Key performance indicators (KPIs)

Our KPIs are carefully selected to allow us to monitor the delivery of our strategy and long-term success. They are organised around our strategy, which articulates our purpose, ambition and priorities, (see page 16). Senior management review our KPIs annually to ensure continued alignment to our strategy and are included in internal reporting and regularly monitored.

Measures included are those considered most relevant in assessing the performance of the business and relate to our growth agenda and commitment to our key stakeholders including owners, guests, employees, shareholders and the communities in which we work. KPIs should be read in conjunction with the other sections of the Strategic Report, and where applicable, references to specific relevant topics are noted against each KPI.

A guide to this KPI section

Link between KPIs and Director remuneration

Whilst performance continued to be impacted by Covid-19 in 2021, our long-term focus remained to deliver high-quality growth and, as in prior years, Directors' remuneration for 2021 was directly related to key aspects of our strategy. The following indicates which KPIs have impacted Directors' remuneration:

For more information on Directors' remuneration see pages 104 to 125.

A The Annual Performance Plan

- 70% was linked to operating profit from reportable segments
- 15% was linked to strategic focus on net system size growth through openings
- 15% was linked to strategic focus on future net system size growth through signings

LT The Long Term Incentive Plan

- 40% was linked to Total Shareholder Return
- 20% was linked to absolute net system size growth
- 20% was linked to total gross revenue growth
- 20% was linked to cash flow generation

Link to our strategy

Our strategic priorities, refreshed in 2020, are core to our success. Our four strategic priorities are represented as follows:

- Build loved and trusted brands
- Customer centric in all we do
- Create digital advantage
- Care for our people, communities and planet

KPIs

Net rooms supply

Net total number of rooms in the IHG System.

Increasing our rooms supply provides significant advantages of scale, including increasing the value of our loyalty programme. This measure is a key indicator of achievement of our growth agenda (see page 16).

A LT

2021	880,327
2020	886,036
2019	883,563
2018	836,541
2017	798,075

Signings

Gross total number of rooms added to the IHG pipeline.

Continued signings secure the future growth of our System and continued efficiencies of scale. Signings indicate our ability to deliver sustained growth (see page 16).

A

2021	68,870
2020	56,146
2019	97,754
2018	98,814
2017	83,481

2021 status and 2022 priorities

2021 status

Gross system growth of 5.0%; net system size decline of 0.6% after 49,667 rooms removed, included 34,345 rooms from Holiday Inn and Crowne Plaza, as we concluded our quality review, taking total supply to 880,327 rooms.

Signings of 68,870 rooms (437 hotels) represented 23% growth on the prior year, but was below pre-pandemic levels, as Covid-19 related challenges remained in place in a number of markets. Total pipeline of 270,960 rooms, with more than 40% under construction, declined 0.4% compared to 2020 as signings were offset by 43,958 room openings and a normal level of attrition.

Overall performance was driven by:

- Continued strength of the Holiday Inn Brand Family with 25,766 rooms opened and 31,169 rooms signed, representing almost half of all signings.
- Conversions, representing 25% of openings and 22% of all signings.
- Luxury & Lifestyle brands gaining momentum with 28 hotels opened and a further 75 properties signed.
- Further growth of our recently launched brands with:
  - avid hotels, our second largest contributor to system growth, doubling the number of open properties, taking the total estate to 48 hotels, and a further 164 in the pipeline.
  - the further global expansion of voco hotels to 69 open and signed hotels since launch in 2018, across 25 countries.
  - continued signings pace for Atwell Suites resulting in 23 pipeline hotels.
  - the launch of Vignette Collection, with six properties secured in the year and our first hotel already open.

2022 priorities

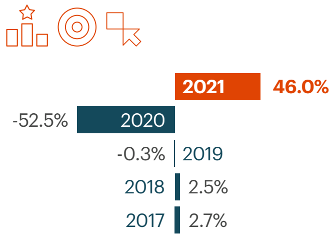
- Focus on our ambition to deliver sustainable industry-leading net system size growth, with leading brands in the largest markets and segments.
- Continued focus on the quality of our estate, with lower anticipated future overall removal rate than historic levels.
- Further rollout of avid hotels and Atwell Suites in the US, and voco hotels globally.
- Expand our Luxury & Lifestyle offer through acquired brands Regent, Six Senses and Kimpton, and our recently launched Vignette Collection.

KPIs

Global RevPAR[b] growth

Revenue per available room: rooms revenue divided by the number of room nights that are available.

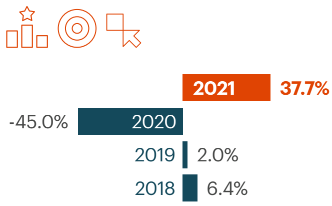
RevPAR growth indicates the increased value guests ascribe to our brands in the markets in which we operate and is a key measure widely used in our industry (see page 8).



Growth in underlying fee revenues[a]

Group revenue from reportable segments excluding revenue from owned, leased and managed lease hotels, significant liquidated damages and current year acquisitions, stated at constant currency.

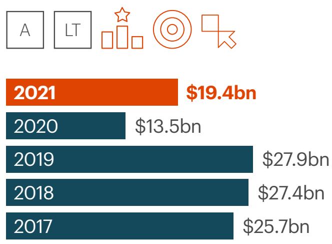
Underlying fee revenue growth demonstrates the continued attractiveness to owners and guests of IHG's franchised and managed business (see page 11).



Total gross revenue from hotels in IHG's System[a]

Total rooms revenue from franchised hotels and total hotel revenue from managed, owned, leased and managed lease hotels. Other than for owned, leased and managed lease hotels, it is not revenue wholly attributable to IHG, as it is mainly derived from hotels owned by third parties.

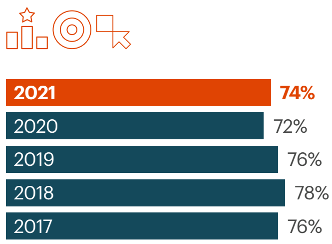
The growth in gross revenue from IHG's System illustrates the value of our overall System to our owners (see page 11).



Enterprise contribution to revenue

The percentage of room revenue booked through IHG managed channels and sources: direct via our websites, apps and call centres; through our interfaces with Global Distribution Systems (GDS) and agreements with Online Travel Agencies (OTAs); other distribution partners directly connected to our reservation system; and Global Sales Office business or IHG Reward members that book directly at a hotel.

Enterprise contribution is one indicator of IHG value-add and the success of our technology platforms and our marketing, sales and loyalty distribution channels (see page 11).



2021 status and 2022 priorities

2021 status

- RevPAR improved in 2021 following an unprecedented decline in 2020, and recovered to 70% of 2019 levels. The improvement was largely driven by domestic leisure demand, particularly during holiday periods, once vaccination rates allowed for restrictions to be lifted in markets including the US and UK.
- Through the continued challenges of the pandemic we have remained committed to supporting our owners to maximise revenues through:
  - Enhanced revenue management systems to quickly identify and act on revenue opportunities using business intelligence and data.
  - Improved rate negotiations on behalf of our owners using IHG's award-winning centralised RFP processes (CRFP), with 2,200 hotels now using the service.
  - Real-time targeted campaigns and promotions aimed at key demographics of returning leisure and business demand.
  - Continued implementation of mobile-enabled improvements including the development and piloting of a next generation IHG mobile app, enabling a richer customer experience which is expected to increase direct bookings and incremental spend during stays.
  - Conducted detailed room inventory assessments across 5,300 hotels by end of 2021, in preparation for attribute pricing which will enable owners to generate maximum value from their hotel's unique attributes.
- Enterprise contribution improved to 74% in 2021, driven by digital and online travel agent (OTA) growth from strong leisure demand in the summer months, especially in the US. This was partly offset by continued weakness in Global Distribution Services (GDS) as corporate demand remained weak. Reward night bookings largely recovered to pre-pandemic levels, with participation rates of our higher tiered members, and particularly leisure customers, exceeding 2019 levels.
- Launched our 'Welcome Back to Business' campaign, and IHG Business Edge, our award-winning dedicated SME programme, which increased its accounts by 44% to over 57,000, gaining share.
- Further development of IHG Rewards proposition through growth in Reward Night Dynamic Pricing and the extension of the pause on points expiration and membership tiers.
- New marketing campaigns to strengthen our IHG Hotels & Resorts masterbrand to better promote our brands.

2022 priorities

- Continue to apply targeted data analytics and marketing to identify and yield revenue enhancing opportunities.
- Continue to develop our digital-first approach by leveraging our cloud-based IHG Concerto™ platform.
- Complete inventory work on the remaining hotels in our estate, in support of the rollout of attribute pricing via our direct channels.
- Full roll-out of the next generation IHG mobile app, offering upgraded analytics and personal marketing as part of our transformed loyalty offer.
- Further enhance our loyalty offer through the relaunch of IHG Rewards, to provide members with richer benefits and increase enrolment.
- Maintain our focus on increasing contribution from IHG Rewards members and through direct bookings via our website or call centres.

[a] Use of Non-GAAP measures: In addition to performance measures directly observable in the Group Financial Statements (IFRS measures), additional financial measures (described as Non-GAAP) are presented that are used internally by management as key measures to assess performance. Non-GAAP measures are either not defined under IFRS or are adjusted IFRS figures. Further explanation in relation to these measures can be found on pages 73 to 77 and reconciliations to IFRS figures, where they have been adjusted, are on pages 218 to 223. A reconciliation of total gross revenue to owned, leased and managed lease revenue as recorded in the Group Financial Statements can be found on page 60.

[b] Comparable RevPAR includes the impact of hotels temporarily closed as a result of Covid-19.

Key performance indicators (KPIs) continued

KPIs | **2021 status and 2022 priorities**

Guest Love

IHG's guest satisfaction measurement indicator.

Guest satisfaction is fundamental to our continued success and is a key measure to monitor the risk of failing to deliver preferred brands that meet guests' expectations (see page 43 for details).

2021 status

- Guest satisfaction of 78.9% dropped slightly compared to 2020 reflecting labour shortages as we emerge from the pandemic. Externally measured Guest Satisfaction Index (GSI) achieved scores of 100 or better for each brand in 2021, outperforming our peers, a successful outcome given the evolving guest requirements resulting from Covid-19.
- Reviewed our Holiday Inn and Crowne Plaza estate, removing 34,345 rooms to focus on protecting the quality and consistency of the brand. A further 83 hotels in the Americas and EMEAA regions have committed to improvement plans or scopes of work.
- Continued to commit to cleanliness-specific procedures, with our IHG Way of Clean programme and IHG Clean Promise, to provide confidence and protection to our frontline hotel colleagues and enable them in turn to deliver clean and safe hotels for all our guests.
- Further technology enhancements including the pilot of a next generation IHG mobile app and the expansion of digital arrivals, offering guests the ability to socially distance.
- Provided further training and support for evolving brand standards and procedures, to meet changing guest expectations.
- Continued to update guest room and public space designs to further enhance the guest experience.

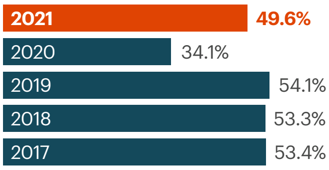
2022 priorities

- Continue to invest in brand innovation, including room design and food & beverage enhancements to meet evolving guest needs.
- Maintain a high level of guest satisfaction across our entire portfolio and focus on quality and cleanliness standards.
- Continue to invest behind digitalisation of the guest journey and improve on-property processes to improve guest satisfaction and streamline hotel operations.

Fee margin[a]

Operating profit as a percentage of revenue, excluding System Fund, reimbursement of costs, revenue and operating profit from owned, leased and managed lease hotels, significant liquidated damages, the results of the Group's captive insurance company and exceptional items.

Our fee margin progression indicates the profitability of our fee revenue growth and benefit of our asset-light business model (see page 10).



2021 status

- Growth in fee revenue of over 40%, coupled with disciplined cost management taken across the business, resulted in a fee margin of 49.6%, 4.5ppts below 2019 levels.
- Achieved sustainable fee business cost savings of $75m compared to 2019, whilst continuing to invest for growth.

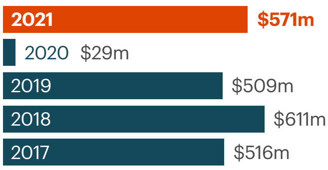
2022 priorities

- Continue to invest in growth initiatives, whilst maintaining our strong cost focus.
- Continue to look for further operational efficiencies through greater application of technology.

Adjusted free cash flow[a]

Cash flow from operating activities excluding payments of contingent purchase consideration, less purchase of shares by employee share trusts, maintenance capital expenditure and lease payments.

Adjusted free cash flow provides funds to invest in the business, sustainably grow the dividend and return any surplus to shareholders (see page 13). It is a key component in measuring the ongoing viability of our business (see page 48).



2021 status

- Adjusted free cash flow of $571m was up $542m year-on-year driven by an improvement in operating profit from reportable segments[a] and working capital and other adjustments. Closing liquidity was $2,655m.

2022 priorities

- Prioritise investment behind growth with further cost focus, maintaining challenge around all areas of discretionary spend.
- Control capital deployment in line with business priorities.

[a] Use of Non-GAAP measures: In addition to performance measures directly observable in the Group Financial Statements (IFRS measures), additional financial measures (described as Non-GAAP) are presented that are used internally by management as key measures to assess performance. Non-GAAP measures are either not defined under IFRS or are adjusted IFRS figures. Further explanation in relation to these measures can be found on pages 73 to 77 and reconciliations to IFRS figures, where they have been adjusted, are on pages 218 to 223.

KPIs	2021 status and 2022 priorities

Employee engagement survey scores[a]

Colleague HeartBeat survey, completed by IHG employees or those colleagues who are employed at managed or managed leased hotels (excluding our joint ventures).

We measure employee engagement to monitor risks relating to talent (see page 44) and to help us understand the issues that are relevant to our people as we build a diverse and inclusive culture (see page 24).

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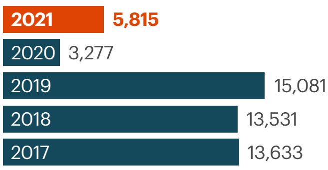
2021 status
- The 2021 score of 85% was 8% higher than external benchmarks.
- Rolled out a hybrid working model across corporate offices to encourage flexibility and work-life balance, providing resources and guidelines to support evolving ways of working.
- Prioritised support for employee health and wellbeing including:
  - Published guidelines and learning series to facilitate wellbeing conversations.
  - Elevated Employee Resource Groups (ERGs) to champion and drive our diverse and inclusive culture.
  - Promoted local initiatives, such as mental health first aid.
  - Introduced Recharge Days and Focus Fridays for corporate employees.
- Delivered conscious inclusion training to corporate employees.
- Launched talent programmes such as Ascend and WiHTL (Women in Hospitality Travel & Leisure) to support Black and Ethnic Minority Talent.
- Refreshed our GM development and onboarding programmes, including the launch of new assessments to develop talent.

2022 priorities
- Maintain our focus on talent management and purposefully develop our Corporate Senior Leaders and General Managers to enable our future growth.
- Build our talent attraction capabilities via a compelling employer value proposition, that enables us to retain and re-attract talent to the industry.
- Build our future learning offer to remain a leading employer within the industry and help support our recovery strategy and hotel performance.
- Continue to build an inclusive culture and maintain a strong focus on increasing the diversity of our leadership and talent pipelines.

IHG® Academy

Number of people participating in IHG Academy programmes.

Sustained participation in the IHG Academy indicates the strength of our progress in creating career building opportunities and engagement with the communities in which we operate (see page 27).



2021 status
- Increased the number of internships and work experiences through IHG Academy compared to 2020.
- Global roll out of IHG Skills Academy, a virtual learning platform, with a phased release of both the learning system and content available in multiple languages. This ensures we can make a tangible impact on a broader scale for people of all backgrounds, with a view to convert participants into IHG employees.

2022 priorities
- Further roll-out of IHG Skills Academy with phased worldwide release of the platform, offering both the learning system and content in multiple languages.
- Continue to increase the number of internships and work experience placements across hotels and corporate functions, utilising both in-house experiences and virtual solutions.

Absolute carbon footprint

We work with our hotels to drive energy efficiency and carbon reductions across our estate. In 2021, we upgraded our science-based target to be in line with the Paris Agreement to limit warming to 1.5°C. This will involve reducing our absolute carbon footprint by 46% in energy used by our franchised, managed, owned, leased and managed lease hotels by 2030, based on our 2019 carbon footprint (see page 29). We have updated our KPI to reflect the change from an intensity metric to an absolute carbon target.

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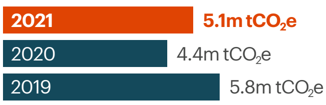

2021 status
- At the end of 2021, our absolute carbon footprint reduced by 12% against our 2019 baseline, driven by targeted efforts to minimise energy consumption during hotel closures, maximise energy efficiency at re-opening and the ongoing efforts to implement energy efficiency measures across our hotel estate.

2022 priorities
- Continue to roll out our decarbonisation roadmap focusing on energy efficiency measures in the existing estate, transitioning to renewable energy and operating very low/zero carbon new-build hotels.
- Enhance our environmental reporting systems, to continue building more robust and complete datasets, and provide more detailed performance insights and guidance for our hotels to support continuous improvement.

[a] In 2020, due to the complexity of survey administration in hotels during the pandemic, only employees in corporate offices and reservation centres, and managed hotel general managers (excluding our joint ventures), were invited to participate. Results for 2017 to 2019 are based on aggregate results from the two surveys conducted among the entire IHG employee population each year.