

## Chair's statement

# Staying focused on long-term success

## Final dividend

# 85.9¢

Final dividend proposed for 2021  
(2020: no dividend was paid)

## Return of funds

# \$13.6bn

Since March 2003, the Group has returned \$13.6 billion of funds to shareholders by way of ordinary and special dividends, capital returns and share repurchase programmes.

### Since 2014:

- \$500 million special dividend paid 29 January 2019
- \$400 million special dividend paid 22 May 2017
- \$1.5 billion special dividend paid 23 May 2016
- \$500 million share buyback completed in 2014
- \$750 million special dividend paid 14 July 2014

**H**aving entered 2021 on the back of the toughest time the hospitality industry has ever known, this year has been one of hope, recovery, new challenges and opportunity. IHG's global scale means we have experienced and learned from the evolving nature of the pandemic on a daily basis, market by market, and with clarity and flexibility we have stayed focused on the strategic business needs required to deliver long-term success for all stakeholders.

Central to this is having a meaningful, relevant purpose and a well-rounded and effective strategy, and this year refreshed versions of both have been embedded into the business, promoting greater prioritisation and understanding around what is collectively required to succeed in a competitive marketplace.

Our purpose of True Hospitality for Good recognises the importance of using our business to not only care for those we interact with, but also to make a positive difference to our communities and the world around us. Our strategy, still very much centred on achieving industry-leading net rooms growth, places a sharper focus on our brands and digital investments, our guest and owner offer, and ensuring we grow in the right way for our people, communities and planet. Taking all we have learnt as a company from the pandemic, our behaviours support the ways of working we believe are vital to successful operations, reputation and culture.

### Investing for the long term

These elements – our purpose, strategy and behaviours – are being applied to an asset-light, fee-based, largely franchised business model that has proven its resilience during the pandemic and allowed for a relatively strong financial performance in 2021, albeit with RevPAR and operating

profit yet to fully recover to pre-pandemic 2019 levels. A key factor in this improved performance has been a heightened commitment to support our owners, listen to their needs, and work hand in hand across teams to respond with agility and expertise to challenges ranging from restrictions impacting demand, to the need to evolve brand standards and meet staffing and supply chain pressures as demand returns.

Whether operational or commercial, these actions can strengthen both short and long-term performance, and as we build owner relationships and look to accelerate net rooms growth, we continue to invest in strategic priorities that will strengthen aspects of our entire offer. These include reducing costs to build, open and operate hotels across our brands, delivering loyalty and digital enhancements that improve the guest experience and drive performance, and investing in the quality, depth and breadth of our portfolio, such as the launch of the Vignette™ Collection brand in August.

Accelerated by the pandemic, recognising that our stakeholders increasingly measure profit, growth and success in relation to how companies operate responsibly across the environmental, social and governance (ESG) agenda, the commitments set out in our Journey to Tomorrow plan create a roadmap for positive change over the next decade.

During the year, important progress was made on several fronts, including investments in new training and programmes that support a diverse and inclusive culture, thoughtful guidance around a shift to hybrid working, close collaboration with charities responding to natural disasters, and the formulation of a strategy to meet an upgraded science-based carbon reduction target across our hotel estate.



Patrick Cescau Chair

### Role of the Board

To navigate an industry recovery, react to evolving trends and at the same time push to strengthen IHG on so many fronts has required great dedication from our leadership and teams. The role of the Board has been to support and constructively challenge the Executive Committee around how we prioritise, manage risk, grow and generate future value. The ESG agenda and technology landscape, including investments in our enterprise and managing cybersecurity risks, were also regularly considered in the year, alongside listening to employee sentiment via engagement sessions and feedback.

Part of my role as Chair has been to encourage Board development and oversee changes that build and add new expertise and insights in recognition of the evolving nature of our business and stakeholder expectations. To this end, succession planning was also of significant focus in 2021, with both Anne Busquet and Dale Morrison retiring after tremendous service, and Richard Anderson unfortunately resigning after three months due to personal reasons. We were delighted to welcome Daniela Barone Soares as Non-Executive Director and Graham Allan was appointed as Senior Independent Non-Executive Director from 1 January 2022.

In my ninth year as Chair, succession planning for my own role was also carried out, with a thorough and independent recruitment process leading to the appointment of Deanna Oppenheimer as Chair Designate from 1 June 2022, becoming Non-Executive Chair from 1 September 2022 upon my retirement. I look forward to working with Deanna on a comprehensive handover and I would like to take the opportunity to wish her the best in what I am sure will be a very successful tenure.

With the strong financial improvements delivered in 2021, including profitability rebounding and a substantial reduction in net debt, the Board is proposing a final dividend of 85.9¢ in respect of 2021, an amount equivalent to the withdrawn final payment in respect of 2019. No interim dividend was paid in respect of 2021. Going forward, dividend payments will be reflective of IHG's prior approach to sustainably grow the ordinary dividend whilst targeting a level of leverage that maintains an investment grade credit rating, and ensuring careful consideration of our responsibilities to all stakeholders. The Board will also continue to actively assess the opportunity for any surplus capital to be additionally returned through special dividends or share buybacks.

### A final perspective

The IHG I will depart on 31 August 2022 is much changed from the one I joined in January 2013 – not least having grown from 4,600 to almost 6,000 hotels, and from nine to 17 brands. Having first gone on a crucial journey to establish our brands in more attractive markets, the past almost five years under Keith Barr's leadership have seen the company transform and ready for a new chapter of growth. IHG has invested in its entire enterprise, including the quality of the estate and breadth of its brand portfolio, and as an organisation it has become more sophisticated and customer-centric, with a commitment to ESG now woven into the fabric of the business.

The values of integrity and transparency that I have advocated at Board level run deep through the business and its leadership, as illustrated by the care and thought with which these past two years have been handled for IHG's different stakeholders. Keith has also set the tone from the top

on the importance of diversity, equity and inclusion, and progress continues to be made against the changes required to be a truly successful company in this regard, with IHG recognised for a seventh year running as a 'Best Place to Work for LGBTQ+ Equality', with a 100% rating in the Corporate Equality Index, and being Highly Commended in the Company of the Year category at the European Diversity Awards.

While the pandemic may herald some structural change for our industry, such as technology replacing certain elements of business travel, there will be opportunities too, including facilitating a global shift to flexible working. What remains unchanged though, are the industry's long-term fundamental growth drivers, such as a growing population, rising wealth in emerging markets and increasing conversions from unbranded players. The strength of IHG's business model, strategic investments, pipeline, leadership and passionate teams gives me great confidence in a strong future.

It has been a privilege to be a part of IHG's story for almost a decade and I would like to offer my sincere respect and gratitude to all those in our hotels, offices and reservation centres who have been a part of it. I would also like to thank our owners for choosing IHG and for their continued long-term confidence in our brands and business.

Patrick Cescau  
Chair