

Alignment of incentives with business strategy and culture

Link to strategy

Remuneration outcomes at IHG are linked to our strategic business objectives, which are focused on the delivery of high-quality, sustainable growth and value-creation through preferred brands, delivering a superior owner proposition, leveraging scale and generating revenue through the lowest cost direct channels. The 'At a glance' section of this report shows the outcomes for 2018 and the link between performance outcomes and pay for this year. The link to our Strategic Model for each measure linked to remuneration outcomes in 2018 is shown below:

Strategic Model components	Measures used for APP			Measures used for LTIP			
	EBIT (70%)	Net system size growth (15%)	Savings for reinvestment (15%)	TSR (40%)	Net system size growth (20%)	Total gross revenue (20%)	Cash flow (20%)
Build and leverage scale	■	■	■	■	■	■	
Strengthen loyalty programme			■	■			
Enhance revenue delivery	■		■			■	■
Evolve owner proposition	■	■	■		■		■
Optimise our preferred portfolio of brands for owners and guests		■	■		■		

Culture and behaviours

Remuneration structures are designed to provide a link between an individual's contribution and the organisation's culture and values as well as its strategic aims, while providing the flexibility to keep pace with IHG's changing priorities:

- All corporate employees are eligible for a bonus and a significant proportion (up to 40%) of the target award for employees below the Executive Committee is based on an Overall Performance measure aligned to strategic goals, behaviours and personal development; and
- Overall Performance achievements are also a key driver in the consideration of salary increases for all employees.



In addition, a global employee recognition programme enables colleagues to recognise and reward each other for achievements which exemplify either our values or the cultural behaviours necessary to underpin the Company's long-term success.

Diversity and inclusion

We have a global diversity and inclusion strategy, led by a Global Diversity and Inclusion Board (D&I Board), with specific and targeted actions to address any inequalities in the workplace, including:

- Addressing hotspots of under-representation in operational and senior leadership roles;
- Targeted leadership programmes aimed at accelerating the development of diverse leadership and talent;
- Maintaining a culture of inclusion through support networks, resource groups, awareness campaigns and training for our people; and
- Active senior leader engagement as part of the Global D&I Board.

In addition to these focused efforts to create value for IHG through increased diversity and inclusion, it is the Company's policy to comply with international, national and local regulatory requirements and, where required, take any affirmative action as stipulated by local laws. In respect of remuneration, this includes undertaking the UK Gender Pay Gap analysis.

Further information on this is available on IHG's website at www.ihgplc.com/responsible-business