

General

Period covered by your Communication on Progress (COP)

From: February 2015 To: February 2016

Statement of continued support by the Chief Executive Officer (CEO)

Chief Executive Officer's review

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

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

- Celebrating 10 years of the IHG Academy. From its beginnings in China, there are now more than 1,200 IHG Academy programmes in 68 countries, which provided skills and training to more than 9,200 participants in 2015.
- Responding to 27 disasters in 16 countries including our biggest ever contribution to support relief work following the devastating earthquakes in Nepal.
- Implementing over 35,000 'green solutions' through the IHG Green Engage system to reduce the environment impact of our hotels.
- 120,000 colleagues completing Risk e-Learning modules.
- Developing and launching a Human Rights e-learning module available to all hotels and colleagues.
- Global roll-out of IHG Market Place, a hotel procurement platform, which incorporates the vendor Code of Conduct as well as responsible business criteria.

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

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

Richard Solomons
Chief Executive Officer

Our responsible business

The commitment to operating our business responsibly underpins our entire strategy. It is brought to life through our culture and it is embedded in all aspects of the way we work. Doing the right things in the right way engenders pride amongst our colleagues and owners and builds trust with local communities and our guests, who hold this pledge in increasingly high regard.

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

Our Culture of Responsible Business

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

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

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

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

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

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

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

IHG® Foundation

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

Human Rights Principles

Assessment, Policy and Goals

As part of our culture of responsible business, we're committed to complying with the laws and regulations of all the countries and jurisdictions in which we operate.

Our Human Rights Policy is available in more than 40 languages. In 2014, we established a global brand standard which requires all IHG branded hotels to adopt and display a Human Rights Policy at the individual property level. Managed and owned properties would implement IHG's Human Rights Policy, while franchised hotels could either develop their own or adopt IHG's. This standard demonstrates our on-going commitment to operating as a responsible business.

To demonstrate our commitment to human rights we:

- support the protection of human rights, particularly those of our colleagues, the parties we do business with and the communities where we operate
- respect our colleagues' rights to voluntary freedom of association under the law
- provide a safe and healthy working environment, specifically in our corporate offices and managed/owned properties
- 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

Supply Chain - Vendor Code of Conduct

The IHG Vendor Code of Conduct sets out the requirements, principles and practices 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. These are the minimum standards under which IHG vendors are expected to operate, and IHG encourages vendors to exceed the requirements set out. Specifically to the human rights area, the vendors are required to comply with the following points:

- to support the protection of human rights, particularly those of its employees, the parties with whom it conducts business and the communities where it operates
- to respect its employees' rights to voluntary freedom of association under the law
- to provide a safe and healthy working environment
- to not support forced and compulsory labour or the exploitation of children
- to support the elimination of employment discrimination and harassment, and promote diversity in the workplace
- to provide employees with remuneration and tools for growing their careers, and take their wellbeing into consideration.

We have enhanced our procurement systems to require all suppliers to sign up to the IHG Vendor Code of Conduct before being approved as a preferred IHG supplier.

Implementation

Working groups on human rights

We are part of the Business in the Community (BITC) and Business for Social Responsibility (BSR) cross industry working group on human rights, as well as the International Tourism Partnership's Human Trafficking Working Group. These working groups provide us with the opportunity to share best practices and challenges with peers in order to continuously improve our practices.

Vendor Code of Conduct

In addition to ensuring all of our supply chain sign up to the Vendor Code of Conduct, we are also working with our internal procurement team to embed further our human rights approach into our contracts.

Human Rights e-learning module and training sessions

To support our commitment to our Human Rights Policy, in 2015 we developed and launched a Human Rights e-learning module. The learning tool is a resource available to all hotels and colleagues and it is designed to raise awareness of our human rights approach and support hotels to meet the human rights global brand standard, mentioned in the 'Assessment, Policy and Goals' section.

In addition to this, we delivered a number of human rights training sessions for our hotel General Managers. We are working to raise further awareness of our human rights approach in our hotels through embedding our human rights global brand standard and will continue to develop our training materials.

Measurement of Outcomes

- In 2015, we launched our Human Rights e-learning module to raise awareness of our human rights approach and to support hotels meet our human rights standard.
- We have delivered human rights training sessions for a number of hotel General Managers to further support them in meeting our human rights standard.
- We are working with our internal procurement team to further embed our human rights approach into our vendor contracts.

Our priorities for 2016

- Continue to increase awareness of human rights, embed the human rights standard and leverage e-learning courses and other training, with a particular focus on ensuring owned and managed properties are meeting the standard.

For further details, please visit www.ihgplc.com/responsiblebusiness

Labour Principles

Assessment, Policy and Goals

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

As a global business, over 350,000 people work across IHG and its brands. Our on-going 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 focussed on securing the very best talent in the industry to meet the needs of our guests. Our brands want passionate people who are capable of bringing our brand promises to life and achieving our purpose of creating Great Hotels Guests Love. We do this by delivering true hospitality. The strategy is a critical enabler of IHG's Ambition to Be #1 for guests, owners and colleagues whilst doing business responsibly, and will help to differentiate IHG as a potential employer.

Making IHG a great place to work

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

Therefore we ask our employees in our corporate offices and managed hotels 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 pride ourselves on being able to attract great talent to IHG and work to ensure that our people are engaged and stay with us, developing their skills and enjoying planned career progression. We know how important it is to make sure that all our employees have a great start to their career with IHG. We ensure that all employees have access to the tools and information they need to hit the ground running and are integrated into their role as quickly as possible.
- Room to be involved: We use conferences, team meetings, our intranet site and other channels to communicate with employees on the Group's performance and share information on people, policies and news across IHG. We also provide our employees opportunities to give regular feedback, inviting our corporate employees and those working in our managed hotels to participate in an employee engagement survey twice a year.
- Room to grow: We promise our employees the support and training they need to perform at their best as well as career development opportunities.
- Room for you: We reward and recognise colleagues for their contributions and value the significance of a work-life balance.

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

Building a strong performance culture

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

Our Winning Ways

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

- We do the right thing: Keeping our promises, not letting people down and 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 Academy

As well as caring for our employees, IHG helps develop the hospitality skills and improve the employability of the people living in the communities surrounding our hotels. This is achieved through our global work experience programme, IHG Academy. Through IHG Academy, IHG hotels and corporate offices partner with organisations in their local community to offer work experience to local people.

Code of Conduct

The IHG Code of Conduct (Code) supports us in making the right decisions. It sets out the principles we must all work by at IHG, wherever we are in the world. It also provides guidance on where to go if we are faced with a difficult issue and need further help.

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. Throughout the Code, where we refer to IHG, this includes all the companies in the IHG group. IHG franchised hotels are independently owned and operated. However, all of our hotels and owners, both managed and franchised, have a shared vision to continue strengthening the IHG brands and a commitment to responsible business. The principles, spirit and purpose of the Code are relevant to all of IHG

including to our franchised hotels. Please see below some of the areas that best highlight IHG's commitment to fair and safe labour standards.

Diversity and Equality

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

We recognise the importance and benefit of ensuring our workforce fully represents the communities in which we operate and the guests who stay in our hotels. We value our colleagues as unique individuals, with the different ideas, perspectives and energy they bring. To support this, we have created an inclusive culture where people are encouraged to be themselves. IHG is committed to providing equality of opportunity without discrimination. We recruit and promote individuals based solely on their suitability for the job and do not discriminate on the grounds of race, colour, ethnic or national origin, gender, sexual orientation, age, religion, marital status or disability, subject to complying with national legal requirements on affirmative action.

Respect in the Workplace

IHG does not tolerate harassment of any colleague by any person, for any reason. This includes sexual harassment and derogatory remarks, slurs, threats or jokes relating to race, colour, ethnic or national origin, gender, sexual orientation, age, religion, marital status or disability. Any manager or colleague who engages in such objectionable conduct will be subject to disciplinary action, up to and including termination of employment. All managers are responsible for creating an atmosphere free of discrimination and harassment and all colleagues are responsible for respecting the rights of their co-workers and ensuring that we treat each other with courtesy and professionalism.

Safety and Security

IHG firmly believes in the importance of providing a safe, secure and healthy environment for all its colleagues, guests and visitors. This is a fundamental part of doing business responsibly. All our operations must comply with all applicable health, safety and security laws as well as IHG's internal standards.

All colleagues have a responsibility to work in a safe manner and a role in helping to maintain a safe, secure and healthy environment. Our commitment to safety and security is supported by our tools, resources and training. All colleagues must learn and follow the safety procedures that apply to their role and work location. All colleagues must be alert to safety risks as they go about their jobs and must report all safety and security incidents and concerns.

Employee Engagement survey

Each year employees participate in our Employee Engagement survey, which includes general questions about working at IHG as well as specific questions about our responsible business programmes. Employees also have a number of other channels to provide feedback such as through Employee Forums and a confidential disclosure channel.

Human Rights

We believe that strong ethics and good business go hand in hand. We support the protection of human rights, particularly those of our colleagues, the parties we do business with and the communities where we operate. We are a member of the United Nations Global Compact and are committed to aligning our operations, culture and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

One area that we can have greater influence over is the workplace. We respect our employees' rights to voluntary freedom of association and to a safe and healthy working environment. We do not support forced and compulsory labour or the exploitation of children.

Reporting concerns

Whilst all colleagues must uphold their responsibility to behave ethically and protect the reputation of IHG, it is possible that a small minority of colleagues may act in a way which conflicts with these principles. All colleagues have a responsibility to report these concerns. We hope that all colleagues feel able to report any ethical concerns directly to their line managers, Human Resources, or to another member of management at their hotel or office. However, IHG also offers a confidential reporting channel to report such incidents, should they prefer.

Implementation

IHG Academy

We ended 2015 with 518 hotels running an IHG Academy across 68 countries. Since 2013, over 22,300 IHG Academy participants have benefitted from the programme, exceeding our external five year target, of 20,000 participants by 2017, two years early.

Diversity and equality

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

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

Measurement of Outcomes

Employee Engagement Survey

IHG's Employee Engagement scores for corporate employees and employees at IHG-managed hotels have increased year-on-year. They are now at an all-time high of 87.3 per cent.

IHG Academy

Since 2013, over 22,300 IHG Academy participants have benefitted from the programme, exceeding our external five year target, of 20,000 participants by 2017, two years early.

Our Priorities for 2016

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

For further details, please visit www.ihgplc.com/responsiblebusiness

Environmental Principles

Assessment, Policy and Goals

Environmental Sustainability

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

Environmental policy

We acknowledge our responsibility to respect the environment and manage our impacts for the benefit of the communities in which we operate, and we are committed to measuring and managing those impacts and finding innovative ways to reduce them. We will:

- implement sound environmental practices in the design, development and operation of our hotels
- encourage the development and integration of sustainable technologies
- endeavour to reduce our use of energy and water and re-use and recycle the resources consumed by our business wherever practical
- engage our customers, colleagues, hotel owners, suppliers and contractors in our efforts to protect the environment
- provide the training and resources required to meet our objectives
- monitor, record and benchmark our environmental performance on a regular basis
- make business decisions that take these commitments into account
- communicate our policies, practices and programmes to all our stakeholders

By delivering more environmentally-sustainable hotels, we can drive cost efficiencies for owners as well as meet the expectations of all our stakeholders. We achieve this objective through our core environmental initiative, IHG Green Engage™ system. This is our group-wide online sustainability tool that helps hotels manage their use of energy, carbon and water and waste, and minimise their overall environmental impact.

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

Environmental sustainability targets 2013-2017

To demonstrate our on-going commitment to our Environmental Policy, in 2013 we committed to five-year external targets:

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

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 our hotels operate. Our long-term success, as well as the comfort and well-being of our guests and planet, depends on it.

IHG Green Engage™ system

The IHG Green Engage™ system is our group-wide online sustainability tool that helps us to minimise our impacts on the local environment. It's our way of ensuring that our surroundings are preserved for everyone to enjoy.

The IHG Green Engage system:

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

The system recognises progress and performance through four levels of certification. In 2014, we announced a global standard that all our hotels must participate in the IHG Green Engage system.

We work with a number of third parties to align the IHG Green Engage system activity to their requirements, including Trip Advisor's Green Leaders, Green Globe, Green Tourism and Green Key Global.

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. We do this through our IHG Green Engage system.

Environmental legislation

We work with government bodies to help refine proposed regulation and make it fit for our industry, as well as provide a best practice example of managing environmental impact that can help inform others seeking to do the same. The IHG Green Engage system plays a key role in helping hotel owners manage current regulatory performance and prepare for anticipated regulations.

Implementation

IHG Green Engage

In 2015, the IHG Green Engage system became a foundational standard for all IHG brands. This means that all IHG hotels of any brand or management type are required to use the tool. Throughout 2015, we worked with our hotels globally to drive adoption of the standard and educate/ train colleagues on how to meet the standard. We now track compliance with the IHG Green Engage foundational standard in all regions.

Innovation not offsetting – reducing our carbon footprint

In 2015, we continued to work with carbon footprint specialists to give us an up-to-date picture of IHG's carbon footprint, using data gathered from 2939 hotels worldwide. Following the introduction of the Hotel Carbon Measurement Initiative (HCMI) standard across the industry in 2012, which IHG played a leading role in developing, we added a carbon calculator to the IHG Green Engage system. As well as strengthening our efforts to improve the quantity and quality of data gathered by our hotels, the calculator enables hotels to minimise their impact on the environment by tracking, managing and reducing carbon. We were the first hotel company to put the new HCMI standard into practice.

Environmental legislation

Throughout 2015, we supported these efforts through our on-going participation in the American Hotel and Lodging Association (AHLA) where we co-chair the AHLA Sustainability Committee. We also participate in the United States' Better Buildings Challenge, and regularly demonstrate our IHG Green Engage programme through hotel tours to government officials. For example, we have demonstrated our IHG Green Engage system to the United States Council on Environmental Quality (CEQ), the U.S. Department of Energy and several United States Congressional staffs. We continue to engage in dialogue with lawmakers around the world on the best way for governments to support the environmental efforts of private business.

In 2015, our IHG-managed hotels became compliant with the Energy Saving Opportunity Scheme (ESOS), the UK Government's legislation which implements Article 8 of the European Union Energy Efficiency Directive. ESOS is an energy assessment scheme which is mandatory for all organisations in the UK that meet its qualifying criteria.

Carbon Disclosure Project

For the past 5 years we have been partaking in the Carbon Disclosure Project (CDP) surveys on Investor (Carbon) and Supply Chain. CDP is an organisation which works with shareholders and corporations to disclose the greenhouse-gas emissions of major corporations and transform the way the world does business to prevent dangerous climate change and protect our natural resources. This is a voluntary survey which we have been partaking in since 2010, and in 2015 we scored 98B – our best score to date. In 2016, we will be completing the CDP water survey in addition to the two surveys we currently complete.

Waste

The IHG Green Engage system provides guidance to hotels on how to manage their waste and encourages hotels to create a waste management plan of how they are going to handle, minimise, store and dispose of waste, both on- and off-site.

Food Waste

Through careful menu planning, we reduce food waste and make use of seasonally available ingredients. The IHG Green Engage system guides our hotels through the processes to enable them to set up or make use of food donation programmes where possible and encourages our hotels to sustainably dispose of food waste that is generated. Several of our hotels have also invested in the latest in sustainable food waste disposal technologies which have had a substantial impact. For example, in the first year of using an Organic Refuse Conservation Alternative machine, the InterContinental® Miami saved 5.5 tonnes of food waste, and a 7,000-cubic-yard reduction in methane gas and 365 fewer miles travelled by truck to dispose of the food waste.

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 in 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 faucets, toilets and showerheads, reduces water consumption.

In 2015, we formed a partnership with the Water Footprint Network (WFN), one of world's leading centres of excellence for water, to help develop a worldwide water stewardship programme. Building on strong progress made against our 2013-2017 target of reducing water consumption by 12% per occupied room in water-stressed areas, we will further work with WFN to develop a greater understanding of IHG hotels' water usage at a local level. Building on this we will then work with WFN and our hotels, particularly those in extremely water scarce areas, to apply best practice techniques and behaviours to help reduce our water footprint.

Through our partnership with the International Tourism Partnership, we've continued to collaborate with them and other industry peers in a working group to develop a common methodology to measure and report on water consumption in a consistent manner across the hotel industry – the Hotel Water Measurement Initiative (HWMI).

Amenity recycling

In the US, Canada, Mexico and parts of China we continue to partner with Clean the World, a not-for-profit corporation which collects and recycles discarded soap, shampoo products and distributes them to impoverished people in the developing world to help prevent hygiene-related illness. We now have 277 hotels participating in the Clean the World programme, up from 160 in 2013, and through the partnership have recycled and distributed 417,938 lbs of soap and amenity waste, and

distributed over 1.3 million bars of soap to the developing world. In 2015, we extended our partnership with Clean the World to our European Union and Switzerland hotels, and in 2016, we will make the programme available for all hotels in these areas to participate.

Raising awareness

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

From 2016, in the Americas, guests staying at Holiday Inn® hotels for more than one night can elect to participate in "A Greener Stay", a programme where customers can opt out of housekeeping services in return for additional points from IHG Rewards Club®, IHG's hotel loyalty programme. As a result of this initiative, guests have the opportunity to make environmentally conscious decisions when travelling.

Measurement of Outcomes

Our 2015 achievements

- 3.9% reduction in our carbon footprint per occupied room from a 2012 baseline
- 4.8% reduction in water use per occupied room in water-stressed areas from a 2012 baseline
- 35,450 green solutions implemented through the IHG Green Engage™ system in 2015
- 101,129 green solutions completed since the programme launched in 2009
- Reported a Carbon Disclosure Project (CDP) Score of 98B
- Developed a water stewardship programme with global water-use experts, the Water Footprint Network
- Extended our hotel amenity recycling partnership with Clean the World to our European Union and Switzerland hotels
- IHG joined the American Business Act on Climate Pledge in support of the COP21 Paris Climate negotiations towards a low-carbon, sustainable future
- Continued to report sustainability information about our hotels to our business clients in order to help customers develop more sustainable travel programmes.
- Our 2015 environmental performance data, for the first time, has been verified through Lloyd's Register Quality Assurance (LRQA) in accordance with ISO14064 – 3:2006 specification with guidance for validation and verification of greenhouse-gas assertions.
- We currently have 116 registered hotels with Green Key Global in the United States and Canada, and 22 hotels registered with Green Globe around the world
- We now have 277 hotels participating in the Clean the World programme, and through the partnership have recycled and distributed 417,938 lbs of soap and amenity waste, and distributed over 1.3 million bars of soap to the developing world. In 2015, we extended our partnership with Clean the World to our European Union and Switzerland hotels, and in 2016, we will make the programme available for all hotels in these areas to participate

- 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

Our Priorities for 2016

- Continue to drive engagement with the IHG Green Engage system
- Work with all hotels to make the best use of the IHG Green Engage 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
- Continue to improve hotels' understanding of water stress and their relationship with local communities
- Working with the Water Footprint Network, we will identify actions that hotels can adopt to improve their water stewardship
- Engage with sustainability thought leaders, hotel engineers and General Managers to innovate and improve the IHG Green Engage system.
- Further enhance our efforts to reduce water use in our operations through developing our water stewardship strategy
- In addition to the two CDP surveys we currently complete, we will complete a third on our water usage

For further details, please visit www.ihgplc.com/responsiblebusiness

Anti-Corruption Principles

Fundamental to our culture of responsible business is a robust and effective risk management system that enables our business to achieve its strategic objectives, and deliver sustainable, long-term growth, in accordance with responsible business practices.

IHG's risk management system encompasses the people, processes, platforms, governance structures, culture and behaviours that, taken together, create the capability to manage known and emerging risks. Our Global Risk Management function is responsible for the support, enhancement and monitoring of the effectiveness of this system.

IHG's culture is supportive of considered, conscious and transparent risk-taking in pursuit of business objectives, and is cascaded through our Group, for example, by our Winning Ways and our Code of Conduct, which consolidates and clarifies our ethical values and expected standards of behaviour.

A 'Three Lines of Defence' model is used to monitor and assess risk, control and assurance activities across the business. Through this model, a sound risk and control environment is achieved through multi-layered accountabilities and procedures.

Assessment, Policy and Goals

Anti- Bribery

As stated in IHG's Code of Conduct, we are committed to operating with integrity. Bribery is not permitted under any circumstances. We must never offer, promise or give bribes in connection with IHG or hotel business and we must never ask for or accept bribes. This applies globally even in countries where bribery is more common. It applies to government and public officials and also to bribery of individuals and entities in the private sector.

Bribes can include payments or anything of value, such as complimentary rooms, that are intended to influence someone or induce them to act improperly. Facilitation payments are also prohibited. These are small unofficial payments made to government or public officials in order to speed up routine acts such as clearing goods through customs or obtaining a licence. We must also ensure that agents, consultants and other service providers do not make corrupt payments on our behalf.

Gifts and Entertainment Policy

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.

Information Security and Confidentiality

All IHG colleagues working in corporate offices and IHG-managed hotels are responsible for safeguarding information under their care. This includes both business and personal data. IHG colleagues must follow IHG's information security policies, standards and procedures.

IHG handles huge amounts of personal data from guests, colleagues, shareholders, owners and business partners. Global data privacy laws determine how we treat this data and complying with these laws is an essential part of doing business responsibly.

Conflicts of Interest

IHG colleagues must always act in the best interests of IHG and avoid any conflict of interest. This means avoiding situations where personal, family or financial interests conflict with those of IHG, or even appear to.

Antitrust

We comply with Competition Laws and do not discuss, agree or coordinate prices with our competitors or discuss any information with competitors that may influence market conduct or pricing decisions. We do not agree with competitors to divide out markets or customers, or bid-rig.

Implementation

Training

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

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.

In addition to the Anti-Bribery training, the Risk e-Learning modules also drive awareness of the high risks of our business, such as data protection. These are offered to all hotels of all brands and/ or ownership model.

Ethical concerns

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

Measurement of Outcomes

- In 2015, more than 20,000 people completed our on-line Anti-Bribery training
- We regularly monitor and report on our anti-corruption programme and provide this to the Audit Committee and Board.
- 120,000 colleagues completed Risk e-Learning modules

Responsible procurement

Assessment, Policy and Goals

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

Vendor Code of Conduct

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

Diversity in the supply chain

We operate a supplier diversity programme in collaboration with IHG's Global Strategic Resourcing team. This supports our commitment to provide suppliers equal access to purchasing opportunities and economic stimulus in local communities in a way that reflects the diversity of our guest base and communities.

Implementation

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 track and report our supply chain diversity profile.

IHG Market Place

We implemented a new procurement platform where hotels can find everything from technology to FF&E to specific products and services IHG recommend, or mandate, through our brand standards. This platform incorporates the IHG Vendor Code of Conduct as well as the responsible business criteria.

Measurement of Outcomes

- Our suppliers provide relevant data to support our procurement strategy and must sign up to our Vendor Code of Conduct

Our Responsible Procurement priorities for 2016

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

For further details, please visit www.ihgplc.com/responsiblebusiness