



2014 Responsible Business Report



InterContinental
Hotels Group



Our 2014 achievements

100,000+

colleagues took part in risk management e-learning courses



20,000+

colleagues trained on the updated IHG Code of Conduct



4.2%

reduction in water use per occupied room in water-stressed areas from a 2012 baseline

3%

reduction in our carbon footprint per occupied room from a 2012 baseline

84.7%

all time high for employee engagement scores



\$840,000

raised for our IHG® Shelter Fund in 2014, enabling us to respond quickly to disasters



21,745

green solutions implemented through the IHG Green Engage™ system in 2014



626

IHG® Academy programmes in 58 countries

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This report forms the **summary** of IHG's responsible business activities for the year to 31st December 2014.
For further details on all our programmes visit www.ihgplc.com/responsiblebusiness

Introduction

Our commitment to responsible business is part of our culture and underpins our entire strategy.

Our 2013-2017 targets

12%

*Reduce carbon footprint per occupied room**

12%

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

20,000

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

\$10m

*Contribute to communities through
monetary donations and in-kind support,
including through IHG® Shelter in a Storm*

We believe that ensuring our business is committed to responsible business practices will enhance and protect the reputation of IHG and our brands. It provides us with the opportunity to protect the environment, create job opportunities, and improve community resilience.

Doing the right thing in the right way enables us to make an even greater contribution to the locations where we operate.

Our responsible business practices include: governance and leadership; stakeholder engagement; responsible procurement; risk management; corporate responsibility and our people.

As part of our responsible business agenda, our corporate responsibility (CR) strategy focuses on two areas where we passionately believe we can make the most difference to people's lives: the environment and the community.

We are all deeply committed to achieving sustainability by using our award-winning environmental management tool, the IHG Green Engage™ system. We're also increasing local economic opportunity and creating community resilience through IHG® Academy and by providing support when disaster strikes through IHG® Shelter in a Storm.

In 2013, we set targets to measure our impact on the environment and community at both a global and local level.

We are building on the success we have enjoyed to date and are determined to make IHG an even more responsible and sustainable business in the future.

Diversity

Track and report within our supply chain

Supply chain

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

*from a 2012 baseline

Chairman's statement



“As a company we understand where we can make a positive impact that is mutually beneficial for IHG and its stakeholders. We will continue to focus our energy on where it can make the greatest difference”

Patrick Cescau
Chairman

Welcome to our 2014 Responsible Business Report. At IHG being a responsible business is an integral part of delivering on our strategy. It helps us build trust and preference for our brands, operate more efficiently, and create long-term value for all our shareholders and stakeholders.

The scale of the opportunity is enormous. With 4,840 hotels in nearly 100 countries, our influence extends across thousands of communities around the world and sees us interact with millions of people on a daily basis.

Our insight tells us that it is more important than ever for our guests to be able to interact with organisations and brands who act responsibly. When customers book an IHG hotel they must be given assurances that they are staying with a company that not only protects their safety and well-being, but that also shares their values.

We also know that behaving responsibly empowers our people. High standards of corporate governance reflect our values and commitment to being a responsible business and ensure that everyone working at IHG and in our hotels is involved in delivering our responsible business agenda.

As a company we understand where we can make a positive impact that is mutually beneficial for IHG and its stakeholders. We therefore undertake activities that are targeted, measurable and sustainable. We will continue to focus our energy on where it can make the greatest difference.

I hope this report helps bring to life a part of IHG's strategy that we are all passionate about.

A handwritten signature in black ink, appearing to read "Patrick Cescau".

Patrick Cescau
Chairman

Chief Executive Officer's review



"We are very proud of our responsible business achievements and are ambitious about what we can achieve in the future."

Richard Solomons
Chief Executive Officer

Being a responsible business is part of IHG's DNA. This commitment underpins our business practices and is fundamental to the way we operate. It is also engrained in our culture through our Winning Ways, a set of behaviours that define how we interact with our guests and colleagues. Furthermore, our presence in nearly 100 countries means we have the scale to make a positive impact on the environment and communities around the globe as well as the need to have the appropriate systems and processes in place to ensure we deliver on our brand promise, wherever you are in the world.

At a fundamental level, the safety and well-being of our people and guests are critically important to our business and are an integral part of our responsible business agenda. We continue to work closely with hotel owners and colleagues to identify and manage risk effectively and we have robust and effective policies, processes and procedures in place to protect our business and support our objectives.

Our three bespoke corporate responsibility (CR) initiatives – IHG Green Engage™ system; IHG® Academy; and IHG® Shelter in a Storm – are the routes through which we deliver positive impacts at both a global and local level. They are also tightly aligned with our Winning Model, our framework for delivering superior value creation through our brands, our people and our systems.

Our 2014 Responsible Business Report covers the key milestones we achieved across each of our CR initiatives in 2014, as well as the excellent progress we made in delivering against our 2013-17 CR targets. It also gives more detail around our world-class risk management systems and internal controls, which continue to provide assurance to our shareholders and other stakeholders.

In 2014 alone we:

- Announced the global roll-out of our environmental sustainability tool, the IHG Green Engage system as a brand standard, a powerful demonstration of our commitment to protecting the environment.
- Doubled the number of IHG Academy programmes to more than 600 in nearly 60 countries.
- Responded to 18 disasters in 9 countries through our disaster relief programme IHG Shelter in a Storm.

We are very proud of these achievements and are ambitious about what we can achieve in the future. I would like to thank our owners, colleagues and other partners for their ongoing support and for helping to ensure that IHG continues to put responsible business practices at the heart of everything we do.

A handwritten signature in black ink, appearing to read "Richard Solomons".

Richard Solomons
Chief Executive Officer

About IHG

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

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



Our business model

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

Franchised:

**4,096 hotels
(514,984 rooms)**

2013: 3,977 hotels (502,187 rooms)

Managed:

**735 hotels
(192,121 rooms)**

2013: 711 hotels (180,724 rooms)

Owned and leased:

**9 hotels
(3,190 rooms)**

2013: 9 hotels (3,962 rooms)



We completed our acquisition of Kimpton Hotels & Restaurants, the world's largest independent boutique hotel operator, in January 2015. Please note therefore that the information and data included within this report, including our 2013-2017 corporate responsibility targets, do not account for the Kimpton brand.

KIMPTON[®]
hotels & restaurants

Our responsible business

At IHG, doing business responsibly is right at the heart of everything we do. It matters to everyone in the organisation. The long-term success of our business and the reputation of our brands depend on us doing the right thing.

Our strategy for high quality growth

IHG's Winning Model is our framework for delivering value through our brands, people and revenue delivery systems. Underpinning our strategy is a commitment to responsible business practices. We recognise the importance it has for all of our stakeholders in making IHG and its brands their preferred choice.

We know that tourism plays a critical role in the world economy. Analysis carried out for IHG by Oxford Economics shows that with each dollar spent at an IHG hotel it multiplies through the local economy six to seven times. Our success drives sustainable economic development by creating stable sources of income and providing opportunities for local employment and investment.

We act in a way that benefits all of our stakeholders, including colleagues, guests, corporate customers, owners and the local community, who are increasingly considering whether businesses share their values. This provides us with a competitive edge, assisting us to deliver profitable growth and creating shared value for all stakeholders in the long term.

Our responsible business practices

Our responsible business practices include:

- Governance and leadership
- Stakeholder engagement
- Responsible procurement
- Risk management
- Environmental sustainability
- Sustainable communities
- Our people

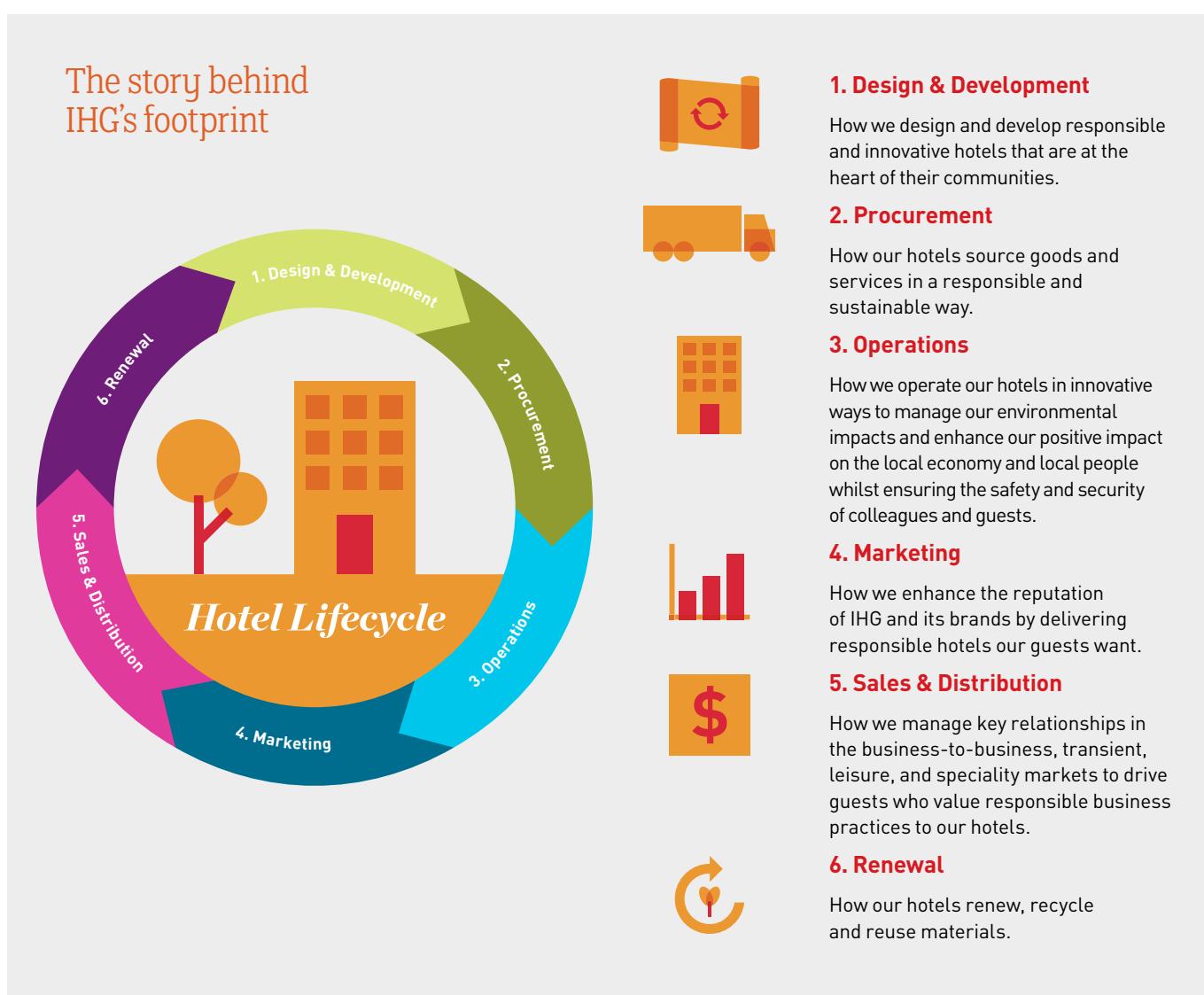


Our responsible business

Our journey to date

Our responsible business agenda is continually evolving, responding to the changing needs of our guests, the environment and the communities we operate in. We have combined clear targets with broader aspirations, seeking to instil in colleagues the attitudes and skills needed to achieve long-term success.

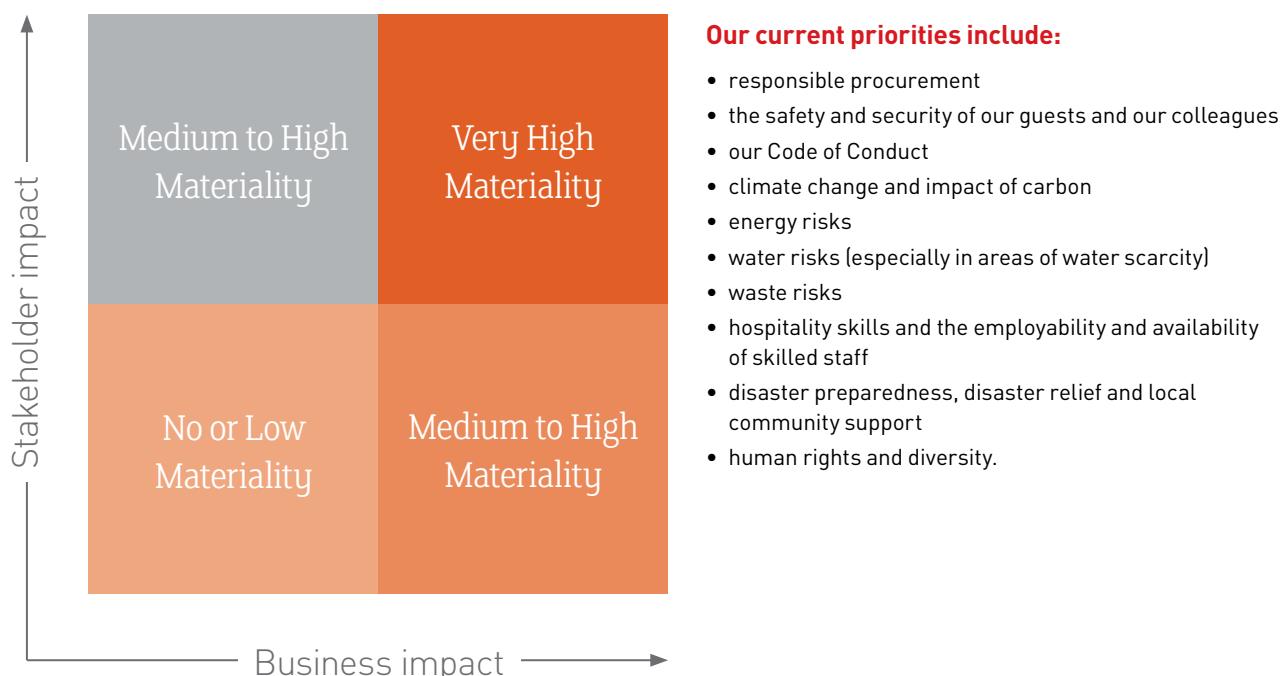
How responsible we are is part of how we define our achievements as an organisation. That is something to which we are absolutely committed, now and into the future.



What matters to us

Priorities for action

Through regularly engaging with our stakeholders we identify the priorities for our responsible business agenda. We focus on finding ways to do the right thing while creating shared value for IHG, our owners, the environment and the communities in which we operate. Our priorities align with our purpose of creating Great Hotels Guests Love®.



Using a materiality matrix we can assess what material issues affect our business the most, including the impact we have on society, the environment, the economy and the wider stakeholder groups we work with. We regularly review our priorities and material issues through our responsible business programmes, our policies and our corporate governance processes.

Governance

We are committed to maintaining the highest standards of governance. Our governance framework, led by the Board, supports IHG's culture and values, and our commitment to doing business responsibly.



Our Board and Committee governance structure

The Board leads the strategic direction and long-term objectives of the Group through effective oversight and review, setting the Group's strategic aims and maintaining collective responsibility for the long-term success of IHG. The composition of the Board is of fundamental importance and is reviewed on an ongoing basis to ensure we have the right balance of skills to support the business both today and in the future, taking into account experience, diversity and gender.

We firmly believe in the importance of a diverse Board membership and fully support the Lord Davies Report on "Women on Boards". We have had at least 25% female representation on our board since 2012, with 45% representation as at 16 February 2015.

A number of key decisions are reserved for the Board's approval and are not delegated to management. These include: matters related to Group business and commercial strategy; significant investment proposals; maintaining an overview and control of the Group's operating and financial performance; and monitoring the Group's overall system of internal controls, risk management, governance and compliance.

The Board delegates certain responsibilities to the Audit, Corporate Responsibility, Nomination and Remuneration Committees to assist it in carrying out its responsibilities.

Governance

Our Corporate Responsibility Committee

Our Corporate Responsibility (CR) Committee advises the Board on the Group's corporate responsibility objectives and strategy, and its approach to sustainable development and ensures that IHG's responsible business priorities deliver against our core purpose, Great Hotels Guests Love. It ensures we continue to make progress against our commitments and that we are creating the maximum shared value for IHG, our hotel owners and our guests, as well as the local communities in which we operate.

The CR Committee focuses on our two strategic pillars of environmental sustainability and sustainable communities, paying particular attention to our three main CR programmes: The IHG Green Engage system; IHG Academy and IHG Shelter in a Storm. The committee also monitors our progress towards IHG's CR targets for 2013-2017.

The CR Committee meets three times a year and is chaired by Jennifer Laing, a non-executive director (NED). Other NEDs who sit on the committee are Dale Morrison, Luke Mayhew and Ying Yeh. Our Chief Executive Officer Richard Solomons and George Turner, Executive Vice President, General Counsel and Company Secretary, are also committee members. Our Chairman, Patrick Cescau, regularly attends meetings.

Our priorities for 2015

- To continue to support IHG to ensure meaningful progress on our five year corporate responsibility targets
- To further embed responsible business into the IHG brand and help to deliver external communications to support this
- To increase IHG's disaster preparedness capabilities and to deepen links with humanitarian agencies to grow IHG's disaster relief capabilities.

IHG Owners Association

Working together to ensure we maintain our reputation for doing business in the right way is a strategic priority for the IHG Owners Association. We continue to work collaboratively with the Association to ensure that the entire responsible business agenda is embedded across our global operations.

Ensuring appropriate conduct and ethics

At IHG we're committed to operating with integrity and according to the highest possible ethical standards as well as to complying with the laws and regulations of the countries we operate in. Our Code of Conduct applies to all directors, officers and employees of IHG and is available on our website. The code consolidates and clarifies expected standards of behaviour and communicates the ethical values of the Group. It's an important guide and introduces many of IHG's key global policies. It incorporates our values, our Winning Ways which are a core part of the way we do business. More information on our Winning Ways can be found on page 27.

We ensure the code, our values and responsible ways of working are embedded across our business. The code is reviewed on a regular basis and communicated to all IHG employees globally through on-line and face-to-face training. We monitor participant rates to ensure we meet our targets, with reports on training provided to our Audit Committee. In 2014 we updated our Code of Conduct and provided online training on it to more than 20,000 colleagues.

We also have in place a range of programmes, policies and training which we keep under review and which are communicated via e-learning and face-to-face training modules. These include areas such as anti-bribery, gifts and entertainment, data privacy, antitrust and human rights. In 2014, more than 5,000 colleagues completed our on-line training on data privacy, antitrust and anti-bribery. In addition, more than 1,000 colleagues received face-to-face training on anti-bribery.

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

InterContinental Toronto Centre



Stakeholder engagement

To support our responsible business strategy, we take time to understand the needs of our stakeholders and engage regularly with them. We do this through meetings, conferences and surveys, as well as through a range of strategic partnerships.

"IHG were founding members of the International Tourism Partnership. Being one of the world's leading hotel companies comes with its responsibilities and I congratulate IHG for the progress made across its corporate responsibility programmes. It's impressive to see the speed with which the IHG Green Engage™ system is being rolled out across the entire estate."

Stephen Farrant

Director,
International Tourism Partnership



Guests & Corporate clients

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

The IHG Owners Association

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

Local communities

IHG can create a positive impact on a huge number of local communities. The jobs created and money spent by our guests, colleagues, partners and suppliers has a wide impact supporting local economies and communities.

Colleagues

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

Shareholders

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

Suppliers

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

Academic institutions

IHG is a thought leader within the travel and tourism industry and we work with several leading academic institutions.

NGOs, Government and Community Organisations

We were the first hotel company to receive approval for LEED pre-certification for both existing and new hotels. In 2014 we launched a partnership with Green Globe and Green Key Global for third-party internal certification of the IHG Green Engage system.

United Nations Global Compact

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

CARE

CARE – the 'Cooperative for Assistance and Relief Everywhere' – is one of the world's three biggest aid agencies. It has expertise in humanitarian assistance and disaster relief. We work with CARE to develop best practice in disaster preparedness and relief via IHG Shelter in a Storm.

Business in the Community (BiTC)

We joined BiTC in 2009 and work with other members to develop best practice to manage environmental resources and make a positive impact in the communities where we operate. We are part of the BiTC international disaster relief working group, bringing together like minded companies to develop a cross-sector collaborative approach for disaster preparedness and response.

International Tourism Partnership

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

Shared Value Initiative (SVI)

SVI is "a global community of leaders who find business opportunities in societal challenges." IHG is a strategic partner and serves on its Leadership Council.

How we do business

IHG believes that an essential part of being a responsible business is having in place robust and effective risk management and internal controls. This supports our business to be resilient, successful and trusted.

IHG's approach to risk management

The Board is ultimately accountable for risk management across the organisation. It is supported by the Audit Committee, the Executive Committee and other delegated committees who collectively set the tone and appetite for risk management at IHG.

This is cascaded down to the day-to-day activities of IHG corporate offices and hotels through well-established and continuously improving policies, processes, systems and controls which set out clear accountability, and are supported by tools, training and communication to ensure risks are effectively managed.

Risks are further identified, assessed, mitigated and monitored by functional specialists and, where deemed necessary, periodically reviewed by internal and external auditors. These activities are typically grouped into 'Three Lines of Defence' as shown on the right. IHG's Global Risk Management team provide subject matter expertise, leadership and support across all these activities.

Embedded risk management processes

IHG has in place a Major Risk Review process to:

- enable the business to identify, assess, manage and monitor the principal risks and uncertainties affecting the Group (the Major Risks); and
- support the Executive Committee, Audit Committee and the Board to monitor, review and reflect upon the progress of risk management activities across the portfolio of Major Risks on a biannual basis.

The Major Risks align closely with our strategy and business priorities, and also identify those issues which are most likely to significantly affect other operational, commercial or reputational matters and, as such, are regularly discussed at senior leadership team and committee meetings.

Our Risk Working Group (RWG) ensures there is sufficient focus and effective management of the Major Risks, and seeks to improve cross-functional working and effective risk management of the highest priority and emerging risks affecting IHG. The RWG is chaired by the General Counsel and Company Secretary and comprises the heads of Global Risk Management, Global Strategy, Programme Office and Global Internal Audit.

Underpinning the Group's Major Risk Review process, each of the regions and functions have their own risk profiles that are updated quarterly in line with the activities of the strategic planning cycle. During the interim periods, continuous dialogue takes place between risk owners and risk subject-matter experts to develop, execute and monitor detailed risk assessments, risk mitigation strategies, controls and key risk indicators.



How we do business

Holistic approach to risk assessment

IHG conducts risk assessments to identify, prioritise and inform decisions on risk mitigation. Risks are first assessed from an inherent or gross risk perspective (unmitigated risk). Then, internal controls and mitigation activities are identified and developed resulting in a residual or net

risk assessment (mitigated risk, net of controls). This is informed by the performance monitoring of internal key risk indicators, which provide objective evidence as to how effectively the risk is being managed. IHG and its Board think broadly and holistically about potential risks to the business, across the following categories:

Risk	What are these?	Who manages them?
Strategic	Risks arising from IHG's relationship with the external environment that can impact on IHG's ambition and strategy over the long term. Include major market and environmental changes or events that could impact our reputation across key stakeholder groups.	<ul style="list-style-type: none"> Leadership is provided by the Board, the Executive Committee, the Regional Operating Committees and functional leadership teams. Expertise, co-ordination and oversight is provided by Global Strategy in conjunction with Global Risk Management to drive IHG's leadership to make decisions around its portfolio of brands, key markets, business model and approach to ethics and other reputational matters.
Tactical	Risks that could impact the delivery of IHG's one to three-year commitments. Include, but are not limited to, factors influencing IHG's ability to sign and open new hotels, the performance of existing hotels and the delivery of projects that align with strategic planning processes.	<ul style="list-style-type: none"> Performance and delivery risks are managed by senior leaders and reported to the Regional Operating Committees and functional leadership teams. Project risks are managed by project management teams with oversight provided by our internal Programme Office and supported by Global Risk Management.
Operational	Risks which include a wide spectrum of day-to-day risks that frontline hotel colleagues and corporate teams face when dealing with guests or ensuring corporate systems and processes are running smoothly. Include, but are not limited to, those managing the safety and security of our people and assets, the continuity of the business, third-party service providers and the wider supply chain.	<ul style="list-style-type: none"> Operational risks are managed by frontline hotel colleagues. Oversight is provided, in the context of the managed and franchised business models, by specialist functional teams, with leadership provided by the Regional Operating Committees. Due to the nature of operational risks, IHG typically mitigates these through policies, operational and business processes and other internal controls supported by systems, tools and training. Subject-matter expertise, leadership and co-ordination is provided by Global Risk Management and functional specialists.

How we do business

Safe hotels

Safety and security is vitally important to our guests, colleagues and other stakeholders. Our approach has been to support hotel owners, general managers and colleagues in managing risk effectively. We have a comprehensive range of policies, standards, web-based toolkits and training materials which are aligned to our Manage Risk and Safe Hotel Framework and which can be accessed by all hotels. The materials include risk management, safety and security policies and procedures, checklists, templates, posters, videos, e-learning and access to face-to-face training. To further embed capability in the business and community and make risk management courses more appealing, IHG has worked with external training organisations such as the UK Chartered Institute of Environmental Health (CIEH) and the Institute of Risk Management. IHG risk management materials form part of the curriculum at Oxford Brookes University's Hospitality Management Programme, showing the leadership we are taking in this area.

Providing a safe and secure environment for our guests, employees and those working at or visiting our hotels and corporate offices is paramount. Therefore, IHG has established a set of policies, procedures and measures to comply with relevant legislation.

We ensure the protection and well-being of those working for IHG through suitable work-based strategies; minimise the risk of injury from work activity; ensure that sufficient information is provided and systems are in place to address health and safety concerns; and involve employees in the continuous improvement, reporting and review of health and safety matters.

Having a predominantly managed and franchised estate means that not all of the people who work at our hotels are our employees. When the Group's entire estate is taken into account (including those working in our franchised and managed hotels) over 350,000 people worked globally across IHG's brands as at 31 December 2014.

However, IHG employed the following:

- 7,797 people worldwide (including those in our corporate offices, central reservations offices and owned hotels (excluding those in a category below)), whose costs were borne by the Group
- 4,975 people who worked directly on behalf of the System Fund and whose costs are borne by the System Fund
- 602 General Managers who work in our managed hotels and whose costs are borne by those hotels
- 11,848 other hotel workers who work in our managed hotels who have contracts or letters of service with IHG and whose costs are borne by those hotels.

Crisis management

Despite our proactive approach, incidents do still occur. IHG hotels deal with natural catastrophes, political and civil unrest, pandemics, hotel fires and many other crises. We have established processes, tools and training which mean we are prepared for any scenario.

How we do business

Responsible procurement targets 2013-2017

Diversity and supply chain

we have targets to track and report supply chain diversity and integrate CR criteria into the section and evaluation process for all preferred suppliers

Responsible procurement

We recognise the significant part we play in local economic development and we promote responsible business practices right across our supply chain. We encourage our hotels to source goods and services locally wherever possible.

We take proactive steps to protect our reputation by embedding responsible business practices throughout the procurement process. We ensure we apply best practice to our relationships with suppliers.

Vendor Code of Conduct

Our Vendor Code of Conduct sets standards to which we require our supply chain partners to operate. We have undertaken a detailed review of our processes used to request information from suppliers to ensure the importance of responsible business practices is reflected. This has resulted in a requirement for new suppliers to sign up to the Vendor Code of Conduct at an earlier stage of the process.

Vendor checking and accreditation

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

Diversity in the supply chain

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

Our responsible business priorities for 2015

We will continue to roll out the corporate responsibility criteria across our supply chain and promote diversity across our portfolio of suppliers.

Anti-Bribery

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

We have an anti-corruption training programme which applies to all employees and directors. This includes our Code of Conduct training and specific training on anti-bribery. In 2014 more than 20,000 people completed our on-line Code of Conduct training and more than 1,000 IHG employees received face-to-face anti-bribery training.

We also have a Gifts and Entertainment Policy which applies to all IHG employees and directors and managed hotels.

This policy sets out which types of gifts and entertainment are never acceptable and contains reporting and approval requirements for items over certain values. Our Code of Conduct also prohibits political donations.

We think it is extremely important that all employees feel comfortable reporting ethical concerns. We therefore offer a Confidential Reporting Channel which we advertise through training and posters displayed at all our offices and managed hotels.

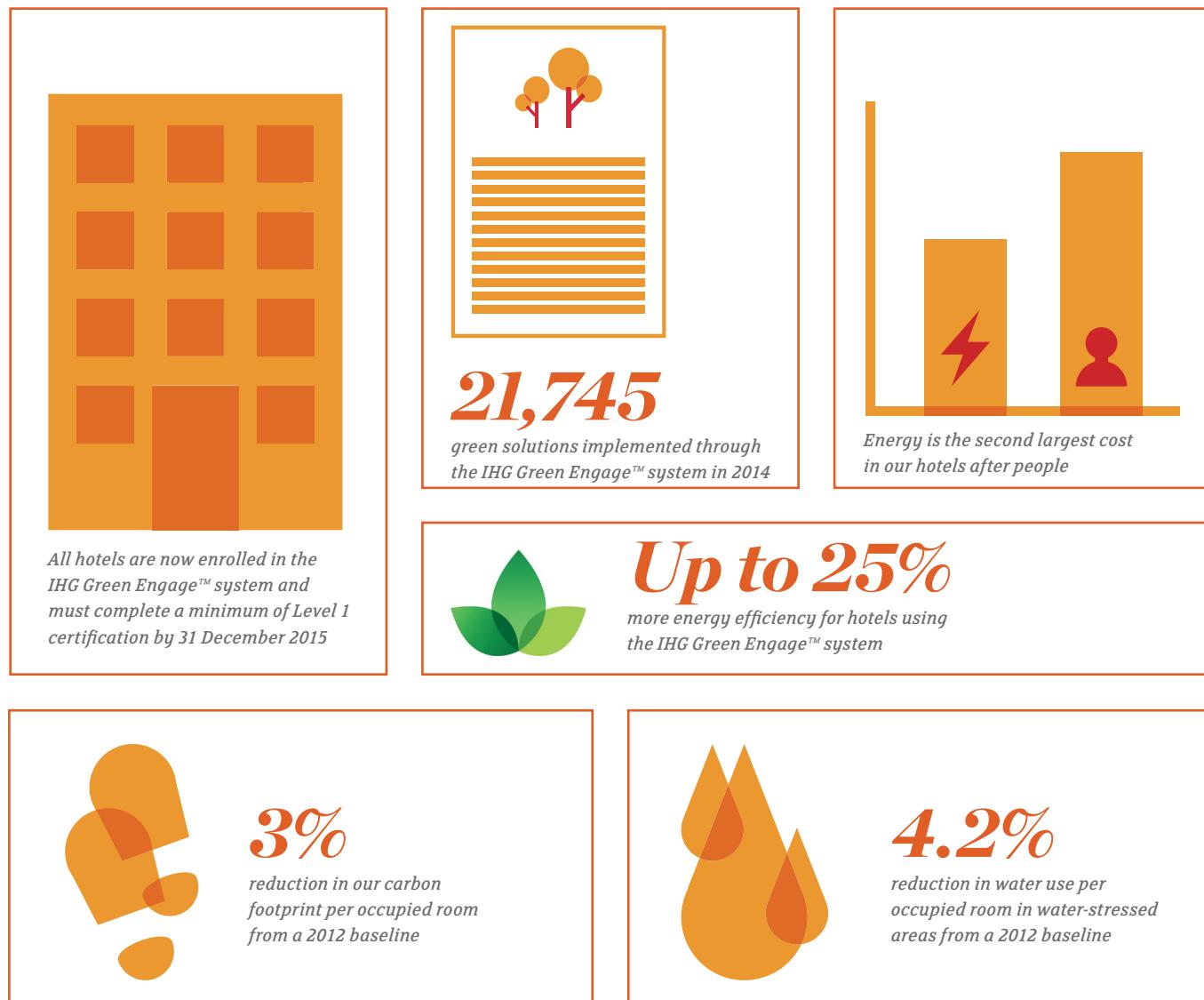
Our suppliers and service providers including agents, intermediaries and consultants are also expected to comply with our Anti-Bribery Policy and this is set out in our Vendor Code of Conduct.

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

Operating in accordance with our Code of Conduct and Anti-Bribery Policy is an essential part of doing business responsibly. We know this is important to a wide range of stakeholders including our guests, colleagues and the communities in which we operate. Our anti-corruption programme is a critical part of continuing to build and protect our reputation and our brands.

Environmental sustainability

Our 2014 achievements



Environmental sustainability

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

Environmental sustainability targets 2013-2017

12%

reduce our carbon footprint per occupied room*

12%

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

Although our ambition is to grow, we want to do this responsibly, always mindful of the resources we use as well as the opportunity we have to do things differently. Our stakeholders, and not least our colleagues and our guests, want us to demonstrate how seriously we take issues such as climate change, water scarcity and environmental degradation. We work closely with them to control the impact we have on the world around us.

Environmental sustainability is one of the two pillars of our corporate responsibility agenda. Through our IHG Green Engage system as well as via a range of other activities and measures – and through specific targets – we are putting the environment right at the heart of how we operate. Our long-term success, as well as the comfort and well-being of our guests, depends on it.

IHG Green Engage™ system

The IHG Green Engage™ system is our group-wide online sustainability programme. It allows hotels to track, measure and report on their carbon footprint and utility consumption as well as recommending more than 200 Green Solutions which help deliver greater sustainability.

The IHG Green Engage system:

- measures energy, waste and water use
- recommends over 200 Green Solutions to reduce the impacts our energy, waste and water use have on the environment
- supports hotels to create environmental action plans and targets
- helps our hotels achieve energy savings of up to 25% for an average hotel
- make our hotels more cost-effective and ultimately allow us to improve the value of service we offer our guests

The system recognises progress and performance through four levels of certification. In 2014, we announced a global standard that all our hotels must be enrolled in the IHG Green Engage system and complete Level 1 certification by 31 December 2015.

*from a 2012 baseline



Environmental sustainability

21,745
green solutions implemented during 2014

Up to 25%
more energy efficiency for hotels using
the IHG Green Engage™ system

“My hotels participate in the IHG Green Engage™ system because it makes absolute business sense. Through reducing utility consumption and costs and driving revenue, it is a no-brainer.”

Rick Takach
President and CEO of Vesta Hospitality

We work with a number of third parties to align the IHG Green Engage system activity to their requirements, including TripAdvisor's Green Leaders, Green Globe, Florida Green Lodging and, in 2014, Green Tourism Certification programme and Green Key Global. We currently have 124 registered hotels with Green Key Global in the United States and Canada, and 22 hotels with Green Globe around the world.

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

IHG Green Engage™ system awards

Global Business Travel Association Gold Medal for Sustainability,

2014 Hotel Association of Canada Green Key Award

Technology Association of Georgia (TAG) Excalibur Award for Large Companies.

Project Icarus Gold Medal from the Global Business Travel Association.

The future for the IHG Green Engage™ system

The IHG Green Engage system will continue to evolve. We constantly review the system incorporating suggestions from sustainability thought leaders, hotel engineers and general managers. We will also look at any new innovations or solutions which can help us take even better care of the environment.

Holiday Inn Express Singapore Orchard Road



Holiday Inn Express Singapore Orchard Road
500m² green wall

The Holiday Inn Express Singapore Orchard Road has the BCA Green Mark Platinum Award – Singapore's highest rating for green buildings – and has achieved IHG Green Engage system Level 4 certification for new hotels. It won the Sustainable Hotel Award for sustainable project design at the Hotel Investment Conference Asia Pacific (HICAP) 2014. As a result of the innovation at this hotel, it uses less energy than conventional Singapore hotels.

“Holiday Inn Express Singapore Orchard Road consumes only a third of a typical hotel's energy, consequently reducing our carbon emissions and saving on utility costs.”

Hoyce Ho, Director of Engineering and Energy Management, InterContinental Hotels Group Asia Australasia.

Environmental sustainability

Water conservation in action

In 2014, following the severe drought affecting California, we delivered Water Conservation Kits to all our 230 IHG hotels in the state. The kits included 12 faucet aerators to be installed in guest restrooms as well as details on how hotels can actively participate in conserving water through the IHG Green Engage system. Over 80% of the hotels have installed the aerators, making an estimated potential saving of over seven million gallons of water annually.



Amenity recycling

In the US, we continue to partner with Clean the World, a foundation which collects and recycles discarded soap and shampoo products and distributes them to impoverished people to help prevent hygiene-related illness. We now have 224 hotels participating in the programme, up from 160 in 2013, and through the partnership have recycled and distributed 197,550 pounds of soap to the developing world.

Innovation not offsetting

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

Environmental legislation

We work with government bodies to help refine proposed regulation and make it fit for our industry. The IHG Green Engage system plays a key role in helping hotel owners manage current regulatory performance and prepare for anticipated regulations.

Our carbon footprint

In 2014 we worked with carbon footprint specialists to give us an up-to-date picture of IHG's carbon footprint, using data gathered from 1,402 hotels worldwide.

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

Guest awareness and participation

Through signage, literature and our colleagues, our hotels can promote their green efforts and encourage guests to participate. We promote local sustainability initiatives such as low carbon alternative means of transport and can provide guests with feedback on their energy and resource usage.

Waste

We encourage our hotels to create a waste management plan that sets out how they're going to handle, store and dispose of waste, both on- and off-site.

Food waste

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

Water

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

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

Our priorities for 2015

- Support all hotels to achieve IHG Green Engage Level 1 certification or higher
- Work with all hotels to make the best use of the tool, completing new green solutions to help them reduce their environmental impacts and operating costs
- Support travel buyers by providing information about the environmental impact of our hotels
- Develop a water stewardship programme which will help us to better understand and manage our water impacts and challenges at a local level.

Sustainable communities

Our 2014 achievements

IHG® Shelter in a Storm



18

disasters in 9 countries where IHG Shelter in a Storm responded



\$840,000

raised for our IHG Shelter Fund, enabling us to respond quickly to disasters

Continued developing tools to help our hotels become more closely involved in IHG Shelter in a Storm, including providing best-practice guidance and fundraising packs



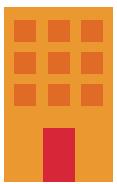
Continued to develop our partnership with CARE to help provide strategic advice and guidance to our hotels in times of disaster and to help increase focus on disaster preparedness

IHG® Academy



626

IHG Academy programmes – an increase of 325 from 2013



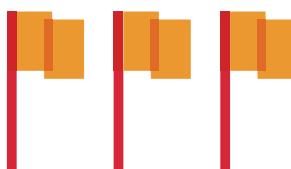
409

number of hotels involved



6,666

participants globally benefited from the IHG Academy



58

countries

Sustainable communities

We are committed to making a positive difference in communities where we operate. We do this by creating jobs, stimulating local economic development, helping ensure community resilience through skills building and offering assistance if disasters strike.

Sustainable communities targets 2013-2017

20,000

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

\$10m

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

We know that our success and the well-being of those who work in and around our hotels are closely linked. That is why Sustainable communities is one of the two pillars of our corporate responsibility agenda.

Our aim is to maximise the positive contribution we make by creating shared value in our communities and with our business partners. We work to achieve that through two programmes where we believe we can have the greatest impact:

- We create real life career building opportunities through the IHG® Academy, offering education and skills training to local people
- We provide disaster relief through IHG® Shelter in a Storm. This supports colleagues and local communities who are affected in the areas around our hotels and offices when disasters strike.

These programmes enable us to work with stakeholders in local communities as well as with humanitarian agencies, non-governmental organisations, other companies and government bodies. We look closely at issues such as, skills shortages infrastructure development and community resilience in countries where we have a substantial presence, particularly in developing economies.



Sustainable communities

Disaster relief through IHG® Shelter in a Storm

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

IHG® Shelter in a Storm builds on our long and proud history of helping local communities in times of need. It aims to ensure we provide a more consistent response in our hotels and corporate offices, using our global partnership with CARE to draw on their expertise in disaster preparedness and relief, guiding our hotels on how to respond.

Central to the programme is our IHG® Shelter Fund, which is built up by fundraising activities in our hotels and corporate offices throughout the year. This means we can provide vital assistance immediately after a disaster, rather than having to wait for fundraising efforts to take effect.

By using our global scale and the size of both our colleague and guest base, we're able to raise considerable funds. In 2014 we raised \$840,000 for our IHG Shelter Fund, enabling us to provide support following 18 disasters in 9 countries in 2014 and 46 disasters in 18 countries since IHG Shelter in a Storm was established in 2011.

In 2014 we responded to 18 disasters in the following countries:



Disaster Relief in Egypt



In April 2014, heavy rains caused severe flooding in Egypt's Sinai Peninsula. Our hotel in the area, InterContinental Resort Taba Heights, was inundated with water and mud on its lower floors. Thankfully all our guests and colleagues were safe and accounted for. However, over 250 colleagues living on-property lost personal belongings when their living spaces were destroyed. A Crisis Team was convened consisting of representatives from Risk, CR, Human Resources and Operations to assess the impact in the wake of this

IHG® Race Around the World

IHG® Race Around the World is our week-long global awareness and fundraising initiative for IHG Shelter in a Storm. Each year, thousands of colleagues worldwide take part. We celebrate outstanding contributions to the event, rewarding those who participate in the most inspiring ways.

In 2014 63,000 IHG colleagues from 686 hotels in 71 countries took part in IHG Race Around the World.

Disaster Preparedness in The Philippines

Due to its tropical location, the islands of the Philippines are regularly impacted by typhoons and severe weather. Representatives from our hotels and Central Reservation Office collaborated on fundraising efforts to raise money for disaster relief kits for our hotels to ensure we can act quickly in times of need. The kits include bedding, clothing and vital food and healthcare supplies. IHG also made a donation to help CARE Philippines with their disaster preparedness work to ensure communities are more resilient and better able to bounce back from future disasters.

"Funding for disaster preparedness is rarely available – yet investment in preparedness significantly increases the efficiency and cost-effectiveness of emergency response."

Alexandra Maclean, Country Director, CARE Philippines

disaster and work cross-functionally to ensure assistance reached those in need. We allocated funds to provide our colleagues with vital supplies and basic necessities need at this time.

"This really means a lot to our colleagues in Egypt."

Ignace Bauwens, VP of Operations, UAE, Near East & Africa.

Sustainable communities

Changing lives with IHG® Academy

First launched in China in 2006, IHG Academy involves collaboration between individual IHG hotels and corporate offices and education providers or community organisations. It gives local people the opportunity to develop skills and improve their employment prospects in one of the world's leading hotel companies.

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

The success of IHG Academy is also part of our wider responsibility to a global travel and tourism industry which is a source of considerable economic development – and of which we're a leading player.

Within a global framework, each IHG Academy is unique, ensuring that the programme meets the needs of the local community it serves. All IHG Academy programmes operate together with local community organisations and/or education providers, offering a placement, giving participants real experience of working in a hotel and includes performance feedback and a recruitment discussion. The IHG Academy gives participants the opportunity to build their skills and improve their chances of finding a job in the hotel sector, in many cases in one of our hotels.

- Expanded our IHG Academy to 626 programmes – an increase of 325 during 2014, involving 409 hotels in 58 countries
- 6,666 participants took part in IHG Academy programmes around the world in 2014.

Charitable donations

We work to ensure our charitable donations have the biggest-possible impact, using criteria which help us target donations effectively. While these must be aligned with our corporate objectives, we encourage our local managers and colleagues to use them as a common-sense guide in deciding what is right for their community.

IHG® Academy Holiday Inn Stoke on Trent M6 J15 and Holiday Inn Express Stoke on Trent

A partnership between these two hotels and Riverside Employment Training Service (a local government initiative) which began in May 2014 to enhance the skills of people with a learning disability so they can work in the hotel industry. They receive on-the-job training and work towards a National Vocational Qualification

(NVQ) in Hospitality and Catering.

Sian Chapman, a guest service assistant at the Holiday Inn Express, Stoke on Trent, who acted as a mentor to candidates, said: "This started as an opportunity for them; it has turned into an opportunity for us. This is the most rewarding thing I have ever done."

We support charities which:

- operate or have needs in one of our areas of focus: environmental sustainability; creating local economic opportunity; or providing disaster relief
- are operationally efficient and demonstrate their ability to follow through on proposals
- explain clearly the benefits to IHG and our hotel communities.

We only support organisations which have verifiable charity status and whose ethical principles are consistent with our own Code of Conduct. We do not support political or religious organisations, nor in general do we support individuals or provide operational support for hospitals and healthcare institutions. We will not support organisations which discriminate on the basis of race, religion, creed, gender, age, physical challenge or national origin.

Grassroots activities

Over and above our corporate efforts, IHG hotels are involved with their communities in their own right through cash grants, in-kind donations and volunteering programmes. We track

this grassroots level activity as part of an annual survey of our hotels. We use this survey to gather and share best practice throughout the Group, communicate more effectively with our guests and make better-informed decisions about community support and investment.

Our priorities for 2015

- Further increase awareness of and engagement with IHG Shelter in a Storm, ensuring our hotels are prepared for disaster and are able to respond quickly and effectively to help local colleagues and communities when needed
- Continue developing IHG Shelter in a Storm and providing ways for all colleagues to take part in fundraising activities.
- Continue expanding the IHG Academy, making sure the programmes deliver positive results for participants, IHG and our hotels
- Continue developing the IHG Academy global framework, ensuring each programme is able to adapt to the community in which it operates and deliver maximum positive impact.

Collaboration with Goodwill Industries International, Inc.



Created in the US in 2013, the collaboration between IHG and Goodwill Industries International, Inc. gives participants access to jobs services, resources and work experience in IHG hotels. In 2014, 10 hotels took part in the programme, between them offering opportunities to 67 participants – 19 of whom now work for IHG.

Once homeless, Ilenei Hornsby joined the programme run by InterContinental Stephen F. Austin and Goodwill Central Texas. She now has a full-time job there

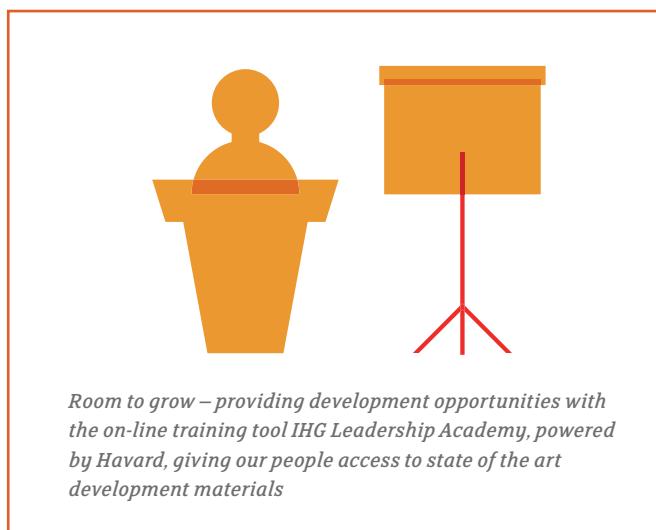
as a security guard after completing a work experience placement. "I was the face of homelessness," she said. "Now I have a job and I'm working towards bigger and better things in life."

IHG colleagues in the United States raised awareness and money for the Goodwill IHG® Academy collaboration in 2014 by organising fundraising events and donating office items and used clothing.

IHG also gave grant funding to Goodwill Industries to further the roll-out of Goodwill IHG® Academy collaboration programmes and to Goodwill of Southern Nevada for a hospitality programme.

Our people

Our 2014 achievements



Our people

Being a responsible business cannot be achieved without the support and active engagement of our people. They're fundamental to the delivery of our different brand experiences and to fulfilling the brand promise for our guests.

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

Our people strategy is designed around attracting, retaining and developing the very best talent in the industry to service the needs of our guests. We want passionate people who are capable of bringing our brands to life and achieving our purpose of creating Great Hotels Guests Love. The strategy has four pillars:

Developing a 'BrandHearted' culture

To delight our guests and to fulfil the promise which our different brands offer, we strive to achieve what we call a 'BrandHearted' culture. This is a commitment that demonstrates the pride we feel about our brands and value we place on them. It means that our brands are at the centre of what we do and how we think.

Making IHG a great place to work

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

Therefore we ask our people to live our Winning Ways, a set of behaviours which define how we expect them to interact with our guests and their colleagues. In turn we offer our people our 'Room to be yourself' commitment, which involves four promises:

Room to have a great start

We offer new recruits a structured orientation programme to provide them with an understanding of IHG's strategy and values. This helps us recruit the right people for each brand and role.

Room to be involved

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

Room to grow

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

Room for you

We understand it's important to recognise the achievements of our people and communicate these to colleagues throughout our business.

Delivering world-class people tools to our owners and hotels

We have developed a set of 'People Tools', industry-leading best practices tailored specifically for our brands. These assist hotel management and human resources teams to hire, train, involve and recognise colleagues. They help increase employee retention and performance, improve guest satisfaction, drive efficiencies and increase revenue for our owners. In 2014, we launched a refreshed People Tools website following feedback received from users.

Building a strong leadership and performance culture

We build strong leadership from the top and through robust Board and Executive Committee leadership and governance processes. The Group performance culture in our corporate offices is aligned with our strategic priorities for our senior executives and the incentive plan measures.



Our people

Our Winning Ways

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

We do the right thing

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

We show we care

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

We aim higher

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

We celebrate difference

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

We work better together

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

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

IHG Leadership Academy – Powered by Harvard

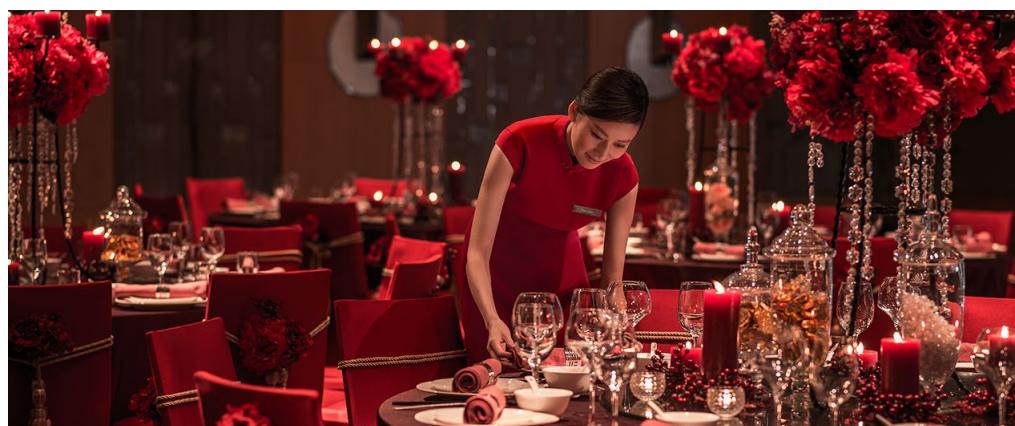
Our new IHG Leadership Academy, powered by Harvard, gives our people more 'Room to grow' than ever. It gives access to Harvard ManageMentor, a state-of-the-art online development tool covering more than 40 leadership subjects. It also offers complete access to the full archive of the Harvard Business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

The IHG Leadership Academy was launched through a range of activities as well as a webinar co-hosted with Harvard so our leaders can get the most out of the academy, both directly and for their teams.

Sunday Times 25 Best Big Companies to Work For 2014

In March 2014 the Sunday Times announced that IHG has achieved the number-three spot in its prestigious 25 Best Big Companies to Work For 2014. IHG was measured against eight key measures: my manager; leadership; my company; personal growth; my team; giving something back; fair deal; and well-being.

This was the second year in a row that IHG secured the third spot, demonstrating the strength of the employer brand and how IHG's people work brilliantly together to create a winning culture.



Our people

Leading Others

IHG's front-line teams are focussed on being number one for our guests. Achieving this takes leadership, so in 2014 IHG introduced Leading Others, a programme to help front-line supervisors and managers deliver outstanding performance within their teams. Over the six-month programme, learners focus on the different leadership competencies identified by IHG, putting new ideas and techniques into practice while being supported by their manager and colleagues. The programme was successfully piloted in 32 hotels across the world, with 82% of participants rating it "very highly".

Leading with Impact and Influence

'Leading with Impact & Influence' is a new development programme for high-performing managers. It includes taking on an individual project that aligns to IHG's priorities and addresses a live business need.

Employee engagement survey

IHG's employee engagement scores have increased year-on-year. They are now at an all-time high of 84.7 per cent.

myHR

In 2014 IHG launched myHR, a new, improved way of delivering HR services to our corporate and central reservations offices, our managed general managers globally, our managed hotel teams in the US and UK colleagues. This puts people in control of their personal data, gives access to all IHG's policies from one place and provides our people with myHR service centres which can provide expert help with any HR queries they have.

Celebrate Service Week

This began in 2010 as a way for the leadership of IHG and the IHG Owners Association to say 'thank you' to all the colleagues who work so hard to deliver Great Hotels Guests Love. Celebrate Service Week has since become a central part of IHG's culture and a way our people show appreciation to each other for a job well done. More than 4,500 hotels and offices joined in the celebration during 2014.

Diversity & Equality

IHG has a rich cultural diversity across the globe, with the huge range of different guests reflected in our workforce, owners and business partners. We believe this is part of creating a welcoming environment for our guests and reflects our commitment to the local communities we operate in.

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

We recruit and promote individuals solely on the basis of their suitability for the job and will not discriminate on the grounds of race, colour, ethnic or national origin, gender, sexual orientation, age, religion, marital status or disability unrelated to the role. In some countries these principles are subject to national or local legal requirements.

Development and training programmes, including for leadership and management, are accessible throughout IHG, in particular for women. We also have succession planning for candidates with particularly high potential.

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

Our people

Human rights

IHG supports and protects human rights wherever it can. We believe strong ethics and good business go hand in hand, and we are committed to complying with the laws and regulations of all the countries and jurisdictions in which we operate. Our human-rights policy is available in 42 languages.

To demonstrate our commitment we:

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

We focus on areas of human rights most relevant to our business ensuring the rights of the local people where we operate are protected. We are working to raise further awareness of our human rights approach in our hotels and will continue to develop our training materials. We are a signatory to the UN Global Compact aligning our operations and strategies with the 10 universal principles that include commitments to human rights and labour standards. We are part of the Business in the Community cross industry working group on human rights as well as the International Tourism Partnership's Human Trafficking Working Group. We are also working with our internal procurement team to embed further our human rights approach into our contracts.

In 2014, we established a 'global standard' which requires all IHG hotels to adopt and display a Human Rights Policy at individual property level. This new standard builds on our work in this area and demonstrates our ongoing commitment to operating as a responsible business.

Our employees

Having a predominantly managed and franchised estate means that not all of the people who work at our hotels are our employees. When the Group's entire estate is taken into account (including those working in our franchised and managed hotels) over 350,000 people worked globally across IHG's brands as at 31 December 2014.

However, IHG employed the following:

- 7,797 people worldwide (including those in our corporate offices, central reservations offices and owned hotels (excluding those in a category below)), whose costs were borne by the Group
- 4,975 people who worked directly on behalf of the System Fund and whose costs are borne by the System Fund
- 602 General Managers who work in our managed hotels and whose costs are borne by those hotels
- 11,848 other hotel workers who work in our managed hotels who have contracts or letters of service with IHG and whose costs are borne by those hotels.

Our performance

In September 2013 we launched a set of targets. These five year targets, 2013 – 2017, signal our commitment to doing business responsibly and to creating shared value for IHG, our owners, the environment and the local community.

Sustainable communities

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

Achievements	2014 progress	2015 priorities
2014 6,666		
2013 6,391		
<i>65% of target complete, 2013-14</i>		
		

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

Achievements	2014 progress	2015 priorities
2014 \$6.18m		
2013 \$1.92m		
<i>81% of target complete, 2013-14</i>		
		

Our performance

Environmental sustainability

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

Achievements	2014 progress	2015 priorities
<p>2014: 32.3 KgCO₂e 2013: 33.4 KgCO₂e 2012: 33.2 KgCO₂e</p>	<ul style="list-style-type: none"> reduced carbon footprint per occupied room to 32.3 kg CO₂e (reduction of 3% on 2012 baseline) across our entire estate. Year-on-year, our carbon footprint increased by 0.6% per occupied room from 2012 to 2013 but reduced by 3.5% per occupied room from 2013 to 2014; reported a Carbon Disclosure Project disclosure rating of 92B (this represents a significant increase on our score from the previous year [85B]); and introduced a brand standard for all IHG hotels to be enrolled in the IHG Green Engage system. 	<ul style="list-style-type: none"> Continue to drive quality of use of the IHG Green Engage system to reduce impact on the environment, enable cost savings and drive revenue. Support all our hotels to meet the IHG Green Engage standard. Work with hotels to complete green solutions to reduce their environmental impact.
<p><i>23% of target complete, 2013-14</i></p>		

Reduce water use per occupied room, water stressed areas (from a 2012 baseline)*

Achievements	2014 progress	2015 priorities
<p>2014: 0.64m³ 2013: 0.67m³ 2012: 0.67m³</p>	<ul style="list-style-type: none"> reduced water use per occupied room by 0.03m³ (reduction of 4.2% on 2012 baseline) in water-stressed areas. Year-on-year, water use in water-stressed areas increased by 0.5% per occupied room from 2012 to 2013 and decreased by 4.6% per occupied room from 2013 to 2014; and launched a water stewardship programme to understand our risks and impacts allowing us to develop strategies to assist hotels at a local level. 	<ul style="list-style-type: none"> Launch phase two of the water stewardship programme. Improve a hotel's understanding of water stress and pollution, and their relationship with local communities.
<p><i>37% of target complete, 2013-14</i></p>		

Responsible procurement

Diversity within our supply chain

Achievements	2014 progress	2015 priorities
Track and report supply chain diversity.	<ul style="list-style-type: none"> systems and processes reviewed our spend with diverse suppliers was \$51.6m. 	<ul style="list-style-type: none"> Further develop the supplier diversity monitoring and reporting practices. Continue to work with diverse suppliers across our markets.

Supplier evaluation of corporate responsibility criteria

Achievements	2014 progress	2015 priorities
Integrate corporate responsibility criteria into the selection and evaluation process for all preferred suppliers.	<ul style="list-style-type: none"> systems and processes reviewed to incorporate responsible business best practice across the procurement life cycle. 	<ul style="list-style-type: none"> Continue to improve the supplier selection process through inclusion of robust supplier qualification criteria, including social and environmental standards.

Our performance

We are committed to reducing our impact on the environment. We record our performance against a range of indicators to assess how we are doing over time and identify areas for improvement.

Carbon footprint*

IHG's total carbon footprint (tCO₂e)

Franchised	Owned and Managed	Global
2014 2,741,261	2014 2,417,393	2014 5,158,654
2013 2,631,320	2013 2,333,390	2013 4,964,710
2012 2,380,382	2012 2,284,507	2012 4,664,899

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

Direct (Scope 1)	Indirect (Scope 2)	Total
2014 1,365,883	2014 3,792,771	2014 5,158,654
2013 1,280,973	2013 3,683,737	2013 4,964,710

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

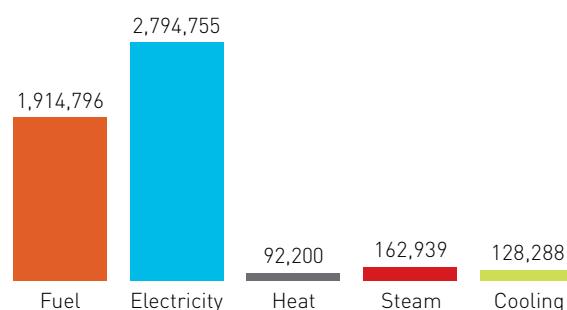
Direct (Scope 1)	Indirect (Scope 2)	Total
2014 496,316	2014 1,921,077	2014 2,417,393
2013 486,086	2013 1,847,304	2013 2,333,390
2012 477,968	2012 1,806,539	2012 2,284,507

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

Direct (Scope 1)	Indirect (Scope 2)	Total
2014 869,567	2014 1,871,694	2014 2,741,261
2013 794,887	2013 1,836,433	2013 2,631,320
2012 676,971	2012 1,703,411	2012 2,380,382

Energy consumption*

2014 energy consumption for owned, leased and managed estate (Mwh)



Data tables

Water*

2014 IHG's water use in water-stressed and non-water-stressed regions across the estate (%)



Water-stressed	44%
Non-water-stressed	56%

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

2014	0.62
2013	0.61
2012	0.59

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

2014	99,796,341
2013	90,731,522
2012	82,350,441

Waste*

IHG's waste per occupied rooms (lbs)

Total dry waste per occupied room

2014	2.83
2013	3.75
2012	3.78

Total wet waste per occupied room

2014	3.05
2013	3.35
2012	3.13

Total recycling per occupied room

2014	1.06
2013	1.26
2012	1.38

Gender Profile

Directors on the Board



Female

38%

Male

62%

Senior managers



Female

27%

Male

73%

Group



Female

55%

Male

45%

*We are continuing to improve the quantity and quality of the environment data reported by hotels using the IHG Green Engage system enabling us to improve the accuracy of our greenhouse gas data. Each year our estate changes and the number of hotels reporting data increases, enabling our sampling to become more representative. Consequently we are restating the impacts for all years from the baseline year 2012 annually to enable comparisons to be made. Reporting period from 1 October 2013 to 30 September 2014.

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

Scope 1 (Direct emissions): combustion of fuel and operation of facilities; and
Scope 2 (Indirect emissions): electricity, heat, steam and cooling purchased for own use.

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