Covid-19 led to active 'real-time' consideration of acceptable risk tolerances and whether any adjustments were required to financial and operational controls. Enhancements were made to controls to enable effective and efficient management of risk throughout the crisis, including the decentralisation of decisions to frontline crisis teams within a framework of agreed principles. This was balanced with updates to the Global Delegation of Authority Policy, reinforcement of policies (e.g. Code of Conduct, Information Security) and updates to other entity-level control arrangements.

After the initial operational disruption of Covid-19, additional adjustments to controls were required to maintain acceptable risk levels during IHG-initiated changes to the workforce and to safeguard continuity across our supply chain. These changes were guided by principles developed by the Executive Committee to ensure that any actions taken were not disproportionately destabilising, and supported by communications plans.

### IHG's principal risks and uncertainties

While the Covid-19 crisis has not fundamentally changed the principal risks to our business and strategy, it has heightened the uncertainty we face in the short term and also created the potential for longer-term impacts based on trade-offs that have been required to protect liquidity in 2020. The crisis has also accentuated the increasingly interconnected nature of risk.

We have not managed Covid-19 as a separate risk during the year, as the pandemic has increased the risk profile across many of our existing principal risks as we look forwards. This is most obvious in relation to the continuing significance of the safety and security of our colleagues and guests, government regulations impacting domestic and international travel, consumer confidence and appetite to travel internationally in the longer term, how we operate our hotels and the overall impact on our business resilience.

The necessary response to Covid-19 safety concerns has also created several secondary impacts and the potential for disruption and additional stress on our risk management and internal control arrangements. In addition, continued scrutiny of the social performance of major corporates may also lead to any incident or failure to manage risk receiving significant and rapid attention.

→ Further information on our principal risks and how we assess their trend and speed of impact can be found on: pages 36 to 41 of our Annual Report and Form 20-F.



### Looking ahead

As we move into 2021 the Board will continue to focus on whether levels of risk in the business are managed or controlled to an acceptable level (either individually or in total) and whether we are appropriately balancing opportunities for efficiency or investment with the need to build in resiliency in the short and longer term. Many leadership teams, including the Executive Committee, plan to continue to meet more frequently than pre-pandemic, which will also enable more active consideration and reaction to changing risks.



## TCFD

The Board recognises the importance of understanding and managing the impact of potential climate-related risks and opportunities on IHG's business and strategy.

In early 2020, we made a formal commitment to support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and have engaged a third-party expert to support with the more technical elements of the project. During the year, we completed a 'readiness review' to understand IHG's gaps to full TCFD alignment and developed a climate risk assessment framework tailored to our business which was used to conduct a qualitative risk assessment including scenario planning. This will be used as the basis for an in-depth quantitative risk assessment in 2021, which will enable detailed reporting against the TCFD recommendations in our 2021 Annual Report and Form 20-F.

### Management objectives for 2021

- Complete financial quantification of key climate-related risks and opportunities.
- Analysis of the relative importance of these climate-related risks compared to our wider enterprise risks.
- Develop roadmap for embedding climate-related risks and opportunities into IHG strategy, financial planning and decision-making.
- Present findings and proposals for discussion at our annual Board strategy day.
- Embed findings into 2021 Annual Report disclosures, to demonstrate full alignment with TCFD recommendations.

### Governance

The IHG Board has collective responsibility for managing climate-related risks and opportunities and is advised by the Board's Responsible Business Committee on the Group's corporate responsibility strategy, including our approach to climate-related risks and opportunities. Committee meetings are regularly attended by our Chair, CEO, Executive Vice President, Global Corporate Affairs and Vice President, Global Corporate Responsibility.

Our Chief Financial Officer, Executive Vice President of Global Corporate Affairs and Executive Vice President, General Counsel and Company Secretary co-lead executive level management of climate-related risks and opportunities and report to our CEO. Our regional CEOs for the Americas, EMEAA and Greater China lead the implementation of environmental programmes at an operational level, supported by IHG's global Corporate Responsibility team.

During 2020, we established an internal TCFD Steering Group, with senior representation from Finance, Risk Management, Strategy, Corporate Responsibility, and the Legal, Compliance and Company Secretariat team, who are responsible for leading the project.

### Strategy

Led by our TCFD Steering Group and working with a specialist consultancy, during the last year we carried out over 30 Senior Leader stakeholder interviews to identify key value drivers for the business and completed a global qualitative risk assessment to understand where and how climate change may affect these value drivers over the short, medium and long term.

We held two scenario planning workshops with cross-functional Business Unit leaders, to review potential risks at 2°C and 4°C scenarios over one, five, 10, 15 and 30-year time horizons. Our analysis covered acute and chronic physical risks, including droughts or floods, water stress, wildfires and rising sea levels, as well as transition risks, such as changes in stakeholder expectations, travel patterns, climate policy and regulation.

This work culminated in a dedicated TCFD session with our Board in December 2020, to discuss climate change as a strategic resilience issue, review actions already completed and identify priorities for 2021 to close any gaps to TCFD alignment. The focus for next year will be an in-depth financial evaluation of key risks identified during the qualitative analysis, as well as an assessment of potential impacts on IHG's growth strategy and financial planning.

### Risk management

We consider climate change within the context of environmental and social mega trends as one of our principal risks. To reduce our carbon footprint and manage our exposure to climate-related risks, in 2019 we made carbon reduction a metric for all hotels globally (see below) and in 2020 we launched our science-based targets and started more formal implementation of the TCFD recommendations.

Our Risk Management team is part of our core TCFD working group and as such is closely involved in the work to assess in more detail IHG's potential exposure to both physical and transition risks over the short, medium and long term. This will facilitate further embedding of climate-related risks into our global risk management and mitigation procedures, as appropriate, to support the long-term resilience of the business.

### Metrics and targets

The IHG Green Engage™ system is our global environmental management platform and is critical to our ability to identify, assess and mitigate climate-related risks. As part of our brand standards, all IHG hotels globally are required to use the platform and report their monthly utility use on the platform, which in turn provides hotels with trend data, benchmarking information, green building solutions and return on investment information, to help them identify key opportunities for maximising carbon, energy, water and waste efficiency and reducing their overall utility costs.

Carbon reduction is one of IHG's 10 global metrics, with both Group and hotel level targets set on an annual basis. Achievement of the global metrics is one of the criteria used in the annual performance plan calculations for corporate employees and General Managers of managed hotels.

In 2020, we launched our science-based carbon reduction targets – to reduce absolute carbon emissions from our owned, leased and managed hotels by 15% by 2030, and to reduce carbon emissions per square metre from our franchised hotels by 46% by 2030, both against a 2018 base year.

As we complete our financial impact assessment of climate-related risks, this will inform the development of any additional metrics and targets around the management and mitigation of risks and the strengthening of IHG's business resilience against climate change.





## Stakeholder engagement

We collaborate and engage with a wide range of stakeholders to ensure we can work towards common goals and create shared value. Here is a summary of how we engaged with these stakeholders in 2020.

### Stakeholder

### How we engage

### 2020 engagement

#### Shareholders and investors



Our shareholders are making an increasing number of investment decisions based on ESG factors, so it's important we regularly inform them of our responsible business practices and progress.

- Our Board members, Senior Leaders and Investor Relations team stayed in frequent contact with our investors via meetings, investor presentations and by writing to them directly.

- We worked with several ESG rating agencies and organisations, including ShareAction, MSCI, Sustainalytics, CDP, S&P SAM (Dow Jones Sustainability Index), ISS and FTSE Russell.

#### Hotel owners



Thousands of hotel owners own and operate our hotels, and they are integral to our reputation and long-term success. Through our collaboration, we aim to affect change on issues that are relevant to them and to us as a Group.

- The impact of Covid-19 saw our owners face very difficult financial conditions and we supported them in a number of ways:
  - Removed and relaxed brand standards to aid operational efficiencies.
  - Provided financial support, such as including fee-relief packages, deferral of payments and discounts on technology fees.

- Engaged with governments and advocated for support for our owners and industry.
- In the US and Canada, Elie Maalouf, CEO Americas, hosted a webinar with hotel owners to share operational best practices, including talking owners through the support IHG was providing. Following the passage of the CARES Act, Elie, our Government Affairs Team and external Counsel hosted another webinar to walk US owners through the key provisions of the relief package.

#### Colleagues



Our colleagues working in our corporate offices, and managed and franchised hotels, represent a diverse set of opinions that help us shape our approach to responsible business.

- The events of 2020 saw us communicate more frequently with colleagues through all-employee calls with our CEO, our intranet, learning summits, surveys, virtual town halls and blogs.
- Our engagement insights helped us provide support to our colleagues in the following ways:
  - Employee Assistance programme was expanded to more countries, offering access to digital resources and counselling.

- Launched a corporate employee Emergency Support Fund to provide financial assistance to those in pressing financial hardship as a result of changes to their working hours in response to the impact of Covid-19.
- Supported displaced hotel colleagues by launching IHG Job Center, which provided employment opportunities in different industries to help colleagues find work.

#### Guests and corporate clients



Our guests and corporate clients see us as both operators and destinations. They want to know the role we can play in driving positive change through our business and in collaboration with others.

- We continue to report our sustainability data to Ecovadis and CDP annually, and share this information with our corporate clients.
- Enhanced our cleaning standards through our IHG Way of Clean programme and the IHG Clean Promise.

- Launched a Book Now, Pay Later offer for guests, which made travel planning commitment-free, with no deposits required and cancellations allowed up to 24 hours before check-in.



## Stakeholder engagement *continued*



### Stakeholder

### How we engage

### 2020 engagement

#### Suppliers



The provision of goods and services by our suppliers is critical to our ongoing operations and we want to ensure we engage with suppliers who share the same commitment to responsible business as we do.

- Suppliers are required to comply with our Supplier Code of Conduct at the supplier onboarding stage.
- As part of the RFP process, we have introduced a new set of responsible procurement criteria that includes questions on a supplier's governance,

human rights and environmental practices, relevant to their own operations and supply chains.

- Negotiated with key hotel suppliers to ensure savings could be passed on to our hotels.

#### Industry associations



Collaboration across the industry is key to ensuring that we all work towards common goals that not only create shared value, but also drive greater momentum behind a common purpose.

- As a member of the Sustainable Hospitality Alliance (formerly the International Tourism Partnership), we continue to collaborate to tackle environmental issues and build hospitality skills.
- As a member of the World Travel and Tourism Council (WTTC), we support their sustainability working groups to encourage collaboration amongst members on ESG issues.

Organised by WTTC, CEO Keith Barr joined private and public sector leaders at the G20 Tourism summit to discuss how the industry can protect jobs and support the broader travel and tourism sector.

- We work with the American Hotel & Lodging Association to provide advocacy, communications support, and education resources for the industry.

#### Academic institutions



IHG is a thought leader within the travel and tourism industry. We regularly collaborate and engage with academic institutions to share best practice and contribute to the development of responsible business solutions for our industry and others.

- Through our IHG Academy programme, we engage with academic institutions across the globe to supplement students' classroom-based learning.

Colleagues regularly participate in lectures, seminars and panel discussions with many academic institutions across the globe.

#### NGOs, governments and community groups



We engage with NGOs, governments and community organisations to ensure the programmes and policies we have in place meet the needs of our guests, communities and owners.

- Collaboration was particularly crucial this year in responding to Covid-19. We worked with local governments around the world to help hotels provide accommodation to those who needed it most during the pandemic, from frontline workers to the homeless.

As a member of the UN Global Compact, we are committed to aligning our operations, culture and strategies with its 10 universally accepted principles.

- Working with Article One, we carried out a pilot market-level labour assessment in Oman to cover the key areas of the Dhaka Principles and the Sustainable Hospitality Alliance Forced Labour Principles.



## UN Sustainable Development Goals

The 17 UN Sustainable Development Goals (SDGs) are a call to action by countries across the globe to promote people's health and prosperity while also protecting the planet.

These interlinked goals are designed to be a 'blueprint to achieve a better and more sustainable future for all by 2030'. They have provided an important focal point for governments and organisations throughout the world and IHG is determined to play its part in supporting them over the next decade.

The events of 2020 have underlined the significance of the UN SDGs – it's estimated that 71 million people have been pushed back into extreme poverty as a result of Covid-19, the first global increase since 1998. It's now more important than ever that organisations play a coordinated role in driving a recovery that not only recognises the environmental challenges the world faced before the pandemic, but also the increased societal imbalances that will exist after it.

We are committed to ensuring our responsible business targets contribute towards the UN SDGs to tackle societal problems, along with the challenges that need to be met if the worst consequences of climate change are to be avoided. We've included some examples of how we've contributed to the goals in 2020 here and through the report we have identified where we support the SDGs more broadly. To ensure we stay on track, we'll be logging our progress against a set of performance metrics on an annual basis.

### SDG 6: Clean water and sanitation

- Launched water stewardship projects in Shenzhen, China, and Hayman Island, Australia, to drive actions plans for our hotels and communities in water-stressed areas
- Worked with our partner Clean the World to distribute 65,000 bars of recycled soap to those most in need.

### SDG 11: Sustainable cities and communities

- Thousands of colleagues across the world volunteered 212,000 hours to support communities in need during the pandemic.
- In what was one of the worst years on record for natural disasters, we supported communities that were affected.

### SDG 13: Climate action

- Our carbon reduction targets to 2030 have been approved by the Science Based Targets initiative (SBTi), helping us to better understand our carbon footprint and develop a decarbonisation strategy.
- We successfully achieved BREEAM In-Use certification for 12 of our UK managed-leased properties.



### SDG 10: Reduced inequalities

- Celebrated International Women's Day under the global theme of #eachforequal, supporting equality across IHG and female progression in the workplace.
- Launched new ERGs to directly support the organisation through driving a more inclusive culture, encouraging creative thinking through 'think-tank' type groups and advocating allies.
- In addressing social and racial inequalities, we backed the five principles of the BITC Race at Work charter and launched partnerships with National Urban League, the National Center for Civil and Human Rights and Jobs for America's Graduates in the US to do more to support our Black employees.

### SDG 17: Partnerships for goals

- Worked with our industry peers to develop collective solutions to key sustainability challenges through our membership to the Sustainable Hospitality Alliance, the WTTC, American Hotel & Lodging Association (AHLA) and the Global Business Travel Association (GBTA).
- Worked with 29 NGO partners across our responsible business agenda to find ways to collaborate for greater change.





## Responsible attitudes and ethics

The cornerstone of our culture is the IHG Code of Conduct (Code), which sets out our commitment to operating honestly and with the highest ethical standards.

The Code helps us act responsibly and sets out the value we place on being trusted by our colleagues and guests, those who do business with us, and the communities we work in. It is an introduction to our key global policies, including those on human rights, diversity and inclusion, accurate reporting, information security, anti-bribery and the environment. The Code is supported by mandatory e-learning modules relating to the Code of Conduct, Anti-bribery and Corruption, Antitrust and Handling Information Responsibly.

All colleagues working in IHG corporate offices, reservation centres and managed hotels must comply with the Code and the policies and procedures it refers to. However, the principles, spirit and purpose of the Code are relevant to all of IHG and we expect those we do business with, including our franchisees, to uphold similar standards. The Code is reviewed and approved by the Board on an annual basis to ensure it reflects and responds to changes in the external environment and continues to support IHG's purpose and strategy.

The Code is publicly available at [ihgplc.com](http://ihgplc.com) in 10 languages and also prominently displayed on our intranet. It is supported by a mandatory e-learning module for colleagues working in IHG corporate offices, reservation centres and managed hotels.

The Code training is part of the onboarding of all new hires and it is an annual requirement for all current corporate and central reservation office colleagues and senior colleagues in IHG's owned and managed hotels. To aid the group or classroom training of more junior hotel employees, we developed additional resources, such as the '10-minute trainer', which is available in 14 languages. As of December 2020, 53,000 completed the Code.

### Supplier Code of Conduct

To ensure that our suppliers act with the same integrity and respect as we do, we updated our Supplier Code of Conduct ('Supplier Code'). It sets out the requirements, principles and values that IHG has adopted to promote ethical conduct in the workplace, safe working conditions in the supply chain, treatment of persons with respect and dignity, and environmentally responsible practices.

The changes have been informed by the Universal Declaration on Human Rights;

Guidelines for Multinational Enterprises of the Organisation for Economic Cooperation and Development; the Ten Principles of the UN Global Compact; and the UN Guiding Principles on Business and Human Rights.

We expect all our suppliers to adhere to these standards, both within their own business and across their own supply chains. The Supplier Code was approved by the Group's Responsible Business Committee. Our suppliers are required to confirm their acceptance of our Supplier Code at supplier onboarding stage, in addition to it being a requirement as part of our contracts with suppliers. In total, as of 31 December 2020, 4,623 suppliers had signed the Supplier Code.

→ [View our Supplier Code of Conduct](#)

### Bribery and financial crime

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

Our Anti-Bribery Policy sets out IHG's zero-tolerance approach to bribery and corruption. It is applicable to all IHG employees, Directors and our managed hotels and is accompanied by a mandatory anti-bribery e-learning module.

Our Gifts and Entertainment Policy supports our approach to anti-bribery and corruption. It sets out reporting and approval thresholds for gifts and entertainment given or received, and applies to all Directors, IHG employees and our managed hotels.

# 4,623

suppliers signed our Supplier Code as of 31 December 2020





## Responsible attitudes and ethics *continued*

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

### Privacy and information security

The privacy and security of personal data is very important to us. We want everyone, including guests booking via our reservation channels, members of our loyalty programmes, employees, suppliers and shareholders, to trust that their information is appropriately managed.

We have policies and procedures in place regarding how personal data can be used by our corporate offices and managed hotels, as well as information security standards. These set out our commitment to handling personal data legally and responsibly. Our privacy statement on [ihg.com](https://ihg.com) provides information about how we collect and manage the information of our guests.

In 2020, we relaunched our annual e-learning training on handling information responsibly, which was completed by more than 50,000 colleagues in our corporate offices and managed hotels. This training covers topics such as password and email security, using personal data in accordance with our policies and privacy commitments, how to work with vendors and transferring data securely. In 2020, we carried out additional awareness campaigns to provide colleagues with information on a variety of topics, such as phishing, passwords and security hygiene when working from home.

We continue to develop our privacy and security programmes to address evolving requirements and take account of developing best practice. The Board and Audit Committee regularly receives updates on our privacy and information security programmes.

# 50,000

**colleagues in our corporate offices and managed hotels completed our e-learning training on handling information responsibly**

### Reporting concerns

It is extremely important that our employees and any person with a relationship to IHG, including our suppliers and their workers, feel comfortable reporting ethical concerns. To facilitate this, we have a confidential reporting channel that provides employees and those with whom we do business a means to share any ethical concerns or breaches of the IHG Code of Conduct. Employees are made aware of this through regular internal communications, including posters displayed in staff areas, training, as well as [ihgethics.com](https://ihgethics.com), our dedicated website.

The whistleblowing hotline is managed by an internal auditor who is independent from the investigation process. IHG has a small group of dedicated personnel who are responsible for reviewing all reports filed and undertaking inquiries on behalf of IHG leaders.

→ [Read our Code of Conduct](#)







# Our 2018–2020 targets

At the end of 2017, we set ourselves three-year targets to help guide our responsible business agenda and continue our journey.

We were on track to meet all our targets heading into 2020. However the impact of Covid-19 in what was the most difficult year our industry has ever faced, hindered our progress with some of these, along with the wider developments we would have made against the responsible business agenda this year.







## 2018-2020 targets

### Environmental sustainability

#### Target

6-7%

carbon reduction per occupied room

#### Performance

At the end of 2019, we reported a 5.9% reduction in carbon per occupied room (CPOR) against our 2017 baseline, nearly meeting our three-year intensity target a year early.

During 2020, CPOR was significantly affected by the impacts of Covid-19 on our industry, and we closed the year with a 10.2% increase against our 2017 baseline. However, over the same period, our absolute carbon emissions from all IHG hotels globally fell by 23.6%. This was largely due to the impacts of Covid-19, but also in part a result of targeted efforts in our estate to help minimise energy consumption during hotel closures and maximise energy efficiency at re-opening.

2

Launch of two water stewardship projects per year

Between 2018 and 2019, we launched projects in London, Delhi, Beijing and Bali.

Working in partnership with the Alliance for Water Stewardship, we launched projects in both Australia and China at the end of 2020. These will continue into 2021 to complete our 2020 commitment.

### Community impact

#### Target

30k-40k

individuals provided with hospitality skills training through our IHG Academy

#### Performance

Between 2018 and 2020, our IHG Academy helped improve the employability of 31,889, achieving the lower range of our target.

Covid-19 meant we had to pause the majority of programmes across our hotels and corporate offices in 2020. However, we have used the programme to provide access to training and materials for our NGO partners, including launching a portal on our Early Careers website.

\$3m

contributed to community impact projects

We've achieved our target by donating more than \$3.4m to community impact projects across the globe.

Throughout 2020, we were able to make additional donations to food banks and food provision charities. These helped a number of groups, including those most in need during the crisis; humanitarian agencies supporting people during Covid-19, as well as ongoing disaster relief efforts; our skills-building partners; and our community partners in the US.

100k

colleagues involved in community projects each year

Over 2018 and 2019, 300,255 colleagues supported community impact activities across the globe.

The impact of Covid-19 meant that we were unable to stage our traditional Giving for Good month of action. Instead, to coincide with the UN Global Volunteering Day, we held our Giving for Good Awards, which celebrated the efforts of more than 28,000 colleagues across the globe who went above and beyond for their communities in 2020.



## 2018-2020 targets *continued*

### Our people

#### Target

#### Increase diversity

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

#### Performance

As of 31 December 2020, female representation in our senior leadership was at 38% vs a 2017 baseline of 37%.

#### Increase female representation

Increase number of females working in General Manager and Operations roles in managed hotels

In 2020, we increased the percentage of females working in General Manager and Operations roles from 22% to 25%.

Our RISE programme for aspiring female General Managers has seen 128 women participate in the programme, with more than 30% promoted.

#### Employee engagement

Track and report employee engagement

Dealing with the immediate challenges of Covid-19 meant that we only ran our employee engagement survey once in 2020. The survey was completed by our corporate employees, customer reservation office teams and General Managers in our managed hotels.

The survey covered key questions about IHG's company culture, including our response to Covid-19 and how we care for the health and wellbeing of our employees. Overall employee engagement remained stable at 79%, which was above external top quartile benchmarks.

### Responsible procurement

#### Target

#### Increase supplier audits

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

#### Performance

As part of the introductory rollout, which began in 2018, we issued a desktop-based risk assessment questionnaire, made up of 65 questions, to over 260 key suppliers to help us understand their governance, human rights and environmental practices.

Having reviewed and categorised them based on their risk profile, we continued this work in 2020, identifying key questions for which additional follow up was needed. Whilst we had to address the challenges of the pandemic, we requested additional information related to these topics from a number of suppliers to better understand their practices in certain areas. We expect to recommence our risk assurance programme in 2021.

#### Ethical suppliers

Increase ethical supplier awareness

In 2019, we rolled out a training programme to employees, which more than 11,000 have since completed. This includes all employees across our central procurement team.

In 2020, we developed Responsible Sourcing Principles to support our hotels in making the right choices when purchasing. These focused on social and environmental matters.

#### IHG Green Criteria

Increase suppliers that meet IHG Green Criteria

In 2020, more than 370 suppliers completed our IHG Green supplier questionnaire despite the pandemic impacting supplier activities. We also made the criteria for qualification as a green supplier more stringent and, as a result, 23% of contracts were awarded to IHG Green suppliers in 2020.

The IHG Green Criteria is now fully embedded into sourcing processes, which empowers procurement employees to make informed decisions on sourcing responsibly. In 2020, we introduced a new internal green supplier metric for IHG Procurement to further drive performance.



# Our people and communities

Building on our culture of investing in our people, we continue to act respectfully and responsibly to ensure a safe, fair and inclusive workplace for all. We're proud that our hotels and resorts are at the heart of local communities all around the world and we're here to support those around us when they need it most.





## Safety and security

As identified in our materiality assessment, safety and security is a key area of focus for our business. IHG employs a team of global risk specialists to coordinate and monitor a safety and security management system to mitigate systemic health and safety or security issues across our hotels.

Monitoring, reporting and assurance protocols enable our Board and Executive Committee to oversee key areas of uncertainty and the effectiveness of risk management and internal control arrangements.

A fundamental part of the system are our Brand Safety Standards. The standards specify reasonable and practicable measures to mitigate foreseeable health and safety, and security risks in IHG hotels. They are separate to local regulations but are designed to complement them.

Measuring compliance to our Brand Safety Standards may include full, selected or sample inspection at the most appropriate point across the hotel life cycle.

Risks that pose a threat to IHG's operations are managed through multi-layered trained guidance that is specific to frontline and supervisory/managerial colleagues in our hotels.

We have implemented an incident-reporting tool to ensure comprehensive collation of safety and security incident information, including tracking a range of indicators to assess their potential impact on hotels and to consider where additional guidance, learning materials or adjustments to existing controls may be required. These include:

- Comparison of underlying reported incidents versus reported serious incidents/occupancy and system size.
- Non-compliance to Brand Safety Standards.
- Overdue best practice/security matters.

### Enhanced cleaning standards

This year, our crisis management system has enabled us to bring the necessary skills and expertise together to quickly direct resources and support to exactly where it is needed around the world in response to Covid-19.

We know that people's appetite to explore, rest or work on their travels hasn't changed, but understandably their confidence in when it's safe to do so has. Cleanliness, health and safety are now top priorities for many customers, and while the wellbeing of our guests has always been important to us, we've enhanced this part of the experience to further reassure them.

Our hotels are working to best practice Covid-19-specific training and operating procedures, aligned to regularly monitored advice from global health bodies. Our Global Cleanliness Board has worked with our new partner, Cleveland Clinic, and long-time collaborators Ecolab and Diversey, to develop new science-led protocols and service measures to strengthen our industry-leading IHG Way of Clean programme.

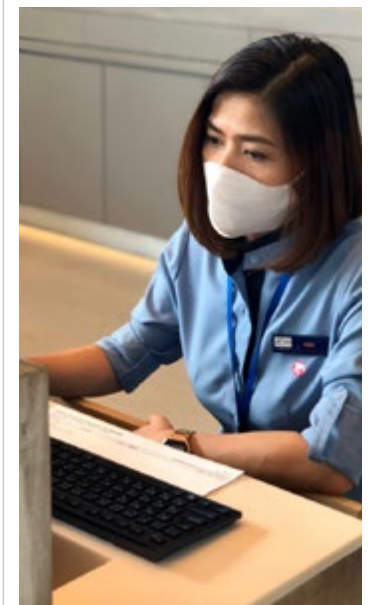
→ [Learn more about our IHG Clean Promise](#)

We've assessed every step of the stay experience to ensure guests have a safe environment they feel they can control through cleaning and distance. Some of the more noticeable changes include sanitiser stations, social distance floor markers and restrictions on elevator use, more grab-and-go food options, fewer unnecessary in-room furnishings, and amenity cleaning kits and personal sanitisers available for guests.

We launched Hotel Cleanliness Ratings, which customers can see as they book one of our properties. Plus, detailed cleanliness information is available for guests across IHG's websites, app and in our hotels. Throughout their stays, we're reassuring them when areas were last cleaned, when items are ready to use and where social distancing procedures are in place. We're also using technology to minimise physical interaction, including rolling out mobile check-in and check-out across our hotels.

To help support and protect our hotel teams, we introduced PPE standards, rolled out training and certification, installed front desk shields and created online stores for hotels to buy PPE supplies at lower cost.

To ensure that every IHG hotel meets the highest standards, we work closely with our hotels by setting targets, monitoring performance and reviews, and conducting virtual quality audits, with clear steps in place to make necessary improvements.







## Creating a great place to work

We care for all of our employees and aim to create an environment where people feel a sense of belonging and enjoyment in their work, and where they are invested in to be at their best and grow their careers.

A diverse and inclusive culture enriches all of this, and it plays a critical role in how we work better together, growing our business and delivering on our purpose of providing True Hospitality for Good. Our values reflect our principles and beliefs and underpin how we behave, deliver our strategy, make decisions and live our purpose. Due to the severity of the impact of Covid-19 on the hospitality industry, IHG has needed to make difficult decisions around pay and jobs in order to protect the financial health of our business. Our Board and senior leadership have ensured these values have been at the centre of how we have responded to the pandemic and the resulting uncertainty.

### Supporting the UN Sustainable Development Goals:



### Supporting employees

At a corporate level, every effort has been made to reduce costs in ways that do not impact jobs, including limiting all discretionary spend and withdrawing our dividend to shareholders for the first time in our history. However, it has not been possible to continue as normal, and where jobs have been impacted temporarily through salary cuts and furloughs, or permanently, we have made changes with great thought and support.

We have also recognised that working remotely full time in response to the pandemic has been a significant change for employees. While some of our corporate and reservation offices around the world are now open again, a significant proportion of our business is still being run remotely. While working in this way brings with it many challenges, it also brings lessons we want to build on in the future, such as working in simpler ways and with greater flexibility.



### OUR VALUES



Do the  
right thing



Show  
we care



Aim  
higher



Celebrate  
difference



Work better  
together

To keep employees feeling supported and engaged during this challenging year, we have put some key things in place, including:

- A Colleague Emergency Support Fund to provide financial assistance to those in pressing financial hardship, as a result of being on furlough or reduced working hours. The Company provided nearly \$1.3 million and assisted 2,134 employees across 10 countries.
- Dedicated websites to stay connected with furloughed US and UK employees, which included learning tools and welcome-back materials to aid their return to work.
- Expanded IHG Employee Assistance Programme to 31 countries, offering access to third-party digital resources, including free and confidential counselling.
- Employee resources, including best practice advice on working remotely, wellbeing, support for carers and parents, leadership perspectives and learning materials.
- A week of webinars and leadership podcasts in recognition of World Mental Health Day in October 2020.
- An IHG Family Network to share useful advice with parents and their line managers and make sure little people remain a priority while we stay productive.
- Virtual Coffee and Conversation meetings for small groups of colleagues so they could hear from Executive Committee members, ask questions and share feedback.
- Recharge days one Friday a month in June, July and August 2020 to allow employees to rest and recharge.



## Creating a great place to work *continued*

### Employee engagement

Throughout 2020, we took a creative approach to employee engagement, with an increased number of video meetings and virtual town halls, as well as an expanded e-learning offer. We have encouraged regular conversations on feedback and performance between managers and their team members, and supported them with quarterly 'check-in' guides. Given the unusual and challenging year in 2020, we have also run bespoke ad hoc surveys to understand colleague sentiment and their needs, with regard to aspects such as remote and flexible working, and mental health and wellbeing. These have enabled us to provide the appropriate care and support for our employees.

Due to the impact of the pandemic, our employee engagement survey, completed by employees in corporate and reservations offices and General Managers in managed hotels, was only conducted once during the year. The survey provided employees the opportunity to share their views on key issues relating to company culture, IHG's Covid-19 response, working from home, and health and wellbeing. Overall engagement remained stable at 79%, above external top quartile benchmarks. There were significant engagement improvements in relation to employees having the right tools and resources to carry out their jobs, work collaboration and decision-making speed. Short pulse surveys carried out during the year also showed significant positive responses to Senior Leaders' transparency and open communication. Areas for improvement included career development opportunities.

### Employee share plan

We want to ensure that all our employees feel recognised for their efforts and contributions. In 2019, we launched a new colleague share plan for all corporate employees, giving them the opportunity to invest in IHG's growth by becoming IHG shareholders. The plan has enabled eligible employees to purchase shares via monthly deductions from their salary and after each calendar year of contributions, the Group will match the number of shares they have purchased, vesting at the end of the following year. In 2020, 49% of eligible employees took up the plan.

Due to the severity of the impact of Covid-19 on the hospitality industry, IHG has needed to make difficult decisions around pay and jobs in order to protect the financial health of our business. Our Board and senior leadership have ensured these values have been at the centre of how we have responded to the pandemic and the resulting uncertainty.

### Learning and development

It is important that everyone feels part of an inclusive and safe environment. We empower our employees to develop and try new things by offering guidance and support, ensuring that they have the tools and resources necessary to grow and develop their careers. We make all these tools available through an online learning suite, which included MyLearning, Harvard ManageMentor and virtual classes in 2020.

Throughout the year, line managers and mentors meet with their colleagues frequently so they can gather feedback on their performance and discuss their career development and aspirations.



# 79%

Overall engagement remained stable at 79%, above external top quartile benchmarks



### Looking to the future

As the future of the workplace evolves and building on the programmes we put in place this year to support employees, we will find new ways for employees to not only prioritise their own wellbeing, but also be mindful of the wellbeing of others.

→ [Learn more in our 2030 plan](#)

## Supporting our hotel colleagues

Despite best collective efforts to protect our hotels and teams by working with our owners to lower operating costs and access financial support, the severity of this crisis and historically low levels of demand have led to difficult decisions to furlough or let go many talented and passionate hotel colleagues. It is an unfortunate issue we face as an entire industry, with the WTTC estimating that this crisis could result in up to 174 million job losses in the sector.

To help where we can, we undertook the following:

- Launched an IHG Job Center site to provide access to employment opportunities with hiring companies in different industries. The site went live in the US, Canada, Mexico, Philippines, Costa Rica and Brazil and has helped many colleagues find some much-needed stability with organisations such as Amazon, Home Depot and Walmart.
- Created a Stay in Touch programme in different markets to stay connected with hotel colleagues who were unable to work.
- Delivered new online instructor-led learning modules to help colleagues in our managed hotels adapt during the pandemic. These included topics such as how to conduct a virtual sales call, how to implement an evolved food and beverage offering, and the IHG Way of Clean programme.
- Created a suite of masterclasses, such as 'Building Resilience', which are designed to upskill and guide hotel colleagues in our managed estate.
- Provided a Hotel Re-Opening Guide to enable delivery of priority learning and training required for the of re-opening of hotels under stringent health and safety measures.
- Recruited and onboarded 152 Future Leaders in Greater China as part of IHG's ongoing recovery in the region.



### Looking to the future

We recognise how our global reach can help shape a positive future, so we'll continue to find ways to offer access to valuable skills training and work experience, through our learning and development programmes and the IHG Academy.

→ [Learn more in our 2030 plan](#)





## Human rights

Respecting human rights is fundamental to achieving the UN SDGs and it's an integral part of our global commitment to responsible business. We understand the importance of human rights in relation to our colleagues, guests and the communities in which we operate. We also encourage those with whom we do business – including our suppliers, owners and franchisees – ‘to prevent, mitigate and address adverse impacts on human rights’.

### Supporting the UN Sustainable Development Goals:



### Risk assessment

In 2018, we undertook a human rights impact assessment across IHG's operations – covering our supply chains, hotels and corporate offices. While the assessment found that IHG has systems in place to manage multiple risks to human rights, it also identified areas where IHG can improve its management of these risks. These included: focusing on further due diligence related to the management of labour risks and, in particular, migrant labour and responsible recruitment risks; and human rights risks present in the wider IHG business ecosystem, including those related to hotel construction and development.

### Human Rights Policy

Our Human Rights Policy sets out our commitment to respecting human rights in accordance with the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the ILO's Declaration on Fundamental Principles and Rights at Work. Our approach is also informed by the Guidelines for Multinational Enterprises of the Organisation for Economic Cooperation and Development (OECD), the UN Global Compact and the UN Guiding Principles on Business and Human Rights (UN Guiding Principles).

→ [View our Human Rights Policy](#)

In light of the unprecedented impact of Covid-19 on our business and the hospitality and tourism sector more broadly, in 2020 we undertook a review of how the global pandemic affects IHG's human rights risks and strategy, following on from the 2018 impact assessment. This review has included: obtaining input from different IHG teams, particularly those who directly support hotels, such as Human Resources, Operations, Hotel Safety and Security, and Risk and Assurance teams; utilising external sources such as those from the Sustainable Hospitality Alliance; monitoring guidance published by governments and NGOs; and reviewing media coverage on this topic to track risk areas and identify any emerging best practice.

### Migrant workers

To reduce increased human rights risks as a result of Covid-19, IHG reprioritised the development of additional guidance to support hotels and operations teams in addressing the needs of migrant workers.

The IHG Hotel Staff Accommodation Guidance sets out health and safety considerations relating to Covid-19 for IHG-branded hotels and third-party providers that provide accommodation for workers at IHG-branded hotels. We have also produced an IHG Migrant Worker Checklist, which covers topics such as taking into account language difficulties and ensuring effective communications, enabling communication with the family, repatriation and other considerations in the event of hotel closures – for example, guidance regarding assistance with flight or travel costs if a colleague has to return to their home country.







## Human rights *continued*

### Training and identifying risk

We have continued building our human rights-related training to focus on those colleagues (in particular, frontline hotel colleagues) and parts of our business that play an important role in managing the risks to human rights. In 2020, the Preventing Human Trafficking training module, which was developed by ECPAT USA and Polaris, was completed by 49,000 colleagues globally.

In 2020, the Sustainable Hospitality Alliance training on responsible recruitment was also made available to all IHG-branded hotels and recommended to all Human Resources colleagues and recruiting managers to ensure responsible recruitment practices are maintained.

Collaborative initiatives play an important role in addressing human rights risks and driving systemic change by focusing attention and actions on a joint purpose. For example, together with the Qatari government, international organisations and members of the Sustainable Hospitality Alliance, IHG and our hotels in Qatar participated in the development of 'Promoting Fair Recruitment and Employment: A Guidance Tool for Hotels in Qatar.' Published in 2020, the tool provides a set of resources for hotels, such as sector-specific guidance for engagement with labour recruiters and service providers, and easy-to-use checklists to drive responsible recruitment practices across the industry.

### Supply chain risks

During 2020, we continued to progress with our supplier risk assurance programme. As part of the introductory rollout, which began in 2018, we issued a desktop-based risk assessment questionnaire, made up of 65 questions to more than 260 key suppliers to help us understand their governance, human rights and environmental practices.

In 2019, we reviewed their responses and categorised them based on their risk profile, and we continued this work in 2020, identifying key questions for which additional follow-up was needed. A majority of the key questions relate to human rights risks, encompassing topics of working hours, hiring practices, freedom of association, health and safety practices, working with recruitment agencies, safekeeping employees' original identity documents and freedom of movement. The remaining questions relate to broader business compliance matters, including environmental legislation. We requested additional information related to these topics from a number of suppliers to better understand their practices in certain areas. The unforeseeable circumstances of 2020 required us to pause this programme to enable our suppliers and our colleagues to address challenges of the pandemic. We expect to recommence our risk assurance programme in 2021.

To further strengthen our commitment to growing our business sustainably and delivering long-term value for our owners, hotels and guests, we introduced a new set of responsible procurement criteria for prospective suppliers in 2020. The pre-contract assessment is part of IHG's tendering process and includes questions about suppliers' governance, human rights and environmental practices relevant not only to their own operations but also to those of their supply chains. We will continue to collaborate with our prospective and existing suppliers, managing supply chain risks related to sustainability issues.

#### Case study

##### Oman

In early 2020, prior to the impact of Covid-19, IHG completed a pilot market-level labour standards assessment in Oman, which focused on migrant workers. The assessment was carried out by Article One and included visits to IHG hotels in Oman and input from a range of stakeholders, including hotel leadership, colleague focus groups and external stakeholders, such as local and international NGOs. Article One spoke to a total of 293 colleagues across seven hotels (including direct employees of the hotel and workers employed by third parties). The assessment included a review of key areas covered by the Dhaka Principles and the Sustainable Hospitality Alliance Forced Labour Principles, such as payment of fees for jobs, clear and transparent contracts, retention of identity documents, and working and living conditions.

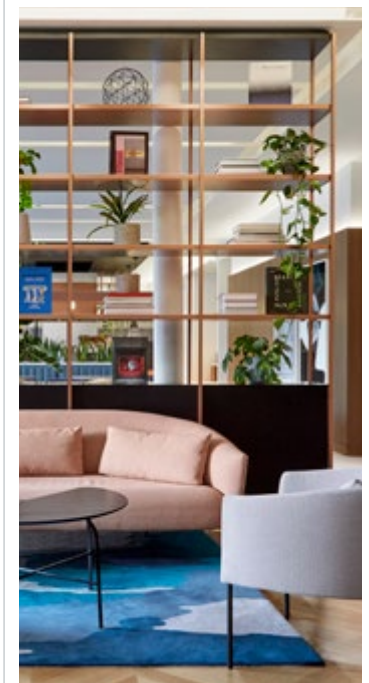
→ [For more details, see our 2020 Modern Slavery Statement](#)



### Looking to the future

Collaborating with our peers and other industries will help us build on our work to date to continue to drive respect for, and advance, human rights. This will involve reviewing our policies and practices and remediating where required.

→ [Learn more in our 2030 plan](#)





## Diversity and inclusion

Our colleagues represent multiple nationalities, as well as the many cultures, religions, races, sexualities, abilities, backgrounds and beliefs, which make the world such an interesting place. We passionately believe as a company that diversity and inclusion is a cornerstone of our culture.

Our colleagues should feel included, valued and respected – not just because it's the right thing to do, or the best way to behave, but because people are the best version of themselves when they feel they are being treated in this way. When this happens, colleagues are empowered to voice ideas, while diverse opinions and perspectives spark the innovation IHG needs to stand out.

### Strengthening a culture of inclusion

Creating an inclusive culture that nurtures and celebrates diversity is something we genuinely strive for at IHG, but we know we need to do more to support our Black employees and communities. We have made a number of commitments in the Americas, which will also help shape our response in other markets, such as continuing to deliver ongoing inclusive leadership learning programmes and developing an Inclusion Index to track perception of culture and behaviour in our employee engagement survey. We have also committed to supporting education, employability and empowerment in the community through US partnerships with the National Urban League, the National Center for Civil and Human Rights, and Jobs for America's Graduates.



### Pride month

In June 2020, we celebrated Pride month, but unlike other years, we did things a little differently to not only reflect the limitations placed upon us by Covid-19, but to also acknowledge the public scrutiny of racism and inequality among Black communities, particularly in the US. In collaboration with leaders and our BERG and Out & Open ERGs, we emphasised the importance of inclusivity. We also switched our visual support for Pride month from painting IHG's logo in the traditional rainbow colours, to a more inclusive Pride flag that reflected the rights of both people of colour and the transgender community.

### Supporting our women

Ensuring we create a supportive environment for women to develop and progress their careers is also a key focus for the business, as we aim to increase the size of our female leadership and continue to promote a more diverse culture. Across our estate of managed hotels and corporate offices in Europe, we participated in celebrating International Women's Day under the global theme of #eachforequal. A series of videos were produced globally to celebrate equality throughout IHG and how we are supporting female progression and equality at work.

### Supporting the UN Sustainable Development Goals:





## Diversity and inclusion *continued*

### Change 100

We also work globally with several NGOs to employ colleagues with disabilities and ensure we create a supportive environment for them. One of the ways we are doing this in the UK is by working with the charity Leonard Cheshire on Change 100, an award-winning programme of paid internships and mentoring that aims to unlock the untapped potential of students and graduates with disabilities. Over the past four years, we have welcomed 30 interns across the organisation to teams such as Procurement, Communications and Finance. It gives organisations access to a talent pool full of ability, creativity and insight, and provides students with the opportunity to gain experience working with top employers. It has proven to be an incredibly fulfilling experience for both participants and IHG employees.

### Diversity in the supply chain

As we celebrate and invest in our diverse and inclusive culture, we seek to work with suppliers that share the same mindset. In 2020, our spend with diverse suppliers in North America was \$51 million. The top three highest spend diversity categories were minority-owned businesses, women-owned businesses and small businesses.

Following a review of our supply chain in 2019, we identified suppliers working in the textiles industry as a priority for our attention, given they play a big role in our hotels. In 2020, in partnership with CARE International UK and our key suppliers, we continued our programme to create a more gender-inclusive workplace, with the aim of creating more productive, resilient and secure supply chains. We will keep collaborating with specialist organisations to continue this work.



The project has inspired me to look at alternative career paths that I had not considered before, and I'm looking forward to investigating these different options and seeing where they lead.

**Fenella**

Change 100 participant in 2020

#### Case study

### Increasing the diversity of our talent

At IHG, we have various ERGs, where employees can come together over shared characteristics, life experiences or common needs.

Our ERGs help directly support the organisation through driving a more inclusive culture, encouraging creative thinking through 'think-tank' type groups and advocating for allies. The ERGs cover areas such as gender, sexual orientation, disability, wellbeing, race and ethnicity, Age, Generations, Parents and Carers, as well as virtual and remote-working. Numerous ERGs have multiple office locations, including Out & Open which is present in the Americas, Philippines and UK.

The IHG Rise Initiative was launched across EMEAA in 2020, welcoming a total of 128 hotel-based female leaders to the programme. During 2020, mentors and sponsors supported our aspiring female General Managers in a number of ways, including mentoring sessions, career development workshops, high-impact learning modules and empowering conversations.

In November, the Americas celebrated inclusion week and put together a packed agenda of various events to get colleagues involved. This included 'Mindfulness Monday', where a yoga session was carried out with the help of the Diverse Abilities Wellbeing Network (DAWN).

### Signatories to:



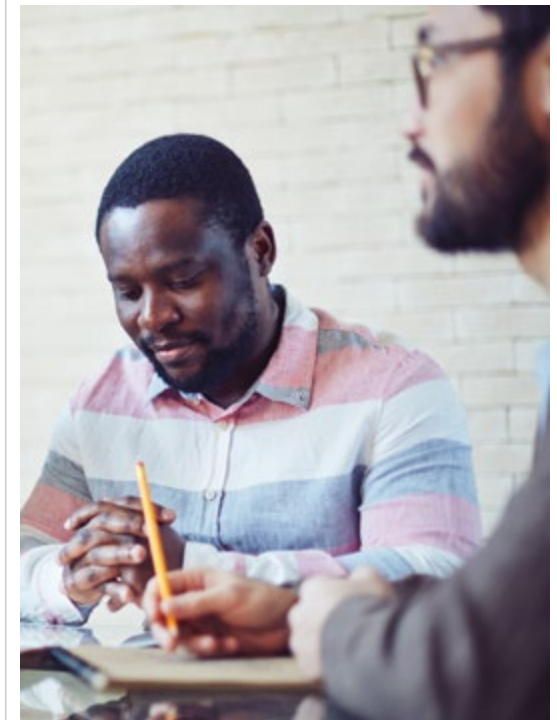
CEO **[ACT!ON]** FOR  
DIVERSITY & INCLUSION



### Looking to the future

With thousands of colleagues in our offices and hotels touching the lives of millions of people every day, we have an opportunity to help create a future where equality, inclusion and fairness are experienced by all. We're committed to driving gender balance at IHG and doubling the number of people in leadership roles who belong to under-represented minorities. We'll champion an inclusive culture where colleagues, owners and suppliers feel valued.

→ [Learn more in our 2030 plan](#)







## Supporting our communities – responding to the crisis

At IHG, our commitment to help and care for people comes naturally to a business that stands for providing True Hospitality for Good. With more than 5,900 hotels in over 100 countries, we are proud to be at the heart of local communities and recognise the opportunity we have to make a real difference to others.

We form strategic partnerships with NGOs and community organisations, with a focus on providing assistance in times of need and access to valuable skills and job opportunities that can help stimulate social and economic growth. Our community policy guides and supports our hotels and colleagues in being responsible partners to our communities, while ensuring that our business objectives enhance the quality of life in the local area.

In 2020, as the impact of Covid-19 affected the everyday lives of billions of people globally and hit our hospitality industry hard, we stepped up as a business and stood beside our partners in these extremely challenging times to play our part in both the response and the recovery. Hospitality is a truly global, people industry and IHG is well-positioned to drive change.

### Working with authorities and supporting frontline workers

From China and Australia, to the UK and US, we have worked with governments, local authorities and our owners around the world to help hundreds of our hotels provide accommodation to those who need it most during the Covid-19 pandemic. This has included offering a safe place to shelter for the most vulnerable members of society, as well as looking after thousands of healthcare workers, such as doctors, nurses and physicians. In the US, our partnership with #FirstRespondersFirst meant we could provide free room nights, to those leading relief efforts on the frontline.

#### Supporting the UN Sustainable Development Goals:



In the UK, we have been working with the charity St Mungo's and the Greater London Authority (GLA), to help nearly 3,000 vulnerable people off the streets, out of emergency hubs and into individual hotel rooms in six IHG hotels across London. Our partnership has worked so well that more hotels from across the industry and local councils have started to offer similar housing solutions.

In Indonesia, working with our humanitarian and international development partner CARE International, we supported 4,822 people in high-risk areas by providing PPE, essential hygiene items and clean water to ensure the safety of marginalised communities and help stop the spread of Covid-19.

**\$3.4m**

donated to charitable causes since 2018

**4,822**  
people in Indonesia were  
provided with PPE, hygiene  
items and clean water

“

The current situation is unprecedented and people's health and wellbeing must be the top priority. We were really pleased to work closely with the Mayor of London's office and GLA to use our hotels to contribute to the efforts to support housing the homeless in London, and that work continues.

**Karan Khanna**

Managing Director, UK&I for IHG





## Supporting our communities – responding to the crisis



### Case study

#### Providing food in response to the pandemic

- Colleagues from our hotels and corporate office in Atlanta, US volunteered their time to help those in need.
- In Malta, our support of the European Food Banks Federation meant that a dedicated food collection van could be arranged to collect food available for donation, and our InterContinental Hotel in Malta has also provided food to be redistributed.
- In Wuhan, China, our hotels prepared and served meals for frontline workers.

# 85+

heroes from 12 organisations were recognised through our campaign to thank volunteers and employees from our charity partners

### Saying thank you

To recognise the incredible efforts of frontline workers and our NGO partners around the world, we launched an IHG Heroes rate for them, which offers discounted, flexible rates at participating hotels. To show our gratitude, IHG hotels in the Americas and EMEA have also been surprising workers during their stays with room upgrades, restaurant credits and more – and sharing their incredible stories. A ‘Thank You’ campaign was also set up to surprise nominated volunteers and employees of our charity partners, who have been working so hard during the pandemic. To show our appreciation for them, we have provided opportunities for some rest and recovery time, as well as an exciting cook-along with Chef JJ, supported by our partners Mastercard.

### Food bank infrastructure

In response to Covid-19, many of our hotels found ways to provide food to frontline responders and those in need within their communities. We also provided financial assistance to our partners No Kid Hungry in the US and Trussell Trust in the UK, and supported The Global FoodBanking Network (GFN) and the European Food Banks Federation (FEBA). Our support has helped ensure food banks around the world have access to the funds, training and resources required to help offer basic provisions to society’s most vulnerable.

### Case study

#### CARE India

Together, IHG and CARE India are working together to bring education and opportunities to girls from 10 villages of District Nuh, Haryana. Due to the disruption of schooling because of the pandemic, we will be creating temporary learning spaces in the villages to provide education, working with community ambassadors to offer a safe space for learning and emotional wellbeing.

We will also be developing digital learning materials for teachers on the socio-emotional wellbeing of children. These can be used nationally, with the aim of helping more than 2,000 students and 500 parents this year.



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

**Lisa Moon**

CEO and President, The Global FoodBanking Network



## Supporting our communities – collaborating for change

### Charitable partnerships

In 2020, we continued working with our NGO partners to support projects and causes in a number of areas, including building skills for the hospitality industry, environmental sustainability and disaster relief, alongside supporting Covid-19 relief work. During our 2018-2020 target reporting period, we contributed \$3.4 million to charitable causes and supported 400,000 people globally.

Our partnership with Junior Achievement Worldwide continued in 2020, with sustainability innovating camps taking place in London, Dubai, Toronto and Atlanta. Participating students in each location worked in teams with IHG colleagues to come up with sustainable hotel solutions for the future. It provided a great opportunity for students to learn more about the world of hospitality and sustainability, while building essential soft skills that can benefit them in their careers. Due to Covid-19, the remainder of our events are currently on hold, but we are working with Junior Achievement Worldwide to continue to find ways to engage students in virtual events in 2021.

### Giving for Good

Our annual Giving for Good month, which sees colleagues volunteer and make a positive difference in their communities every September, was replaced in 2020 by our Giving for Good Awards. These took place in December, in honour of the UN International Day of Volunteering, and celebrated colleagues' efforts to support their local communities in the response to Covid-19. More than 28,000 colleagues shared their stories of how together they provided 212,528 hours supporting their communities.

#### Case study

### Regional CEO Giving for Good Award winners

#### Americas

Corporate colleagues Ashley Broussard, Eddie Howard and Ronnell Williams organised the 'Adopt a Family' drive to support 23 hotel colleagues and their families who had been impacted by the hurricanes in Louisiana, US. Through an online sign-up, essential items were collected and delivered to our colleagues and their family members around Louisiana to help them recover.

#### EMEA

Chefs Miguel de la Fuente and Josefina Misme at InterContinental Madrid partnered with World Central Kitchen to lead a team of 35 volunteers to cook for three months, distributing more than 1 million meals.

#### Greater China

Our Greater China Holiday Inn Express Design and Engineering team volunteered their time to provide free consulting services for the renovation of a local community centre, which was built by NPI to provide a workspace for community events and NGO colleagues.



### Employability and skills building

Tourism is typically responsible for one in 10 jobs worldwide, but we know how hard the industry has been hit and the huge repercussions the pandemic has had on employment.

Through our IHG Academy programme, we plan to widen our existing skills-building projects to help those in our communities access the resources and training they need to find employment. 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 education providers to offer participants real experience of working in a hotel or one of our corporate offices. Despite having to put the majority of programmes on hold in 2020, we were able to support 3,277 participants, which meant we were able to achieve our target of supporting more than 31,000 people between 2018 and 2020.

We have also funded a dedicated hospitality skills-building curriculum with our partners, the Sustainable Hospitality Alliance, to help provide access to training and opportunities as the industry recovers.

In the short term, we recognise the changing economic climate and so we have adapted our programmes to focus on those transferable and soft skills that the hospitality industry is so good at fostering: planning, organisation, creativity and customer services.

By making sure people have access to these skills, we hope that when our sector recovers and jobs return, we can welcome them back again.





## Supporting our communities – *disaster relief*

### Providing support in times of natural disaster

While Covid-19 has occupied the headlines and much of the world's focus in 2020, sadly, many communities also had to deal with devastating natural disasters.

Working with some incredible charity partners, we help prepare our hotels and communities for natural disasters and provide funds to deliver an emergency response when it's needed.

These charity partners include the British Red Cross, American Red Cross, Canadian Red Cross, CARE International UK and China Red Cross. Collectively, they support millions of people globally, preparing communities in advance, saving lives in the aftermath and then helping people get back on their feet.

We're also members of the British Red Cross Disaster Alliance, which allows us to contribute to a swift emergency response and provide help where it's needed most, along with innovative solutions and education to help deal with natural disasters.

We also activated our Colleague Assistance Fund on a number of occasions to provide fast financial aid to our colleagues who have been affected by natural disasters.

In 2020, the Americas experienced a record-breaking hurricane season, there were wildfires in Australia and typhoons in the Philippines. We supported 1,428 colleagues in response to 14 disasters and supported many more people in local communities who were also impacted.



#### Case study

### Vanuatu

When Category 5 Tropical Cyclone Harold made landfall in the Pacific island nation of Vanuatu on 6 April 2020, it not only destroyed homes and livelihoods across three provinces, it also destroyed trees, which are vital to rebuilding efforts.

With support from its donors, CARE Vanuatu launched an emergency response in the aftermath of Tropical Cyclone Harold between June and November 2020, providing 1,600 households in southern Pentecost with shelter kits, including fixings and community toolkits. In addition, 154 community representatives in Pentecost were trained as Shelter Focal Points, giving them the skills required to rebuild stronger houses better able to withstand cyclones, while sharing this knowledge with their communities.

The lack of local sawmills and equipment to turn raw material into timber for construction proved a challenge. With support from IHG, as well as other donors, CARE Vanuatu provided training on how to operate chainsaws, with women also being encouraged to take part.

CARE worked closely with local community leaders to develop this aspect of the training, with the leaders coordinating efforts so that everyone could benefit from the initiative. They also proactively sought women's participation which meant that two in every five people trained as Shelter Focal Points were women.

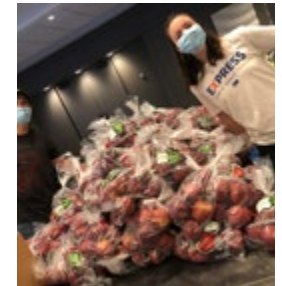


### Looking to the future

With hotels spanning more than 100 countries, we're proud to be at the heart of our communities and recognise how our global reach helps us shape a positive future for local people and the generations to come.

We'll help drive economic growth by increasing access to valuable skills and work experience opportunities, along with providing support in times of need. We will also begin to look at how we can help initiate social change and the fostering of new ideas, which can help communities create a brighter future.

→ [Learn more in our 2030 plan](#)







# Planet

With hotels in some of the world's most breathtaking destinations, we're passionate about making a positive difference to the environment. We consider the life cycle and growth of our operations, so that we can work to preserve and improve the planet. This way, we can all explore its beauty and diversity for generations to come.





## Protecting the environment

We take active steps to help our hotels measure and manage their environmental impact, working hand-in-hand with our hotel owners to make sustainable choices that tackle issues such as climate change, water scarcity, energy consumption, waste management and biodiversity.



**Covid-19 has emphasised more than ever the importance of collective action on sustainability, with businesses and governments coming together to tackle the climate emergency.**

**Catherine Dolton**

Vice President, Global Corporate Responsibility, IHG



More than 80% of our hotels are franchised, so we frequently talk to our hotel owners who operate and finance these properties so that we can help drive innovation and improve our operations. Technology plays an important role in enabling us to connect to, and collaborate with, all of our hotels, as well as helping us find new solutions that can be implemented to help drive a more circular approach to waste management.

### Introducing IHG Green Engage

Our online environmental management platform, the IHG Green Engage system, helps our hotels measure, report and manage their use of energy, water and waste, while simultaneously minimising their utility costs and environmental impact.

Utilising the platform is a global standard for all hotels and we recognise their progress through four levels of certification. As part of our continual improvement plans, we are working towards an updated system to ensure our hotels have the necessary data insights and action plans to help reduce their environmental footprints.

IHG Green Engage can be used by our hotels to identify their impact on natural resources and the tool provides more than 200 Green Solutions – sustainable and efficient actions that hotels can implement to reduce their environmental footprints, tackle the reduction of resource consumption and promote local biodiversity.

Keeping the disturbance of animals, plants and their natural habitats to a minimum is important to us. Through IHG Green Engage, we provide recommendations to help preserve and protect local flora and fauna and the wider regional ecosystems affected by our operations. This includes advice on the management of green spaces and long-term strategies for protecting local habitats.





## Carbon and energy

To avoid the worst consequences of climate change, global carbon emissions must be reduced.

Given our scale and operations across more than 100 countries, we believe the best approach to reducing and managing carbon emissions is to work hand-in-hand with our hotels and third-party owners to change our own behaviour, before we consider purchasing carbon offsets.

Our 2018-2020 target to reduce carbon emissions by 6-7% per occupied room was a proactive step to drive energy efficiencies in our hotels and tackle carbon emissions, with each property given a carbon reduction target as part of a set of formal hotel metrics.

Together we achieved a reported 5.9% reduction at the end of 2019 from a 2017 baseline. This year, with the pandemic leading to a significant reduction in occupancy in our hotels, we ended the three-year target period with a 10.2% increase per occupied room. However, over the same period, we reduced our absolute carbon emissions by 23.6%.

### Supporting the UN Sustainable Development Goals:



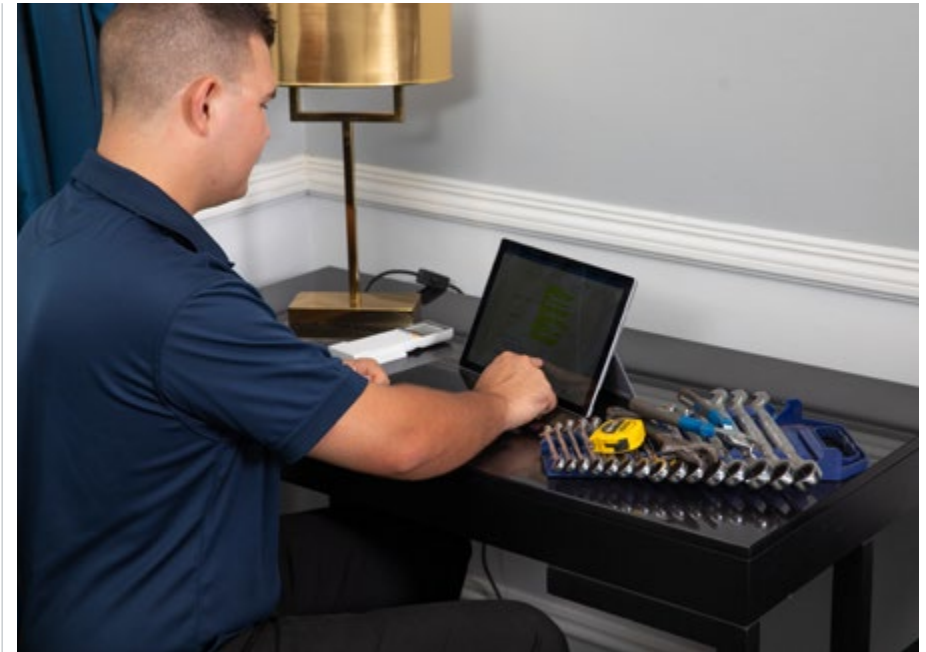
In February 2020, we had our carbon reduction targets to 2030 approved by the Science-Based Target initiative, which required we achieve the following by 2030, from a 2018 base year:

- a 15% reduction in absolute carbon emissions from our owned, leased and managed estate; and
- a 46% reduction in carbon emissions per m<sup>2</sup> from our franchised estate.

As a growing business, SBTs are important to us. As we open more hotels, more people stay with us, which in turn increases our carbon footprint. The industry accounts for 1% of total global greenhouse gas emissions, so a target which is integrated into all aspects of our business will help us reduce emissions across owned, managed and franchised hotels and align with the Paris Agreement.

To achieve our ambitious targets, we will need a range of programmes and interventions. We recognise the importance of transitioning to renewables as a key driver of our carbon reduction efforts and have started a renewable energy strategy project mapping opportunities across our global estate.

We also continue to align more of our properties to sustainable certifications. 12 of our managed-leased properties in the UK undertook BREEAM in Use accreditation this year, with six being rated Good, and six Very Good for Part 1 Asset Performance. All 12 achieved a Very Good rating for Part 2 Building Management.



### Looking to the future

To help us build the right foundations for achieving our SBT, we have worked with an external partner to create an industry specific modelling tool that helps us to identify actions that can be utilised across our global estate to achieve carbon reduction targets, based on hotel type and location. Central to achieving our reduction commitments will be focusing on low carbon/net zero new builds and the role of renewable energy. We are beginning to create a comprehensive long-term renewable energy plan and working with third party specialists to identify what it will take to achieve low-carbon/net-zero hotels, so that this can be integrated into our long-term planning.

→ [Learn more in our 2030 plan](#)



Working through the BREEAM In Use accreditation for our 12 UK managed-leased properties has given us a great opportunity to help identify sustainable improvements that will further drive the energy efficiency of our portfolio over the longer term.

**Ian Mann**

Director of Engineering and Brand Safety, Europe





## Water

More than 1.7 billion people currently live in river basins where water usage exceeds the amount that can be resupplied, and the problem is only going to get worse as the population grows.

Water is essential for everyday operations and for future growth in our industry. To ensure we are only using our fair share, we work to incorporate water efficiency measures in our hotel operations and new properties. Working with our local market stakeholders, we have undertaken water stewardship programmes to identify and mitigate significant risks to supply.

Each of our hotels has a water reduction target and, as part of the IHG Green Engage system, they have access to green solutions, which can help to improve water efficiencies, such as low-flow fixtures and fittings. In 2020, our hotels reduced water consumption by 28.8%. This was primarily driven by the significantly reduced occupancy in our hotels and enforced temporary closures.



### Supporting the UN Sustainable Development Goals:



Following a comprehensive water risk assessment of our open and pipeline hotels in 2019, we identified risks related to quantity and quality, and developed water stewardship action plans for our key hotels in water-stressed areas.

This year, we launched our final two water stewardship projects to meet our commitment of establishing six projects between 2018-2020. Our membership to the Alliance for Water Stewardship helped us to apply rigour to each of our projects. Working collaboratively with local network members in Delhi and Bali in 2019 enabled us to complete in-depth basin level research, which helped identify key interventions to drive action. Our final two projects: one in Shenzhen in China, and the other in Hayman Island in Australia – will enable us to extend what we have learnt to different hotel designs and destinations.

### Forming partnerships

A key lesson from these projects is that our hotels are often a small player in the wider water basin, and so to truly reduce water stress in regions, we need to collaborate at the basin or catchment level. Building our community education and stakeholder engagement in Delhi, we were able to provide funding to our NGO partner WaterAid, so it could continue its education programme in India. We also intended to share the outcome of our work in Bali at a roundtable in 2020, but this was postponed due to Covid-19.

As members of the UN Global Compact CEO Water Mandate, we report on our water progress each year and we recently joined their Water Resilience Coalition so we can collaborate at a local basin level in high-risk areas.



### Looking to the future

We recognise the importance of collaborating and taking action in areas of high-water risk. To achieve this, we will collaborate at basin level, as well as focus on using tools to help our hotels reduce their water usage. Through working with others, we hope to find ways to drive stewardship and where needed, ensure adequate water, sanitation, and hygiene (WASH) conditions for our operating communities.

→ [Learn more in our 2030 plan](#)





## Waste

As we have seen across all industries, new and enhanced hygiene and cleaning measures in response to Covid-19 can impact sustainability. While these new ways of operating have resulted in less waste in some areas, they have also necessitated an increase in others (for example, single-use items and PPE). Due to Covid-19, these steps are necessary in the short term, but we are committed to putting longer-term plans in place for more sustainable solutions. To help us do this, we are working with our suppliers to find innovative solutions, as well as talking to our peers and organisations in other industries, so that we can share best practices.

Our industry has traditionally seen product consumption at various stages of the guest experience and so our longer-term aim is to achieve circularity, where items can be recycled or reused on a large scale.

### Supporting the UN Sustainable Development Goals:



Fortunately, there are some areas that were already being considered as part of our waste-reduction plans that we have been able to accelerate in response to Covid-19. These include:

- Introducing digital versions of newspapers and magazines.
- Providing guests the option to request reduced housekeeping during their stay, which helps to reduce energy and water consumption related to cleaning.
- Switching to paperless billing.

We remain committed to our 2019 pledge to remove single-use miniature bathroom amenities, but are mindful of the impact that Covid-19 is having on both our owners and supply chains. So in some instances, this could mean delays to implementation. By switching to bulk-size products, we will achieve a significant reduction in plastic waste. This work builds on the successful delivery of our 2018 commitment to remove plastic straws from our hotels around the globe.

### New solutions

Partnering with organisations and innovators, we have continued to focus on tackling food waste. In Australia, we are working with the NGO OzHarvest to enable our hotels to divert food waste going to landfill by donating it to local communities. Even though many of our hotels were closed during the year, we have been able to rescue and provide 7,260 meals to vulnerable people in the first year of our partnership. This was further enhanced in response to the wildfires in Australia and Covid-19, where we were able to provide an additional 4,811 meals to those in need.

Across our hotels in the Middle East and Australia, we have been working with Winnow Solutions, whose innovative AI technology tracks, measures and reduces food waste. Through using real-time information, our chefs are able to adjust menu planning and preparation to reduce food waste.

# 7,000+

meals donated to people through our partnership with OzHarvest



### Looking to the future

We are passionate about helping our guests enjoy a more sustainable stay in our hotels and tackling waste is something on which we can collaborate with others and achieve at scale. Ensuring the necessary infrastructure is in place is no easy task, but we will be working with our internal teams and suppliers to find more sustainable solutions. This includes eliminating single-use items or only using those which can be reused or recycled, along with finding circular solutions for major commodity items. Our food and beverage teams will continue to monitor and reduce food waste, so that we can play our part in tackling this global problem.

→ [Learn more in our 2030 plan](#)



## Sourcing sustainably

With global operations in more than 100 countries, our supply chain has an environmental, social and economic impact. In 2020, we developed Responsible Sourcing Principles to support our hotels in making the right choices when purchasing, focusing on social and environmental matters. We will continue to expand our colleague education programme to promote responsible procurement best practices.

In 2019, we introduced the IHG Green Supplier scorecard to help us assess the prospective suppliers going through our tendering process. The programme asks sustainability related questions regarding raw materials, manufacturing methods, transportation and the life cycle of the product, which we subsequently use to assess a potential supplier's green credentials. This year, 23% of contracts were awarded to green suppliers through the tendering process.

Recognising the environmental impact of the production of textiles, we partnered with Exeter University (UK) in 2020 to carry out an environmental assessment of IHG's textiles value chain, so that we could identify opportunities for IHG to transition towards circularity.

### Supporting the UN Sustainable Development Goals:



We will now be adopting recommendations from this project and will give consideration and preference to those suppliers who already have a mature sustainability programme in place, including solutions for products that have reached the end of their life cycle. We will continue collaborating with specialist organisations to enhance this process.

Many of our green suppliers are seeking innovative ways to become more sustainable. These include:

**Bedding:** We have been working with our suppliers to help minimise global plastic waste through our growing voco™ hotel brand. Our suppliers take discarded single-use plastic bottles and repurpose them to become filling inside the duvets and pillows of our voco guest rooms all over the world. In fact, more than 3 million water bottles have been diverted from landfill and into our bedding to date.

**Dry amenities:** In 2020, we have worked closely with Vanity Group to secure sustainable dry amenity alternatives for guest rooms in Crowne Plaza, Holiday Inn and Holiday Inn Express hotels in Australia and New Zealand. Existing bathroom dry amenities, such as shower caps, sanitary bags, combs and toothbrushes, are being replaced with biodegradable alternatives. We will continue working on extending the scope of this pilot across our Europe, Asia Pacific and Middle-Eastern markets.

**Natural cleaning products:** A group of Holiday Inn Express hotels in the UK are trialling a new and innovative cleaning technology by Tersano that turns tap water into a safe, highly effective, multi-use cleaner and sanitiser using ozone. Not only does this help our hotels to reduce single-use plastics, but it is also kinder to our guests, colleagues and the environment as it does not use toxic chemicals.



## Food and beverage

As millions of meals are served every day in our hotels around the world, we take a robust and transparent approach to the way in which we source our food and beverage items.

We have worked with The Humane League, a leading non-profit farm animal protection organisation, to commit to sourcing 100% cage-free eggs throughout our US, Canadian and European operations by no later than 2022. This is part of an overall commitment to source only cage-free eggs across our entire global estate by 2025.

To help us achieve our goals, we've made training on our cage-free commitment available to all colleagues. We also continue to seek wider availability of cost-effective cage-free egg supplies in our markets and support cross-industry collaboration on this issue.

Whether our guests are travelling for business or leisure, we understand the need to offer a variety of meal options, taking into account dietary requirements, local and ethical sourcing and health and wellbeing.

Some examples of this in action are:

- **EVEN Hotels:** Equipped with wellness-savvy staff, a best-in-class fitness experience, healthier food choices and natural, relaxing spaces, the brand's Cork & Kale™ Market and Bar provides a range of customised options.
- **Holiday Inn:** The Grow Healthy Club is aimed at children and, where possible, offers breakfasts, lunches and dinners that are free from additives and contain monitored amounts of salt and sugar. They also include appealing ways to get our younger guests to eat fruit and vegetables.





# Introducing Journey to Tomorrow

Our 10-year responsible business plan







## Journey to Tomorrow

Our new Journey to Tomorrow 2030 plan provides IHG with a powerful framework for the next decade that aims to ensure travel has a beautiful future for everyone.

It's a plan that will make IHG a stronger organisation, where we will build upon our inclusive culture and help people thrive. A plan that reflects the needs of our communities, from supporting social change to advancing human rights. And a plan that helps protect the planet now and for generations to come.

Aligned to our purpose of providing True Hospitality for Good, each of our stretching ambitions contributes towards achieving the UN SDGs by 2030.

“The Board and Executive Committee worked together closely to ensure this 2030 plan focuses on key areas where IHG can have the greatest impact on its people, communities and the planet. The importance of clear ambitions cannot be underestimated. They are more than just words on a page – they are a chance to inspire people. By engaging IHG’s key stakeholders – colleagues, owners, suppliers and guests – we can unite behind a shared objective for the greater good.

Fulfilling the aims of our plan will require investment not only in the right infrastructure, products and partnerships – but also in relationships. Success will be a team effort, sharing best practice as an industry and working with colleagues, owners, suppliers, charity partners and guests to shape responsible travel far into the future.

**Jill McDonald**

Non-Executive Director  
and Chair of IHG’s Responsible Business Committee





## Our 2030 plan



### Our 10-year responsible business plan

Our goal is to help shape the future of responsible travel together with those who stay, work and partner with us. We will support our people and make a positive difference to local communities while preserving our planet's beauty and diversity... not just today but long into the future.



Champion a diverse culture where everyone can thrive



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



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



Pioneer the transformation to a minimal waste hospitality industry



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



Empower our people to help shape the future of responsible travel





## Our 2030 plan *continued*



### Champion a diverse culture where everyone can thrive

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



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

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



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

- Implement a 2030 science-based target that delivers:
  - 15% absolute reduction in our direct operations
  - 46% per m<sup>2</sup> reduction in franchise operations
- Target 100% new build hotels to operate at very low/zero carbon emissions by 2030
- Maximise/optmise the role of renewable energy



### Pioneer the transformation to a minimal waste hospitality industry

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



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

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





Introduction

Our approach

Our 2018–2020 targets

Our people  
and communities

Planet

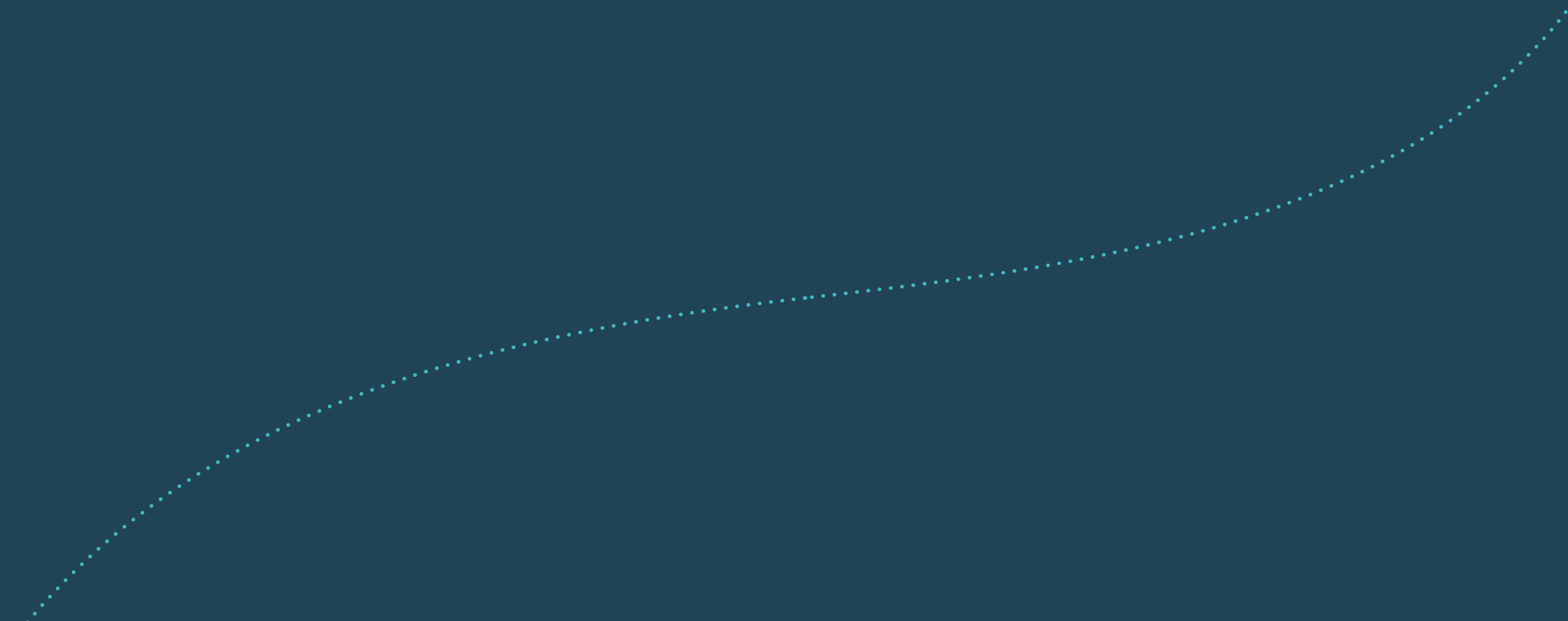
2030 Responsible  
Business Plan

Appendix

# Appendix

Summary of 2020 performance data.

Further information can be seen in our [ESG Databook](#)










# Environmental performance data






## Carbon footprint

### Carbon footprint per occupied room (tCO<sub>2</sub>e)






2016		29.4
2017		28.7
2018		27.9
2019		26.6
2020		31.7

### IHG total emissions (tCO<sub>2</sub>e)






#### Scope 1

2016		426,870
2017		455,192
2018		481,047
2019		491,740
2020		342,504

#### Scope 2

2016		1,914,276
2017		1,800,338
2018		1,926,948
2019		2,014,868
2020		1,529,400

#### Scope 3

2016		2,708,920
2017		2,697,293
2018		2,714,512
2019		2,689,433
2020		1,904,006

### 2020 total energy consumption (MWh)

Energy consumption	Entire estate including owned, leased, managed hotels and offices	Owned, leased, managed hotels and offices	Franchised hotels
Fuel	3,802,802	1,521,595	2,281,207
Electricity	5,877,143	2,589,963	3,287,180
Heat	196,936	155,893	41,043
Steam	166,276	97,270	69,007
Cooling	142,037	98,519	43,518
Renewables	14,529	9,176	5,353
Electricity produced	11,227	2,192	9,035
Other produced	13,950	7,915	6,035
Total	10,224,900	4,482,523	5,742,378

As IHG's system size is continually changing and the number of hotels reporting data to the IHG Green Engage™ system increases annually, we have restated data for the years 2017–2020. 2016 was not restated as 2017 was the baseline for 2018–2020 target period.

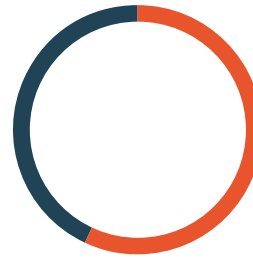




# Environmental performance data *continued*

## Water

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



● Water-stressed 43%  
● Non-water-stressed 57%

IHG's water use per occupied room across the global estate (m<sup>3</sup>)

2016	<div></div>	0.62
2017	<div></div>	0.59
2018	<div></div>	0.59
2019	<div></div>	0.58
2020	<div></div>	0.67

IHG's total water consumption across the global estate (m<sup>3</sup>)

2016	<div></div>	105,666,389
2017	<div></div>	101,468,391
2018	<div></div>	107,430,435
2019	<div></div>	112,235,231
2020	<div></div>	79,870,531

## Waste

IHG's total waste (metric tonne)

General waste

2017	<div></div>	432,235
2018	<div></div>	492,060
2019	<div></div>	473,396
2020	<div></div>	305,369

Food waste (not recycled)

2017	<div></div>	124,252
2018	<div></div>	128,929
2019	<div></div>	123,440
2020	<div></div>	74,186

Recycling

2017	<div></div>	77,635
2018	<div></div>	98,836
2019	<div></div>	104,513
2020	<div></div>	55,109

Composting

2017	<div></div>	8,345
2018	<div></div>	11,166
2019	<div></div>	11,749
2020	<div></div>	3,698

Total waste

2017	<div></div>	642,467
2018	<div></div>	730,992
2019	<div></div>	713,099
2020	<div></div>	438,362

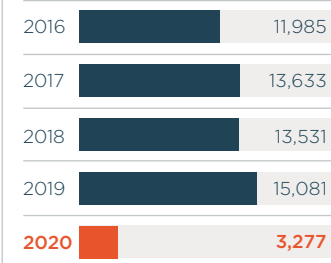
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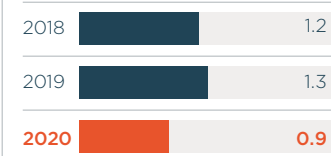
# Social performance data

## Community support

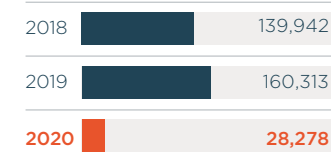
### Individuals provided with hospitality skills training through the IHG Academy



### Total funds donated to community impact projects (\$m)



### Colleagues supporting community impact projects



## Gender profile of employees

As at 31 December 2020	Male	Female	Total
<b>Directors</b>	8	5	13
<b>Executive Committee</b>	7	3	10
<b>Executive Committee direct report</b>	37	23	60
<b>Senior managers</b> (including Directors of subsidiaries)	73	27	100
<b>All employees</b> (whose costs were borne by the Group or the System Fund)	5,748	7,084	12,832



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