

2021 in review

Building a stronger business

Though the pandemic again tested our industry, our resilient business model and people's desire for travel have shone strongly. Alongside a focus on offering great guest experiences and expert owner support, we are building a stronger, more agile company, investing in our brands, sustainable operations and business, and looking to future growth with confidence.

Financial performance

Global RevPAR

+46.0%

2020: (52.5)%

Net system size growth

-0.6%

2020: +0.3%

Signings (rooms)

68,870

2020: 56,146

Total gross revenue in IHG's System^a

\$19.4bn

2020: \$13.5bn

Total revenue

\$2,907m

2020: \$2,394m

Revenue from reportable segments^a

\$1,390m

2020: \$992m

Operating profit/(loss)

\$494m

2020: \$(153)m

Operating profit from reportable segments^a

\$534m

2020: \$219m

Basic EPS^b

145.4¢

2020: (142.9)¢

^a Use of Non-GAAP measures: in addition to performance measures directly observable in the Group Financial Statements (IFRS measures), other 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.

^b Adjusted EPS^a 147.0¢ (+370%); 2020: 31.3¢

Regional growth (number of rooms)

Americas

Openings

15,739

2020: 16,746

Signings

17,647

2020: 14,039

See page 63

EMEA

Openings

10,162

2020: 11,288

Signings

20,376

2020: 13,903

See page 66

Greater China

Openings

18,057

2020: 11,358

Signings

30,847

2020: 28,204

See page 69

Shareholders and investors

Our resilient business model and focus on owners, coupled with increasing travel demand, led to improved trading in 2021. We have focused on operating efficiently and sustainably, while investing in future growth.

- Global RevPAR recovered to 70% of 2019 levels
- 5.0% gross system growth; net (0.6%) after higher removals in part due to Holiday Inn and Crowne Plaza review
- Signings up 23% year-on-year with development activity improving
- Delivered \$75m sustainable costs savings, while investing for future growth
- Fee margin of 49.6%, recovered to 4.5pts below 2019
- Net cash from operating activities of \$636m, adjusted free cash flow^a of \$571m (2020: \$29m)
- Leverage ratio substantially reduced, with net debt: adjusted EBITDA at 3.0x (2020: 7.7x)
- Final dividend of 85.9¢ proposed for 2021

See information about our shareholders and investors on page 92 and our KPIs on pages 50 to 53.

Our guests

We are focused on ensuring the services, technology and experiences we provide meet evolving expectations, increase consumer preference and loyalty, and drive bookings.

- Delivered targeted stay campaigns, loyalty promotions and programme improvements
- Improvement in Guest Satisfaction Index (GSI), achieving scores of 100 or better for each brand and outperforming peers
- Continued execution of IHG Way of Clean and IHG Clean Promise in our hotels
- Enhanced Meet with Confidence offer to support increasing business demand
- AI technology introduced to answer and route customer calls, raising satisfaction scores and average daily rates on bookings
- Room inventory assessments completed in 5,300 hotels in support of attribute pricing and a more tailored booking experience
- Updates to guest room and public space designs to enhance stay experience

See information about our guests on pages 19 to 22 and guest love KPI on page 52.



InterContinental® Maldives Maamunagau Resort – Manta Trust and Ocean Conservation Programme

Our people

As our industry recovers and daily life evolves from the pandemic, we have focused on how we can effectively support our people and provide the right resources and working environment to keep everyone feeling engaged and at their best.

- Overall employee engagement at 85%, placing IHG as a Kincentric Global Best Employer
- Inclusion Index launched to track diversity, equity & inclusion (DE&I) progress
- Corporate employees completed 10,000 hours of conscious inclusion training
- Evolved health, safety and wellbeing guidance at hotel and corporate levels
- Supported employees with shift to hybrid working through guidance, office enhancements and feedback forums
- Recharge days for corporate employees
- Resumed employee annual salary increase and bonus
- Employee Resource Groups (ERGs) expanded to help foster our diverse and inclusive culture
- Increased focus on colleague development and retention, and talent attraction

See information about our people on pages 23 to 26, and our employee engagement KPI on page 53.

Hotel owners

Our owners choose to work with IHG based on the trust they have in our brands and our track record in delivering returns. We continue to enhance our offer across the hotel lifecycle, alongside exploring new growth opportunities and collaborating with the industry and governments to support a strong recovery for the sector.

- Continued review and evolution of brand standards to improve operational efficiency
- Expanded hotel procurement solutions to combat supply chain challenges and rising costs; launched new hiring tools and support to recruit and retain talent
- Increased commercial support through promotions, tools and revenue management, alongside increased marketing as part of masterbrand approach
- Lowering of build costs to enhance owner returns on investment
- Completed review of Holiday Inn and Crowne Plaza estate to protect quality and brand perception
- Collaboration with governments and industry to support recovery
- Expanded portfolio with launch of Luxury & Lifestyle brand Vignette Collection; six hotels already secured

See information about our hotel owners on pages 17 to 21, and our net rooms supply, signings, gross revenue and enterprise contribution KPIs on pages 50 and 51.

Planet

As the world becomes increasingly aware of the threat of climate change, it's critical that we operate responsibly and sustainably. We are working to clear plans and targets alongside our owners to ensure we grow in a way that minimises our impact on the world around us.

- Joined UN's Race to Zero and upgraded our science-based target (SBT) to help limit global warming to 1.5°C
- Began global rollout of automated capture of hotel utility data
- Bathroom bulk amenities solutions secured for all brands and markets, reducing plastic usage
- Developed Hotel Energy Reduction Opportunities (HERO) tool to help hotels target energy, carbon and water reductions
- Continued collaboration with Water.org, Alliance for Water Stewardship and Water Resilience Coalition
- Continued mapping risks and opportunities in line with guidance of Task Force on Climate-related Financial Disclosures

See pages 29, 32 to 35, 229 and 230 for our planet, TCFD and greenhouse gas emissions disclosures, and our carbon footprint KPI on page 53.

Our communities and suppliers

We're proud to be a part of thousands of communities and are committed to ensuring we operate and collaborate in ways that positively impact others, including working with suppliers that share our values.

- During Giving for Good month, more than 40,000 colleagues dedicated over 260,000 hours to making a positive difference to more than 350,000 people
- Supported charities globally providing aid to those in need following natural disasters
- Launched new virtual learning platform IHG Skills Academy to provide people with free access to skills and training
- Refreshed our responsible procurement criteria for prospective suppliers to support our supply chain integrity

See pages 27, 28 and 39 for information about our communities and suppliers, and our IHG® Academy KPI on page 53.



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

Having 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

Chief Executive Officer's review

Emerging as a stronger IHG

Key highlights in 2021

291

Hotels opened
(285 in 2020)

437

Hotels signed
(360 in 2020)

47%

Of full-year signings were for
our Holiday Inn Brand Family

42%

Of our pipeline now represented
by upscale and luxury brands

In the past year, the resilience of our business model and enduring importance of travel and hospitality for millions globally has shone through strongly. Crucially, while demonstrating our ability to effectively manage the impact of an evolving pandemic, we have not wavered in our focus to build an even stronger IHG, by growing our brands, enhancing our guest and owner offer, supporting our people and communities, and protecting our planet.

While 2021 global RevPAR was at 70% of pre-pandemic 2019 levels and operating profit has yet to fully recover, both improved significantly during the year as vaccinations increased, restrictions lifted and guests travelled again. Encouragingly, in Q4, almost half of our hotels were back to pre-pandemic RevPAR levels, and our Guest Satisfaction Index continued to improve during 2021, outperforming competitors as we worked thoughtfully to evolve the stay experience and manage demand.

As owners look to future growth with us, development activity was also well ahead of 2020, with some fantastic openings and signings, alongside continued investment in the quality of our existing estate.

Growing sense of recovery

Looking back to the height of the pandemic in 2020, with many hotels closed and occupancy at historic lows, reaching this much-improved point has required such hard work and collaboration among our teams, owners and partners. We've met challenges in thoughtful and innovative ways, quickly seized opportunities to grow and improve, and while we know our industry is not yet back to normal, we take confidence from a growing sense of recovery.

We do still have markets where restrictions are creating challenges, and the pandemic's impact on labour and supply chains

remains tough for our hotels, but travel is consistently returning quickly as restrictions lift. Our approach has been to stay focused on organising operations and investments around what matters most to guests and owners, and ensuring IHG can grow at pace, in the right way.

For colleagues, we have improved processes and introduced new tools to both attract and retain talent in what is a competitive jobs market, and we've placed a greater emphasis on mental health and wellbeing. Corporate and reservation teams have been supported with shifts to hybrid working, interactive sessions have brought employees closer to our strategy, and hotel teams have received training and support needed to adapt to evolving operations and brand standards.

For guests, we have used AI technology in our reservation centres to improve customer service, enhanced our award-winning Meet with Confidence programme, and offered loyalty members point expiry extensions and new promotions. We saw Reward Night bookings largely recover to pre-pandemic levels during the year and welcomed another nine million members to IHG® Rewards.

Working closely with the IHG Owners Association and operators, we have strived to anticipate owners' needs, carefully focusing on costs, and delivering training and action plans to address performance opportunities and guest feedback. Staffing and supply chain challenges have been met with new recruitment solutions and increased procurement options that have delivered key products at lower cost, despite inflationary pressures. Commercially, we have increased marketing and introduced new tools to identify and capture demand, and we continued our work with trade bodies and governments to advocate for industry support in recognition of the vital economic role hospitality plays globally.



Keith Barr Chief Executive Officer

Strengthened performance

Our actions, alongside our business being principally domestic focused in key markets such as the US, led to improved trading throughout 2021. On top of good essential business demand, domestic leisure bookings at times hit 2019 occupancy and rate levels in several markets, with signs of more discretionary business travel, group bookings and international trips beginning to return.

Operating profit of \$494m improved from a loss of \$153m in 2020. Our ability to capture demand through our strong brands, enterprise and scale, coupled with careful cost control, led to operating profit from reportable segments more than doubling to \$534m versus 2020, with sustainable savings successfully achieved alongside continued investment to support growth. Strong cash generation led to a reduction in net debt of almost \$650m year-on-year.

While a higher-than-average removals rate, linked in part to our Holiday Inn® and Crowne Plaza® Hotel & Resorts quality review, meant our net system size declined slightly, the opening of 291 hotels, including our 3,000th for Holiday Inn Express®, represented 5.0% gross growth and underlines the long-term confidence owners have in IHG and our brands. We also added 437 hotels to our pipeline, with the almost 24,000 rooms signed in Q4 much closer to the levels seen in 2019. In total, our global pipeline of almost 1,800 hotels represents more than 30% of our current system size, with more than 40% under construction.

Focus on growth

Our focus in recent years has been to improve the quality of our existing hotels for guests and the returns our brands generate for owners, and in parallel increase the scale of those brands, the breadth of our portfolio, and the value of our technology and loyalty offer. In spite of a pandemic, I am proud of

the progress against our strategic priorities in 2021 and the impact this will have on how we operate and grow with owners as the industry strengthens.

Key highlights include the Holiday Inn and Crowne Plaza quality review, which has driven significant owner investment in 83 properties and the removal of 151 hotels. With excellent future growth prospects, this work is not just critical to protecting the performance and reputation of these brands, but also to our ability to reduce our future group average removals rate and help achieve our ambition of industry-leading net rooms growth.

The importance of our established brands was reflected in our Holiday Inn® Brand Family representing almost half of all signings in 2021, while the addition of new brands across more segments increases our attractiveness to owners and opens up further growth opportunities. Within Essentials, avid® hotels is now our second largest contributor to system size and outperforming peers in guest satisfaction, and voco™ hotels has already expanded to 25 countries within Premium. In Luxury & Lifestyle, progress included Six Senses® now having grown its open and pipeline estate by more than half since acquisition in 2019, and our new Vignette Collection brand already at six signings and a first opening since launch in August.

As we use our IHG® Hotels & Resorts masterbrand to showcase the breadth of our portfolio, we continue to enhance the enterprise that supports it. This includes developing our next-generation mobile app, and preparing thousands of hotels to allow guests to choose specific room characteristics and add stay enhancements when booking with us, and in parallel enable our owners to generate maximum value from their hotel's unique features.

Transformational work also took place in loyalty ahead of a relaunch in 2022 that will offer members more rewarding tiers and points value, provide richer benefits and exceptional choice, and attract more next-generation travellers. In the first year of our 2030 Journey to Tomorrow responsible business plan, key progress included upgrading our science-based target to help limit global warming to 1.5°C, launching our virtual IHG Skills Academy platform, corporate employees completing more than 10,000 hours of conscious inclusion training, and supporting charities responding to natural disasters.

Thank you

I would like to thank the Board for their guidance, and ahead of his retirement as Chair, recognise the invaluable contribution Patrick Cescau has made in his nine years with IHG. He is a hugely respected figure and on a personal note I am grateful for his counsel and support. Though he will be missed, we look forward to welcoming Deanna Oppenheimer.

On behalf of the Executive Committee, I would also like to thank our owners for their partnership and commitment, and our inspiring colleagues for bringing our brands and purpose of True Hospitality for Good to life, and making IHG a stronger business. To see IHG again named a Kincentric Global Best Employer in 2021 was a proud moment and it has meant a lot to reconnect with colleagues in person this year, as well as our owners, knowing that together we look to the future with confidence.

Keith Barr
Chief Executive Officer

Industry overview

We operate in an industry with high growth potential, underpinned by strong long-term fundamentals that remained resilient during the pandemic.

The \$360 billion hotel industry has compelling structural growth drivers, underpinned by factors including consumers' inherent desire to travel, population growth, and an expanding middle class in emerging markets with increasing disposable incomes. While the pandemic suppressed demand during 2020 and 2021, demand has returned rapidly in domestic markets as government restrictions have lifted and vaccination rates increased. This demand has predominantly been in markets not exposed to cross-border trips and across essential business travel, though discretionary corporate travel and group events have begun to return.

Cost remains a significant barrier to building a scale position in the industry, whether that's due to the investment required to build and maintain hotels, establish a strong loyalty programme or to market brands in a competitive marketplace. As such, the industry remains fragmented, with 54% of rooms affiliated with a global or regional chain.

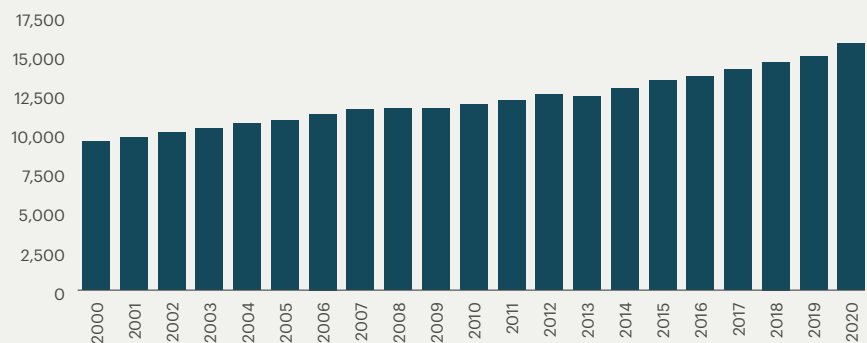
Branded hotel penetration has steadily increased as a long-term trend and is expected to continue to grow as consumers look to trusted brands to meet their evolving expectations, particularly when it comes to state-of-the-art technology and the skills, scale and resources to provide more sustainable stays. Owners affiliated with a brand tend to generate higher returns.

For the industry as a whole, it is not yet clear what impact there will be on demand from structural changes brought about by the pandemic, such as technology replacing elements of business travel. However, this may be offset by a greater use of hotels to facilitate a global shift to increasingly flexible working arrangements. In addition, there is scope for 'bleisure' demand, where flexible working creates potential for leisure demand to be combined with business stays.

It is likely that fluctuating Covid-19 restrictions will continue to create a volatile demand environment in the short term. However, we anticipate the attractive industry fundamentals to be fully restored in the longer term. For example, STR forecast that US industry RevPAR will return to 2019 levels by the end of 2023.

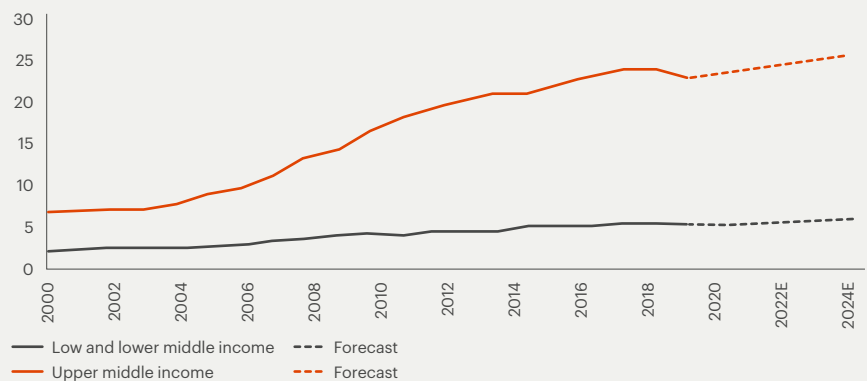
The hotel industry has attractive tailwinds...

Disposable personal income in the US from 2000 to 2020
(in billion US dollars)



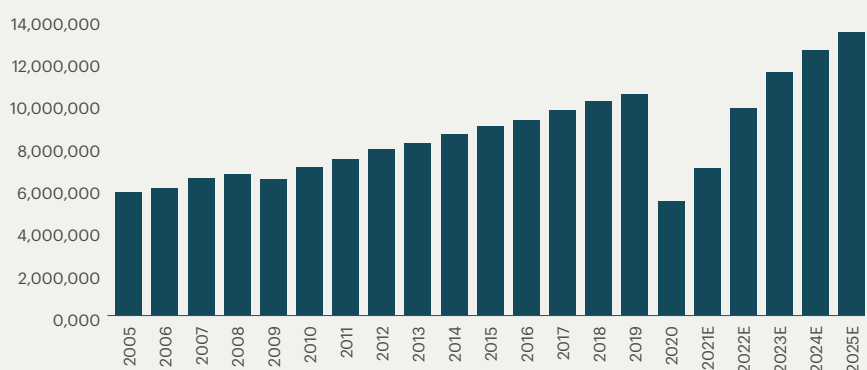
Source: Statista

A growing middle class in emerging markets with a desire to travel
Wealth share in emerging economies (%)



Source: Credit Suisse

Resilience in room night stays, with further growth expected
Global hotel room night stays



Source: Oxford Economics

with significant barriers
to entry...

The top five hotel groups^a have increased their market share

Share of top five branded hotel groups as % of global rooms supply

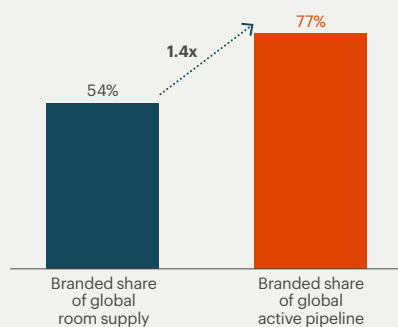


^a Includes IHG, Marriott International, Inc., Hilton Worldwide Holdings Inc., Wyndham Hotels & Resorts Inc., Accor S.A.

Source: STR

With share expected to further expand

Branded share of global industry supply and share of global industry active pipeline



Source: STR

Consumers value loyalty membership which requires a large scale enterprise to deliver

57%

Of consumers spend more on brands to which they are loyal

Source: Accenture

84%

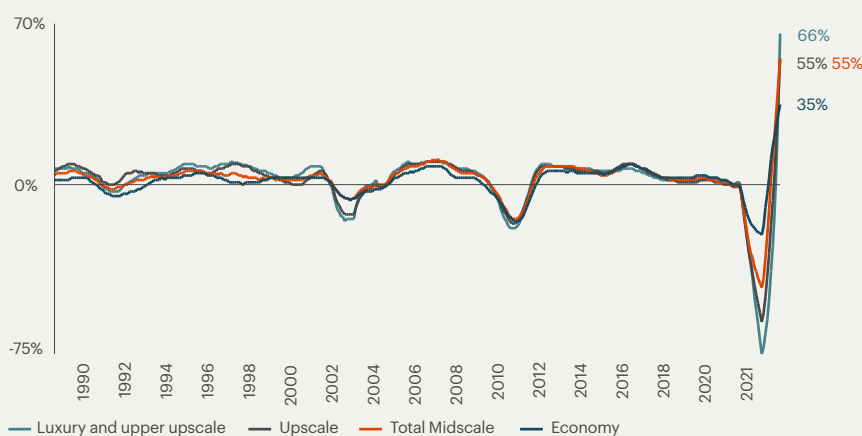
Of loyalty programme members have made a redemption from the programme

Source: Bond, in partnership with Visa

and a track record of growth

Industry RevPAR has seen a long-term track record of growth; the most recent recovery has been driven by domestic leisure demand

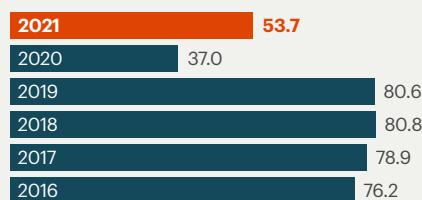
US Industry RevPAR growth, monthly year-on-year



Source: STR

Global industry RevPAR (\$)

RevPAR movements are illustrative of lodging demand



Source: STR

Global rooms supply (m rooms)

Supply growth reflects the attractiveness of the hotel industry



Source: STR

Branded hotel business models

There are two principal business models:

- A fee-based, asset-light model:
 - Franchised: owned and operated by parties distinct from the brand, who pay fees to the hotel company for use of its brand.
 - Managed: operated by a party distinct from the hotel owner. The owner pays management fees and, if the hotel uses a third-party brand name, fees to that third-party, too.
- An owner-operated, asset-heavy model:
 - Owned: operated and branded by the owner who benefits from all the income.
 - Leased: similar to owned, except the owner-operator does not have outright ownership of the hotel but leases it from the ultimate owner.

Asset-heavy models generate returns on the real estate and centralise control over operations. Asset-light models typically enables faster growth and generate higher returns. This model tends to present lower risk to fluctuations in the economy.

Our business model

We predominantly franchise our brands and manage hotels on behalf of third-party hotel owners and have a weighting to more resilient domestic non-urban markets.

The growth of our business relies on two fundamental growth drivers: revenue per available room (RevPAR) and increasing the number of rooms across our estate. RevPAR indicates the value guests ascribe to a given hotel, brand or market and grows when they stay more often or pay higher rates. Room supply reflects how attractive the hotel industry is as an investment from an owner's perspective.

To drive growth, we have a portfolio of 17 brands across more than 100 countries in the Suites, Essentials, Premium and Luxury & Lifestyle categories. Supported by a leading loyalty programme and powerful technology, our brands meet clear guest needs and generate strong returns for our owners, which in turn attracts further hotel investment and grows our estate.

IHG is an asset-light business and our focus is on growing fee revenues and fee margins, which we can do with limited capital requirements. This enables us to grow and invest in our business while generating high returns on invested capital and strong cash flow.

We generally franchise or manage hotels, with the decision largely driven by market maturity, owner preference and, in certain cases, the particular brand. Hotels in the Essentials category tend to be franchised, while Luxury & Lifestyle hotels are predominantly managed.

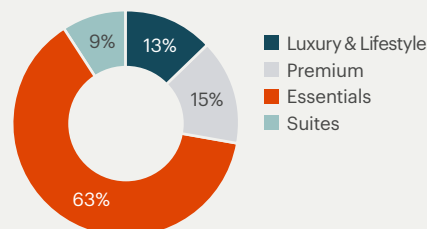
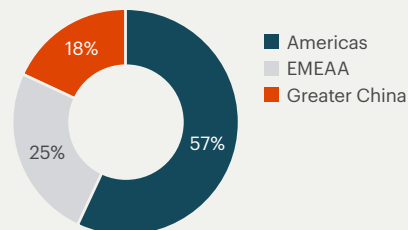
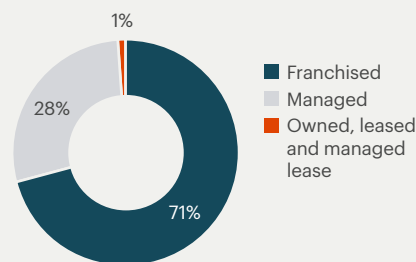
Our broad geographic spread and weighting towards essential business and domestic leisure travel has driven resilience relative to the wider industry during the pandemic. We are weighted towards non-urban markets which are less reliant on international inbound travel and less exposed to large group meetings and events. A combination of these factors, along with our enterprise capability, has allowed IHG to outperform the wider industry in RevPAR growth.

Our asset-light business model means we do not employ colleagues in franchise hotels, nor do we control their day-to-day operations, policies or procedures. That being said, IHG and our franchise hotels are committed to delivering a consistent brand experience, conducting business responsibly and sustainably so that we deliver our purpose of providing True Hospitality for Good.

Total system size

880,327 rooms

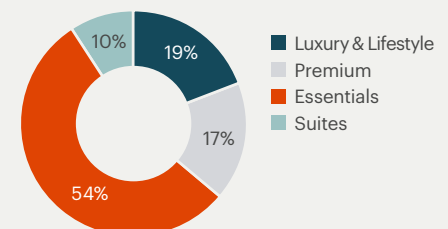
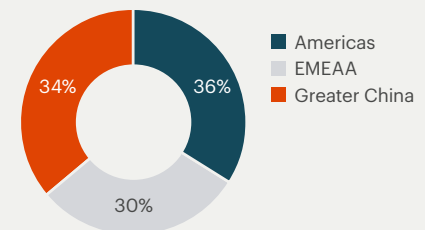
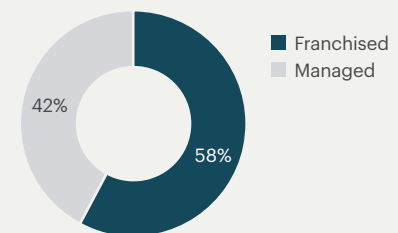
Composition of rooms



Total development pipeline

270,960 rooms

Composition of rooms



Holiday Inn Express® & Suites Johor Bahru, Malaysia

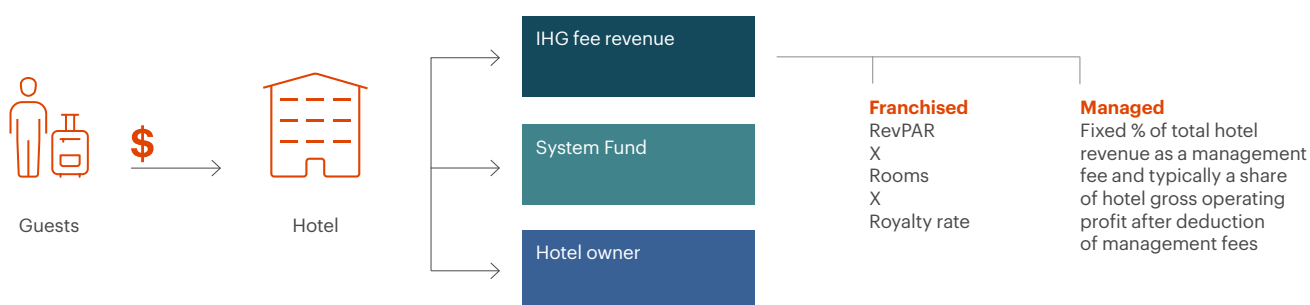
How we generate revenue

Franchised hotels

We receive a fixed percentage of rooms revenue when a guest stays at one of our hotels. This is our fee revenue.

Managed hotels

From our managed hotels, we generate revenue through a fixed percentage of the total hotel revenue and a proportion of hotel profit.



Owned, leased and managed lease hotels

For hotels which we own or lease, we record the entire revenue and profit of the hotel in our financial statements. Our owned, leased and managed lease hotels have reduced from over 180 hotels 20 years ago, to 19 hotels at 31 December 2021.

System Fund

IHG manages a System Fund for the benefit of hotels within the IHG system and their third-party owners, who pay contributions into it. This includes a marketing and reservation assessment and a loyalty assessment.

The System Fund also benefits from proceeds from the sale of IHG® Rewards points under third-party co-branding arrangements.

Given the significant scale of the System Fund, IHG can make substantial investments in marketing brands, creating a leading loyalty programme and powerful technology, including revenue management systems, thereby strengthening the IHG enterprise.

Third-party hotel owners pay:

Fees to IHG in relation to the licensing of our brands and, if applicable, hotel management services.

Assessments and contributions which are collected by IHG for specific use within the System Fund.

IHG revenue from reportable segments^a

2021: \$1,390 million

Revenue attributable to IHG comprises:

- Fee business revenue from reportable segments:
 - Franchise fees
 - Management fees
 - Central revenue (principally technology fee income)
- All revenue from owned, leased and managed lease hotels.

See page 72 for more information.

System Fund revenues

2021: \$928 million

The System Fund is not managed to a profit or loss for IHG over the longer term, but for the benefit of hotels in the IHG system, and comprises:

- Assessments and contributions paid by hotels
- Revenue recognised on consumption of IHG Rewards loyalty points

See page 56 for more information.

^a Excludes System Fund and hotel cost reimbursements.

Our business model continued

How we drive operating profit

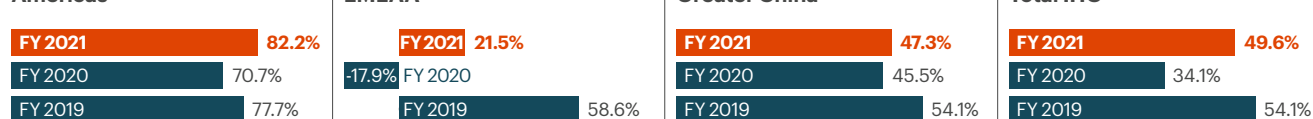
Our asset-light business model requires a limited increase in IHG's own operating expenditure to support our revenue growth, which delivers operating profit and fee margin growth.

The benefit of operational efficiencies, along with brands and markets becoming more mature, has supported fee margin expansion on average by over 100bps a year between 2009-2019.

For franchised hotels, the flow through of revenue to operating profit is higher than it is at managed hotels, given our well-invested scale platform where limited resources are required to support the addition of an incremental hotel. This is most evident in our Americas region, where fee margins are the highest, reflecting our scale and around 90% of our hotels operating under our franchised model.

Across our managed hotels, the flow through of revenue to profit can be lower, given higher operating expenditure on operations teams supporting the hotel network.

Fee margin^a by region



^a Fee margin excludes owned, leased and managed lease hotels, significant liquidated damages and the results of the Group's captive insurance company and is stated at AER.

Our owned, leased and managed lease hotels tend to have significantly lower margins than our fee business. This is because we not only record the entire revenue of the hotel, but also the entire cost base, which includes staff and maintenance of the hotel.

Disciplined approach to capital allocation and managing liquidity

Our asset-light business model is highly cash generative through the cycle and enables us to invest in our brands and strengthen our enterprise. We have a disciplined approach to capital allocation, which ensures that the business is appropriately invested in, whilst maintaining an efficient and conservative balance sheet.

Beyond this, we look to return surplus cash to shareholders through ordinary and special dividends and share buybacks, with our objective to maintain an investment-grade credit rating. One of the measures we use to monitor this is net debt: adjusted EBITDA and we aim for a ratio of 2.5-3.0x.

Liquidity through the recovery

As occupancies have recovered, the strength of our cash generation became evident with adjusted free cash flow^a generation of \$571m in 2021.

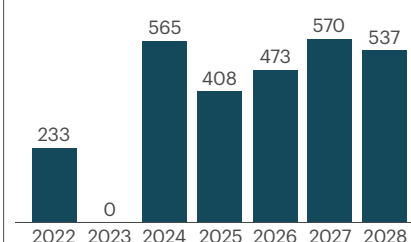
Recovering demand during 2021 and strong cost control resulted in rapid deleveraging. As such, our net debt: adjusted EBITDA ratio was 3.0x at 31 December 2021 (7.7x as at 31 December 2020).

During the year, we repaid £600m of commercial paper issued under the UK Government's Covid Corporate Financing Facility (CCFF). Following the issuance and repayment of bonds in 2020, our next bond maturity is £173m in November 2022, with no further bond maturities until October 2024. As at 31 December 2021, IHG had available liquidity of \$2.7bn.

Our \$1.35bn syndicated and bilateral revolving credit facilities (RCF) have covenant relaxations in place for 2022 (see page 59). Our covenant leverage was 3.0x at 31 December 2021 (2020: 8.7x).

Looking forward, our approach to capital allocation remains unchanged. As the business recovers, our priorities for the uses of cash are consistent: ensure the business is appropriately invested in to drive growth; target sustainable growth in the ordinary dividend; and return surplus funds to shareholders, while at the same time considering our stated aim of a leverage ratio of 2.5-3.0x, and our objective of maintaining an investment-grade credit rating.

Bond maturity profile (\$m)



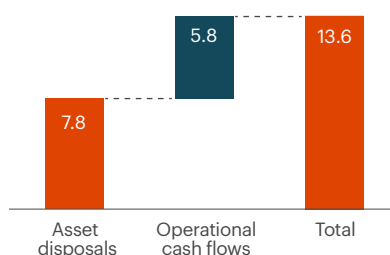
^a Use of Non-GAAP measures: In addition to performance measures directly observable in the Group Financial Statements (IFRS measures), additional financial measures (described as Non-GAAP) are presented that are used internally by management as key measures to assess performance. Non-GAAP measures are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

Consistent uses of cash

Our priorities for the uses of cash are consistent with previous years and comprise three pillars:

Shareholder returns (2003-19) (\$bn)

Source of returns



Capital expenditure

Spend incurred by IHG can be summarised as follows:

Type	What is it?	Recent examples
Maintenance capital expenditure and key money	<p>Maintenance capital expenditure is devoted to the maintenance of our systems and corporate offices, along with our owned, leased and managed lease hotels.</p> <p>Key money is expenditure used to access strategic opportunities, particularly in high-quality and sought-after locations, when returns are financially and/or strategically attractive.</p>	<p>Examples of maintenance spend include maintenance of our offices, such as reformatting in light of the pandemic. Across our owned, leased and managed lease hotels we invest in refurbishment of public spaces and guest rooms.</p> <p>Examples of key money include investments to secure representation for our brands in prime locations.</p>
Recyclable investments to drive the growth of our brands and our expansion in priority markets	<p>Recyclable investments are capital used to acquire real estate or investment through joint ventures or equity capital. This expenditure is strategic to help build brand presence.</p> <p>We would look to divest these investments at an appropriate time and reinvest the proceeds across the business.</p>	<p>Examples of recyclable investments in prior years include our EVEN® Hotels brand, where we used our capital to develop three hotel properties in the US to showcase the brand. These hotels have now been sold and operate under a franchise agreement.</p>
System Fund capital investments for strategic investment to drive growth at hotel level	<p>The development of tools and systems that hotels use to drive performance. This is charged back to the System Fund over the life of the asset.</p>	<p>We continue to develop our cloud-based Guest Reservation System (GRS) and IHG Concerto™. Other examples include redevelopment of the IHG mobile app ahead of launch in 2022.</p>

Dividend policy

The Board consistently reviews the Group's approach to capital allocation and seeks to maintain an efficient balance sheet and investment-grade credit rating. IHG has an excellent track record of returning funds to shareholders through ordinary and special dividends, and share buybacks. The ordinary dividend paid to shareholders increased at an 11% CAGR between 2004 and 2019.

1 Invest in the business to drive growth

We look to strategically drive growth, while maintaining strict control on investments and our day-to-day capital expenditures.

2 Target sustainable growth in the ordinary dividend

IHG has a dividend policy where we would look to grow the ordinary dividend each year, while balancing all our stakeholder interests and ensuring our long-term success.

3 Return surplus funds to shareholders

The Group has a strong track record of returning surplus cash to shareholders. Since 2003, including the ordinary dividend, the Group has returned \$13.6bn.

When reviewing dividend recommendations, the Directors take into account the long-term consequences. The Board looks to ensure that any recommendation does not harm the sustainable success of the Company and that there are sufficient distributable reserves to pay any recommended dividend. The Board assesses the Group's ability to pay a dividend bearing in mind its responsibilities to its stakeholders and its objective of maintaining an investment-grade credit rating.

The Board is therefore proposing a final dividend of 85.9¢ in respect of 2021, an amount equivalent to the withdrawn final payment in respect of 2019.

See pages 92, 107, 113 and 114 for information about how we have engaged with shareholders and investors during 2021.

Trends shaping our industry

The pandemic has accelerated a number of pre-existing trends within the hotel industry, including digitalisation and customer centricity, along with greater demand for sustainable branded experiences. In the near term, new factors have also emerged, including managing labour and supply shortages.

During the pandemic, the nature of hotel stays changed significantly. As guests returned to travel following the lifting of restrictions and reopening of hotels, there was a significant focus on cleanliness, with the industry collaborating with leading experts in this field. The volatile nature of infection rates also saw guests welcome flexible cancellation policies and the extension of loyalty programme status.

As vaccines have rolled out and restrictions eased or lifted, what's become clear is that the pandemic was a 'demand suppression' event for the industry, with travel subsequently bouncing back significantly. This has been quickest in domestic leisure, whilst essential business demand has proven relatively resilient, particularly in extended stay chains and in the economy and midscale categories. Discretionary business travel, group bookings and international trips have also shown encouraging signs of recovery.

Technology and digitalisation continue to play a key role across the entire guest journey. This includes digital booking, greater levels of personalisation and the ability to choose room attributes, and service delivery during a guest stay.

1



Labour and supply chain pressures

Government-mandated hotel closures in 2020 saw many people in hospitality switch careers, and as demand returns, vacancies are at record highs in some markets, with the World Travel & Tourism Council predicting employment in the sector will rise 18% in 2022 to 324 million available jobs. The industry must work together with governments to address these staff shortages, including through facilitating greater labour mobility across borders, shifting to remote working, upskilling the workforce, promoting education and apprenticeships, and creating fair, safe roles.

As markets pivot towards growth, supply chains have also been disrupted. With the lack of available products largely due to input shortages, businesses with complex supply chains are finding things particularly challenging. For hotels, this has led to shortages in key areas, from linen for guest stays to timber for construction projects.

Our response

- Optimising operating models at hotels to improve efficiency and create savings to help offset higher staff costs
- Working with recruitment agencies to provide trained staff on demand when required
- Provided new hiring resources, deepened relationships with job platforms, and increased awareness of vacancies through social media
- In Australia, our myFlex initiative has given hotel colleagues the flexibility to work across any of our hotels in the country's managed estate, supporting both staffing levels and work-life balance
- Using our IHG® Academy to prepare young people for a career in hospitality, supported by a new virtual learning platform
- Enhancing our global procurement offer, with our teams finding more ways to leverage central purchasing and seek cost-effective solutions for owners. During 2021, IHG procurement delivered a greater than 10% cost reduction on \$1.3bn of spend across IHG's hotel and corporate supply chains spanning 15 countries



See pages 19 to 28, and 39 for more information.

2



Six Senses Zighy Bay, Oman

Sustainability considerations

Guests are paying closer attention to a company's commitment to look after the world around us. A global study commissioned by IHG indicated that more than 80% of consumers noted the importance of choosing a hotel brand that operates responsibly, with guests willing to spend on average 31% more on accommodation that meets this need. Business customers are also increasingly requesting information about sustainable accommodation and meeting options to help make progress against their own targets.

With stakeholders now expecting businesses to operate and grow responsibly, a rapidly growing number of organisations are making external commitments to drive environmental and social change, including joining the UN's Race to Zero by upgrading their carbon emissions targets.

Our response

- Launching an automated utility data collection tool across all our hotels globally to inform steps to operate sustainably
- Developing our Hotel Energy Reduction Opportunities (HERO) tool, which will be key to helping our hotels target energy and carbon reductions
- Committing to a 1.5°C science-based target (SBT), which puts IHG on a trajectory to achieve net zero by 2050. In addition, we have joined Race to Zero – the UN-endorsed campaign to rally leadership and support from cities, businesses and investors for a greener, more resilient, net zero carbon future
- On track to eliminate single-use miniature bathroom amenities from our hotels during 2022
- Establishing an Environmental Sustainability Committee with the IHG Owners Association, which will collaborate with IHG on energy reduction in hotel operations
- Partnering with suppliers to help ensure they share the same responsible business commitments as we do
- Working with a large number of government and industry stakeholders to help provide support for our owners through policies and incentives, such as green financing

See pages 29 to 35 and 229 to 230 for more information.

3



Demand for branded hotel experiences

Guests are increasingly seeking the reassurance of a high-quality, safe branded stay as the industry recovers from the pandemic. At the same time, independent hotels are recognising the advantages of being attached to a branded system, including lower distribution costs, marketing at scale and a powerful loyalty offer that can drive repeat guest stays.

While many independent hotels remained closed during the pandemic and experienced numerous fixed costs, many branded properties were more able to meet demand from quarantine stays, key workers and a global sales network adept at capturing the return of travel. As such, owners are increasingly looking at conversions to join a branded system with limited changes to their properties, particularly in the upscale and luxury segments.

Our response

- Continued to strengthen our enterprise with enhancements to our revenue delivery systems, technology offer and operational expertise
- Enriched our loyalty offer with dynamic pricing for Reward nights, with further enhancements in 2022 expected to strengthen member engagement
- Engaging with owners of independent hotels on potential conversions while maintaining brand standards
- Successful launch of upscale conversion brand voco, which has fewer brand requirements, but all the hallmarks of a high-quality and safe guest experience
- Launch of Vignette Collection, which allows owners of high-quality upscale and luxury hotels to maintain the distinct identity of their properties while enjoying the benefits of a branded system
- Giving guests assurance throughout their stays with our IHG® Clean Promise, where high standards of hygiene have been developed with Cleveland Clinic, Ecolab and Diversey

See pages 17 to 22 for more information.

Our strategy

Our ambition to deliver high-quality, industry-leading net rooms growth in the coming years is underpinned by strategic investment in our brands, people, systems and scale to drive growth across our portfolio in high-value markets and segments.


Over the long term, with disciplined execution, this approach supports sustained growth in cash flows and profits, which can be reinvested in our business and returned to shareholders. In the shorter term, with volatility remaining a factor as markets respond to and recover from the pandemic, we continue to focus on rebuilding revenue and profit back to prior levels, while still investing in growth.


Our four strategic priorities have been designed to put the expanded brand portfolio we have built in recent years at the heart of our business, and our owners and guests at the heart of our thinking. They recognise the crucial role of a sophisticated, well-invested digital approach, and ensure we meet our growing responsibility to care for and invest in our people, and to make a positive difference to our communities and planet.

Combined, the projects and programmes that support these four pillars each year are designed to improve performance and stimulate growth by helping us create competitive advantage, build richer guest and owner relationships, operate sustainably and responsibly, and enhance a culture that brings the best out of our teams.

Our plans and their execution are shaped by what we have learnt throughout the pandemic, as well as the current economic and social environment, and industry trends and challenges as markets recover.

Our success and reputation are dependent on our commitment to our purpose of True Hospitality for Good, underpinned by our workplace culture and commitment to operating in a responsible and ethical manner. Together, these elements ensure we build trust with all our stakeholders and work within a culture of respect, responsibility and inclusivity, alongside clear engagement with our strategy and the ways in which we aim to create a stronger business for everyone.

 See how the Board considered strategic and operational matters on pages 90 to 91.

 See how IHG does business on pages 36 to 39.

OUR PURPOSE

True Hospitality for Good

OUR AMBITION

To deliver industry-leading net rooms growth

OUR STRATEGY

Use our scale and expertise to create the exceptional guest experiences and owner returns needed to grow our brands in the industry's most valuable markets and segments. Delivered through a culture that retains and attracts the best people and embraces opportunities to positively impact the world around us.

PRIORITIES



Build loved and trusted brands



Customer centric in all we do



Create digital advantage



Care for our people, communities and planet

BEHAVIOURS



Move fast



Solutions focused



Think return



Build one team



Grand Hotel Wien, Austria – signed as a Vignette™ Collection hotel

PRIORITY:

Build loved and trusted brands



Central to our success is the love and trust our guests and owners feel for our brands. We focus on investing in a portfolio that offers guests exceptional quality and experiences, and one that represents a leading choice for owners, built on a commitment to industry outperformance, effective hotel lifecycle management and strong returns.

Key to our strategy is having a family of diverse and attractive brands capable of meeting the needs of a range of guests and owners. In the past decade, we have transformed our portfolio, adding six new brands in the past four years alone. This includes significantly strengthening our Luxury & Lifestyle offer for guests and owners, and our ability to take advantage of an increasing number of conversion opportunities in what is a fragmented market. Alongside this, we have continued to invest significantly in the quality, design, service and technology that underpins our existing well-established brands.

Supported by IHG Rewards, one of the industry's biggest loyalty programmes, we now have a total of 17 brands – some of them world-famous and industry-leading, others gaining greater attention, and newer ones starting out with exciting growth prospects ahead.

As the industry recovers and development activity increases, we are focused on expanding all of them at pace.

A decade of progress

34%

Increase in open hotels
(2011-2021)

34%

Increase in open rooms
(2011-2021)

40%+

Proportion of our global pipeline
under construction

9

Brands launched or acquired
in the past decade

	2011	2021
Luxury & Lifestyle	 	
Premium		
Essentials	 	
Suites	 	

Our strategy continued

Build loved and trusted brands continued

What we achieved in 2021

We celebrated the opening of 291 hotels during 2021, including our 3,000th for Holiday Inn Express and more impressive hotels for our InterContinental® Hotels & Resorts brand in its 75th anniversary year. A further 437 hotels were added to our global pipeline, with almost half belonging to our powerhouse Holiday Inn and Holiday Inn Express brands.

In order to drive future growth, we continue to balance investing in our existing established brands to further enhance performance and perception, alongside accelerating the expansion of newer brands in key markets. To underpin this, we have invested in our hotel development teams to accelerate signings and put more emphasis on supporting functions to facilitate growth, such as investment analysis and legal.

Critical work this year has included a review of our Holiday Inn and Crowne Plaza estates, focused on quality of service and property condition. These powerful brands are key to future growth, which relies on ensuring consistency and quality levels meet the expectations of our owners and guests. Reflecting significant investment by our owners, 83 hotels have committed to improvement plans or scopes of work that will support improved performance and raise guest satisfaction scores. In addition, 151 hotels were removed from the estate. Through the outcomes of the

review, together with other property improvements and new openings over the past four years, in the Americas two-thirds of the Holiday Inn estate and three-quarters of the Crowne Plaza estate have been updated.

Excellent progress with newer brands continued, with avid already the second largest contributor to system growth, voco now globally established with a presence in 25 countries, and Six Senses having increased its system size and pipeline by more than half since acquisition in 2019. Following its launch in August, our Luxury & Lifestyle collection brand, Vignette Collection, has already secured six properties, with the first open by the end of the year. This new brand provides high-quality independent hotels access to the benefits of IHG's enterprise, while allowing us to offer guests more distinctive and unique properties that would otherwise not fit within our existing brands. There are around 1.5 million independently run rooms in the market segments we are targeting, and we expect to attract more than 100 hotels within 10 years.

To increase consumer perception and awareness of our full family of brands across Luxury & Lifestyle, Premium, Essentials and Suites, we adopted a new IHG Hotels & Resorts masterbrand marketing approach, which drove improved brand awareness and preference during the year. Loyalty promotions in key markets and travel hubs were also increased, underpinned by travel flow data.



voco Bonnington Dubai, UAE

In December, we were proud to win four awards at the 28th World Travel Awards, including World's Leading Business Hotel Brand 2021 and World's Leading Hotel Brand 2021 (InterContinental); World's Leading Premium Hotel Brand 2021 (voco); and World's Leading Budget Hotel Brand 2021 (Holiday Inn Express).

What's to come

Following the conclusion of our Holiday Inn and Crowne Plaza review in 2021, we expect our average group removals rate to reduce and for net system size growth to subsequently accelerate, reflecting hundreds of planned openings and increasing development activity as markets continue to recover.

With a pipeline of almost 1,800 hotels, representing more than 30% of our current estate, and a more rounded portfolio of attractive brands, we are confident in our ability to deliver industry-leading net system size growth in the coming years through the continued expansion of our established brands and scaling of newer additions. Notable openings in 2022 include our first Atwell Suites™ properties, Kimpton® Hotels & Restaurants making its debut in mainland China, and a flagship Regent® hotel in Hong Kong.

Key factors in delivering our expected growth include capitalising on more conversion opportunities within the Luxury & Lifestyle space. Together, the upscale and luxury segments now represent 32% of our system size and 42% of our pipeline.

25%

Of openings in 2021 were conversions

HUALUXE® Nanjing Yangtze River, China





PRIORITY:

Customer centric in all we do



We know that to stay successful we need to put ourselves in the shoes of our leisure guests, business customers and owners in all we do. This is how we create unrivalled service and tailored experiences in our hotels, and attractive investment opportunities with strong returns for our owners.

Our response to the pandemic has illustrated more than ever our desire to go the extra mile through fast, thoughtful and effective solutions, built on listening to what's needed. Whether it's food and beverage, cleanliness, hybrid meetings or loyalty enhancements for guests, or more efficient operations, recruitment support or procurement solutions for our owners, we're working with a customer-centric mindset to ensure IHG and our brands stand out as a preferred choice in the market.

What we achieved in 2021

Many of our **hotel owners** represent small, individual businesses and as the recovery strengthens, we're providing the operational and commercial support they need to drive performance, alongside seeking opportunities to grow further with them.

One of the big challenges of the pandemic for our industry is recruiting and retaining talent to meet returning guest demand. IHG has provided a number of tools and solutions for hotels, including new hiring resources, deeper relationships with job platforms, and targeted social media campaigns. In Australia, our myFlex initiative has given hotel colleagues the flexibility to work across any of our hotels in the country's

managed estate, supporting both staffing levels and work-life balance.

We also launched our Journey to GM talent acceleration programme to support those making the transition into General Manager roles, and strengthened how we identify and develop future talent as our estate expands.

As demand increases in our hotels, we are providing our owners and teams with clear action plans, training and support for evolving brand standards and procedures to meet changing guest expectations. Rising costs due to inflation in some markets have been met with operational efficiency changes and an expanded procurement offer, with our scale and expertise helping deliver new solutions that resulted in net year-on-year savings of more than 10% for owners across the \$1.3bn of spend managed by IHG.

Thousands of owners and operators also joined our webinars during the year on topics including virtual sales calls, evolving food and beverage, and the IHG® Way of Clean programme. In late 2021, we collaborated with the Professional Convention Management Association to offer hotel teams a new Hybrid Events for Hotels & Venues Intro Certificate Course, to help them successfully partner with planners to host corporate and social hybrid events.

We have captured demand through tailored marketing campaigns and promotions, supported by resources such as PR toolkits and new services within IHG's Revenue Management for Hire programme, which helps hotels identify and act on revenue opportunities using business intelligence and data.

To ensure our corporate teams are thinking like our owners, we also invited owners and General Managers (GMs) to speak at regional townhalls and share their perspectives during 2021.

For **our guests**, as more people return to travel, we are focused on ensuring the services, technology and experiences we create meet evolving expectations.

Cleanliness and safety standards have remained very important, underpinned by our IHG Way of Clean programme and IHG Clean Promise. The stay experience has continued to evolve, including the reintroduction of buffet breakfasts and social hours for brands in certain markets, and we offer clear guest communication on what to expect during their hotel stay at this time.

During 2021, we introduced more loyalty offers for IHG Rewards members, extended the pause on points expiration and integrated select Six Senses resorts into the programme.



Our strategy continued

Customer centric in all we do continued

Such steps have deepened guest relationships, with Reward Night bookings largely recovering to pre-pandemic levels and participation rates of our higher tiered members exceeding 2019 levels. A further nine million members also joined the programme, with record enrolments on our web and mobile channels.

For corporate guests, 'Welcome Back to Business' campaigns were launched, with our SME programme, IHG Business Edge, increasing its accounts by 44% in the year.

Our Meet with Confidence programme for business customers was also expanded to include new rapid on-site testing for large events at our US hotels, while a new Points + Perks offer makes bookings even more rewarding. In November, IHG received the Stella Award gold medal for Best Hotel Chain for the exceptional meeting experience provided through the programme. Reflecting our ongoing customer-centric approach, our Guest Satisfaction Index continued to improve, achieving scores of 100 or better for each brand and outperforming peers.

To continue improving guest satisfaction scores and drive revenue for our owners, updated guest room and public space design programmes are ongoing across many of our brands, including our Formula Blue concept at Holiday Inn Express and next-generation designs for Holiday Inn, Candlewood Suites® and Staybridge Suites®.

What's to come

Our IHG Rewards loyalty programme is critical to our business and our future growth. Our members drive around half of all room nights globally each year and spend 20% more in our hotels than non-members. They are also nine times more likely to book direct, which is more profitable to our owners.

To deepen relationships with new and existing members, and drive more repeat business for our owners, we will transform our loyalty offering in 2022. In January 2022, we announced a first phase of new tiers and bonus-point earning structure that will allow our members to earn more points, more quickly than ever before. Later in the year,

details of the full programme will commence, including new and enhanced benefits, more experiences and more redemption options, all powered by our new IHG mobile app, which goes live in 2022.

As the new programme rolls out, we're taking steps to ease the pressure and disruption on our busy hotel teams by providing training and resources, alongside carefully managing costs for owners.

Helping our owners manage costs to build, open and operate is a top priority, so we continue to work closely with them on solutions to increase revenue alongside delivering more efficient and sustainable operations. Key elements to this include a continued focus on our central procurement services and reducing energy costs.

As we focus on accelerating growth, we will also proactively manage our global development pipeline and help support our owners to ensure they can progress projects as quickly as possible.

Guest engagement



Our ability to offer a range of differentiated and attractive brands with rich stay experiences, great value, flexibility and strong loyalty rewards are key to attracting guests to IHG branded hotels and driving commercial performance and revenue.

What impacted them in 2021

- Booking, cancellation and loyalty flexibility as a result of local pandemic travel restrictions
- Covid-19 related health and safety protocols
- Evolving corporate meeting requirements blended with hybrid working and leisure
- Quality of the guest stay and booking experience, including increased digitalisation
- Location of hotels and facilities offered
- Preference for hotels with trusted societal and green credentials

Engagement

- Guest surveys
- Nine contact centres supporting guests in seven countries, with 2,700 sales and service agents speaking 12 languages
- Social media engagement
- Programme of targeted stay campaigns, loyalty promotions and awareness of stay experience improvements
- Board and Executive Committee reviews of guest proposition and loyalty offer as part of the Board's consideration of strategic and operational matters
- Consumer surveys focused on attitudes to being more environmentally and socially conscious when travelling, and the pandemic's impact on appetite to travel

Outcomes

- Extended points expiry for loyalty members, and increased masterbrand marketing and stay promotions, leading to uplift in brand awareness
- Continuation of IHG Way of Clean programme and evolution of Meet with Confidence programme for corporate clients
- Enhanced customer service support, including automation to speed up response time and direction to the right team
- Guest experience enhancements, including renovations, new designs and simpler room rates
- Opening of 291 hotels and launch of our 17th brand, Vignette Collection
- Continued improvement in Guest Satisfaction Index, with scores of 100 or better for each brand and outperforming peers
- Launch of Journey to Tomorrow 10-year responsible business plan



See our guest love KPI on page 52 and how the Board had regard for guests as part of their consideration of strategic and operational matters on pages 90 to 91.

Why hotel owners choose to work with IHG

Hotel owners choose to work with IHG because of the trust they have in our brands and our track record in delivering strong returns.



Hotel owner engagement



IHG's success relies on hotel owners investing in our brands. To remain attractive, we focus on the breadth of our brand portfolio and effectiveness of our loyalty programme, enterprise contribution, technology, procurement and sales offering.

What impacted them in 2021

- Ability to capture and drive demand to their hotels
- Evolving brand standards
- Labour shortages, supply chain and continued budgeting constraints caused by the pandemic
- Expanded brand portfolio with launch of Vignette Collection

Engagement

- Direct meetings with CEO and regional CEOs
- IHG Owners Association collaboration
- Portfolio and individual hotel reviews covering operational, strategic and industry trend updates
- Webinars, regular newsletters and bulletins
- Hotel lifecycle and finance team support
- Collaboration with governments and industry to support recovery

Outcomes

- Tailored marketing and promotions, supported by new data-driven resources and services that help hotels quickly identify and act on revenue opportunities
- Brand standards evolved or removed to create more efficient and effective operations
- Net year-on-year procurement savings of over 10% for owners across \$1.3bn spend managed by IHG
- Increased training, guidance and recruitment support for hotel teams
- Next-gen formats and refurbishments being applied to hotels under brands including Holiday Inn Express, Holiday Inn, Candlewood Suites and Staybridge Suites
- 83 hotels committed to improvement plans as a result of the Holiday Inn and Crowne Plaza review, and 151 hotels exited the estate



See our net rooms supply, signings, gross revenue and enterprise contribution KPIs on pages 50 and 51 and how the Board had regard for hotel owners as part of their consideration of strategic and operational matters on pages 90 to 91.



Visit www.owners.org for further information about the IHG Owners Association.

Our strategy continued



PRIORITY:

Create digital advantage



In a world where we all expect seamless experiences, our digital capabilities form crucial aspects of our offer for guests and owners. For guests, our brand proposition is as much about our booking experience, marketing and mobile app functionality, as it is about the hotel destination and our brand hallmarks. For owners, our offer is as much about our ability to create revenue advantages through data and technology, as it is about our scale and expertise. We understand this and are investing in the technology, tools and solutions that make the biggest difference to our guests, owners and teams.

Our cloud-based platform, IHG Concerto, is critical to the work we're doing in this space, serving as the foundation for much of how we're creating digital advantage by blending core hotel applications into one seamless, powerful platform capable of enhancing the guest, owner and colleague experience. It gives IHG the ability to add regular releases with new functionality at pace and scale, and ensures we continue to evolve how we enrich the guest stay and meet new expectations, alongside driving stronger returns for our owners.

What we achieved in 2021

Working collaboratively with our owners in recognition of the evolving trading and operational pressures faced during the pandemic, we made critical progress on several fronts in 2021 to enrich the guest experience and drive performance for our hotels.

During the year, 5,300 hotels completed detailed room inventory assessments to prepare for attribute pricing powered by our industry-leading Guest Reservation System (GRS). Combined with other booking flow improvements, this is the important groundwork required to allow guests to

seamlessly select room characteristics to tailor their stays when booking with us, with prices adjusting based on the attributes chosen. In parallel, the technology enables owners to generate maximum value from their hotel's unique features.

This work forms a key element of a multi-year commitment to transform the booking and stay experience. In 2021, we made significant progress in streamlining and clarifying the rate options available to customers across our brands, in favour of a simpler and faster booking process that is capable of accommodating value-added experiences.

To further enhance the digital experience for our guests, we are continuing to move data and applications to the cloud, and we are using consumer analysis of those searching for stays and travelling with us to create highly personal and targeted guest promotions. Data-driven analysis is also being applied to guest feedback so that it informs our decision making and ensures we're focused on areas most likely to improve satisfaction scores.

To enhance our customer service, artificial intelligence (AI) voice-activated platforms are answering and routing customer calls to the most appropriate support area, which is increasing satisfaction scores and leading to higher average daily rates on bookings. A digital concierge chatbot has also been introduced on ihg.com and the IHG mobile app to further assist customer bookings and communication.

In light of the challenges of the pandemic, IHG has also transformed its technology to help around 70% of specialists in our Philippines contact centres work remotely, and transition all operations at our Mexico City contact centre to remote working.

What's to come

We've designed a clear roadmap of investments and enhancements needed over the coming years to deliver an effortlessly smooth, exceptional guest experience at every touchpoint – pre-stay, during-stay and post-stay – with the aim of keeping IHG hotels first choice for guests.

Having completed important foundational work in 2021, we will launch the next generation of our IHG mobile app in 2022 to further strengthen our mobile presence and enhance our loyalty offer. Using data insights and new designs, it will provide a richer experience and introduce lots of new features, fast.

For guests, the app keeps the management of stay requests and features in one place, creates a space to receive personal and timely marketing offers and will enable new benefits as part of a transformed loyalty offer. For owners, a richer guest user experience is expected to drive revenue through increased direct bookings to our hotels, higher loyalty engagement and incremental spend during stays.

In 2022, we will also complete room inventory assessments on the remaining hotels in our estate in support of rolling out attribute pricing on our direct channels.

5,300

Hotels completed room inventory assessments in 2021 ahead of rolling out attribute pricing on our direct channels



PRIORITY:

Care for our people, communities and planet



Caring for our people, communities and planet has always been at the heart of how we work, but the nature of an ever-evolving social and environmental landscape means we continually explore how we can make a positive difference as we operate and grow our business.

The Board's Responsible Business Committee reviews IHG's responsible business objectives and strategy and advises the Board on our approach to diversity, equity & inclusion (DE&I), our impact on local communities, responsible procurement in our supply chain, programmes on human

rights and modern slavery, our environmental impact, and our engagement with employees.

To guide our actions and drive progress, in 2021 we launched our 2030 Journey to Tomorrow plan, a series of ambitious commitments to create positive change for our people, communities and planet, aligned to our purpose of True Hospitality for Good and to the UN Sustainable Development Goals.

We know the actions we take around the environment, our people and society are closely followed by our investors and other

stakeholders and are therefore critical to our reputation and growth, and we have focused our efforts on the areas where we feel we can make the greatest impact. Reflecting the changing world around us, each commitment is designed to ensure IHG grows responsibly and in ways that ensure travel has a beautiful future for everyone.



See key matters discussed by the Board on page 91 and the Responsible Business Committee Report on pages 100 and 101.



See our Responsible Business Report at www.ihgplc.com/responsible-business

Our 10-year responsible business plan

Our goal is to help shape the future of responsible travel together with those who stay, work and partner with us. We will support our people and make a positive difference to local communities, while preserving our planet's beauty and diversity... not just today but long into the future.



Champion a diverse culture where everyone can thrive



Improve the lives of 30 million people in our communities around the world



Reduce our energy use and carbon emissions in line with climate science



Pioneer the transformation to a minimal waste hospitality industry



Conserve water and help secure water access in those areas at greatest risk

EMPOWER OUR PEOPLE TO HELP SHAPE THE FUTURE OF RESPONSIBLE TRAVEL

Our strategy continued

Care for our people, communities and planet continued

People

Champion a diverse culture where everyone can thrive



Our 2030 commitments

- Achieve gender balance and a doubling of under-represented groups across our leadership
- Cultivate a culture of inclusion for colleagues, owners and suppliers
- Support all colleagues to prioritise their own wellbeing and the wellbeing of others
- Drive respect for and advance human rights

Our people are fundamental to IHG achieving its purpose and strategic goals. IHG's business model means that we do not employ all colleagues. We directly employ individuals in our corporate offices, reservation centres, and managed, owned, leased and managed lease hotels. However, not all individuals in managed, owned, leased and managed lease hotels are directly employed, and we do not employ any individuals in franchised hotels (nor do we control their day-to-day operations, policies or procedures).

What we achieved in 2021

People engagement

We have a number of forums available for employees to share their thoughts, including employee resource groups, a designated non-executive director for workforce engagement, and our employee engagement survey, known as Colleague HeartBeat, which allows people to express their views on key aspects of working at IHG.

In our 2021 survey, our overall employee engagement stood at 85%, which saw IHG again accredited as a Kincentric Global Best Employer. The survey highlighted areas that we can strengthen further, including the importance of filling job vacancies and advocating efficient and effective ways of working. Actions were taken in both these areas, including new hiring tools and a continued focus on improving processes, accountability and integration among teams. These areas will remain a priority for 2022.

Attracting, developing and retaining talent

To achieve our ambitions, we know we need to attract, develop and retain a diverse and talented workforce. This relies on our ability to develop an open and inclusive culture that promotes career development and equal opportunity, and recognises the importance of wellbeing in the workplace.

To address the challenges in attracting talent, we have developed new hiring resources and updated our policies to speed up the time it takes to process applications, worked with jobs platforms, schools and NGOs to unearth fresh talent, and run recruitment days and fairs. Our Early Careers and IHG® Academy programmes also provide work experience, internships and graduate opportunities to those seeking a career in hospitality.

We are firmly committed to investing in our employees and this year at a corporate level we embedded regular talent planning and development conversations to ensure we are building a strong pipeline for the future to deliver our ambitions. People managers have continued to hold quarterly check-ins with their teams to discuss performance and personal development, supported by an upskilling of HR partners through bespoke talent masterclasses. There is also a strong focus on reward, with our robust governance approach aimed at having fair and consistent reward and recognition practices across our employee population.

In our hotels, actions in 2021 included enhancements to our learning and development programme for existing GMs, the launch of a new Journey to GM talent acceleration programme, and the implementation of a new hotel talent

People engagement



Delivery of our purpose to provide True Hospitality for Good and the strategic priorities that drive future success relies on our people and our ability to maintain and evolve an engaged, diverse and inclusive culture where careers can grow.

What impacted them in 2021

- Attractiveness of working in the hospitality industry during the pandemic
- Staffing levels and ability to attract and retain talent
- IHG's strategy and approach to growth and future success
- IHG's approach to DE&I
- IHG's approach to hybrid working and wellbeing
- IHG's approach to climate change and wider environmental issues

Engagement

- Employee engagement survey
- CEO and regional leadership calls with Q&A
- Voice of the Employee feedback sessions
- Employee communications including intranet stories, newsletters, blogs, videos, podcasts and interactive sessions on strategic priorities
- ERGs representing ethnic minorities, gender, LGBTQ+, disabilities and other employees
- Quarterly performance, development and wellbeing check-ins
- Collaborative sessions including hackathons

Outcomes

- Increased focus on recruitment and talent development at hotel and corporate levels
- Continuation of employee engagement in company priorities and culture
- Progress against and continued prioritisation of DE&I commitments, including conscious inclusion training and refreshed DE&I policy
- Continued and increased focus on employee wellbeing, including enhanced parental leave policies in some markets and updated Global Flexible Working Guidelines
- Reinstatement of bonus and annual salary increase for our corporate employees
- IHG named a Kincentric Global Best Employer, with 85% employee engagement




See our employee engagement KPI on page 53, how the Board had regard for people in their board and remuneration decisions on pages 91, 92, 107, 108, 112 and 114, Voice of the Employee disclosure on page 101, and statement on employee engagement on page 227.



Visit www.ihgplc.com/responsible-business for further information about our people commitments.

system in certain markets, which matches on-property talent to the most relevant opportunities across our estate.

 See our GM talent acceleration programme on page 19, workplace environment on page 37 and workforce remuneration considerations on pages 107, 108, 112 and 114.

Wellbeing

In recognition of a shift to hybrid working as a result of the pandemic, we have provided employees with guidance and resources to help them adopt a balance of remote and office working that supports individuals and the delivery of IHG's key priorities. Employee surveys have also been run to understand expectations and help inform our approach.

In 2021, we updated our Global Flexible Working Guidelines with hybrid working principles, refreshed our UK Flexible Working Policy and highlighted flexible working opportunities within jobs. We've also taken steps to ensure a best practice approach to managing talent and performance in a hybrid environment.

During the year, we provided employees with access to mental health and wellbeing guidelines and webinars, and continued Recharge days and Focus Fridays, where we try to avoid standing meetings where possible to create some undisturbed time for employees. Parental leave policies were also evaluated across a number of locations and significant enhancements were made to our UK paternity leave policy and US parental

leave policy. We will continue to evaluate and review our policies to ensure they support people to be at their best.

For hotel teams, monthly newsletters with wellbeing guidance were shared, and local initiatives were also established in some markets.

Diversity, equity & inclusion (DE&I)

As a global company, it's important to us that our business reflects our people, our guests and the nationalities, cultures, ethnicities, sexual orientations, backgrounds and beliefs that they represent. This commitment is emphasised throughout our global hiring guidelines and initiatives, such as our conscious inclusion training, and is backed up by our Global Diversity, Equity, Inclusion and Equal Opportunities Policy, which was refreshed in 2021 and sets forth our commitment to promoting an inclusive environment that values and considers diverse attributes, perspectives, cultures and experiences.

Recognising that we still have progress to make as a business, our Global DE&I Board and regional DE&I councils work together to monitor progress against commitments, discuss emerging trends and feedback, and identify future focus areas. Our work in this space revolves around a DE&I framework spanning three core areas: strengthening a culture of inclusion; increasing the diversity of our leadership and talent; and putting the right decision-making processes around our actions.

Strengthening a culture of inclusion

In 2021, corporate employees completed more than 10,000 hours of conscious inclusion training, promoting education and awareness, and sparking important team conversations.

As part of our employee engagement survey, we also implemented an inclusion index in 2021 to track perceptions of culture and behaviour. The index showed that nine out of 10 corporate, reservation and managed hotel employees feel IHG has an inclusive culture, although perceptions were less positive among some ethnic minority groups. This is something we recognise and is reflected in our commitment to inclusion and achieving more diverse representation at all levels of our business.

Central to the conversation around DE&I and our progression as a business are our Employee Resource Groups (ERGs), which continue to expand and now have 1,300 members globally. These groups represent ethnic minorities (BERG US, EMbrace EMEAA), gender (Lean In), LGBTQ+ (Out and Open, US and UK), disabilities (DAWN US and UK), and Early Careers (HYPE Greater China, US and UK) and have been instrumental in driving employee engagement and celebrating key events, including International Women's Day, Global Inclusion & Wellbeing Week, and Pride.

Our Diversity, Equity and Inclusion Policy

IHG is committed to promoting a culture of inclusion where everyone feels safe, respected and valued. Our policy applies to anyone who is directly employed by IHG and colleagues who work in managed hotels. Below is a summary of our commitments:

- Actively support diversity and inclusion to ensure that all our employees are valued and treated with dignity and respect.
- Strive continually to provide people with a working environment that is free from racism, harassment and discrimination.
- Foster an environment where our employees can work together to maintain an inclusive working environment where everyone's unique contribution is valued.
- Ensure that all decisions affecting an employee's employment are made fairly and are based on an individual's ability and performance.

- Provide all employees with the opportunity to join our Employee Resource Groups.
- Provide employees with disabilities the appropriate support where reasonable and practicable to do so and in accordance with local requirements.
- Ensure our recruitment, development and reward practices, and our approach to working arrangements, are designed to attract, develop, and retain diverse talent.
- Work to educate our employees about the benefits that diversity and inclusion brings to our business and support interventions that improve diversity and inclusion in our places of work.
- Ensure all employees are aware of this policy and complete any relevant training in relation to diversity and inclusion.
- Ensure our customers experience an inclusive welcome and stay provided by our employees.

IHG's Global DE&I Board, chaired by our CEO, and regional DE&I councils feature representatives from across our Company who offer a breadth of experience from different cultures, industries and organisations. They work with stakeholders to ensure we continue to honour our DE&I commitments and strive for best practice.

It is our policy to comply with international, national and local regulatory requirements and, where required, any affirmative action as stipulated by local laws. We set measurable objectives for achieving diversity and inclusion for IHG and we review our progress against them each year.



See our DE&I Policy at www.ihgplc.com/responsible-business

Our strategy continued

Care for our people, communities and planet continued

Increasing the diversity of our leadership talent

We continue to deliver talent initiatives, such as our successful Rise programme, which is focused on increasing the number of women in GM and operations roles. During 2021, more than 100 women joined to take advantage of mentoring sessions, career development workshops, high-impact learning modules and empowering conversations designed to further careers.

In the Americas, we launched Ascend, a bespoke programme to develop Black leadership talent and build strong relationships with organisations dedicated to supporting Black employees, while in the UK, we have worked with Women in Hospitality and Leisure (WiHTL) to provide opportunities for our ethnic minority talent on a dedicated talent programme. An ethnicity disclosure campaign was also carried out in the UK to further understand our population and help inform future solutions and actions to support our ethnic minority employees.

IHG proudly continues to be recognised for its efforts, with CEO Keith Barr ranked first in the 2021 HERoes Advocates list, which celebrates the top 35 executives or senior leaders who actively campaign for diversity, inclusion and gender balance in the workplace. IHG also received a Highly Commended award in the Company of the Year category at the European Diversity Awards, with the efforts of several employees being acknowledged across different categories.

Putting the right decision-making processes around our actions

We understand that a diverse and inclusive environment creates a sense of belonging among employees and builds trust in our culture and values as a company. In 2021, we made progress on multiple fronts, including

our work to maintain a healthy gender balance as part of our succession planning and our work with recruitment partners to ensure that talent shortlists are as diverse as possible. We also work with organisations that encourage female senior leader development, and internally run in-depth talent reviews with our CEO and CHRO to create robust plans and pathways around developing future leaders.

A new member was also appointed to our Global DE&I Board to represent the voice of the Next Generation and help shape how we build an inclusive culture where all colleagues can thrive.

In 2021, we furthered our intent to cultivate inclusion within our supply chain. This work included IHG joining leading supplier diversity councils to help broaden our network of diverse local suppliers. In addition, a new analysis tool was identified for hotel and corporate spend that will allow us to create a more informed global picture and identify opportunities to increase work with small and diverse businesses. In support of this, we have started the process of detailing and communicating our supplier diversity programme to help demonstrate our commitment to the people and communities that we impact.

As at 31 December 2021	Male	Female	Total
Directors	7	5	12
Executive Committee	7	3	10
Executive Committee direct reports	33	22	55
Senior managers (including subsidiary directors)	81	29	110
All employees (whose costs were borne by the Group or the System Fund)	4,679	6,482	11,161

We do not require employees to report ethnicity and are dependent on self-disclosure. We encourage employees to consider disclosure, which will provide stronger reporting in the future.

Human rights and modern slavery

An integral part of our global commitment to responsible business is respecting human rights in accordance with internationally recognised standards.

We understand the importance of human rights in relation to our colleagues, guests and communities and we encourage those with whom we do business – including our suppliers, owners and franchisees – to prevent, mitigate and address adverse impacts on human rights, including modern slavery. We seek to advance human rights through our business activities and by working together with others to identify challenges and effective solutions.

Key focus areas in 2021 included: the development and pilot of minimum requirements relating to migrant worker risks in our hotels, including responsible recruitment and onboarding, staff living accommodation and worker voice; and a continued risk assessment of our supply chain, along with analysis of our approach to due diligence of suppliers.

Findings from our 2019/20 Oman market-level labour assessment continue to be addressed and applied to other countries in the IMEA region, and we have started a similar assessment in the UK. More broadly, we have collaborated with the Sustainable Hospitality Alliance (SHA) and International Organisation for Migration (IOM) on projects focused on ethical recruitment in our industry.

IHG is a member of the United Nations Global Compact (UNGC) and is committed to alignment of IHG's operations, culture and strategies with the UNGC's 10 universally accepted principles in relation to human rights, environment and anti-corruption.

See our Code of Conduct disclosure on pages 37 to 38, Responsible Business and Nomination Committee Reports on pages 100 to 103 and statement on disability on page 227.

See our Modern Slavery Statement at www.ihgplc.com/modernslavery



Communities

Improve the lives of 30 million people in our communities around the world



Our 2030 commitments

- Drive economic and social change through skills training and innovation
- Support our communities when natural disasters strike
- Collaborate to aid those facing food poverty

We rely on the communities in which we operate and are proud to use our global scale, time, skills and resources to ensure that our growth contributes positively to those around us.

As we work towards our targets, it's important we understand the impact of our investments, which makes integrity of data key to our approach. This year, we joined Business for Societal Impact (B4SI) – the global standard in managing corporate community investment – so that we can measure our input, output and impact of our projects.

What we achieved in 2021

Skills training and innovation

We're passionate about our industry and inspiring individuals to explore just how rewarding a career in hospitality can be. Since 2004, our IHG Academy programme has been helping young people around the world gain valuable employment and life skills through work experience, internships and apprenticeships alongside some of the world's best hoteliers.

In the past eight years, working with local education providers and community organisations, more than 80,000 people have been trained and mentored through the IHG Academy, offering those from all backgrounds a rich variety of free programmes to help them gain a job in hospitality or other industries, as part of our promise to provide True Hospitality for Good on a global scale.

To further its reach, we evolved the IHG Academy in 2021 with the launch of the IHG Skills Academy – a best-in-class online learning platform that provides a space for IHG and like-minded collaborators to offer free online education, courses and



opportunities for thousands more people looking to build their confidence and get employment-ready. This work has been undertaken in collaboration with charities and other IHG suppliers and launched in October with more than 500 initial pieces of English content available.

We continue to advance other skills-building programmes, too, including working with global NGO Junior Achievement Worldwide to give young people a headstart in the world of work, and in 2021 we hosted our Global Innovation Challenge to help high-school students learn valuable skills.

We have also set up the Open Source Curriculum with the Sustainable Hospitality Alliance, which will provide free online teaching to help participants to find jobs in hospitality or other industries.

In Greater China, we formed a strategic partnership with Wuxi Special Education School to provide training, internships and employment for mute and deaf children, with a number of hotels in different cities now taking part. We also welcomed 149 Future Leader Aspire participants into our Future Leaders programme.

Giving for Good month

During September 2021, more than 40,000 colleagues supported community projects as part of our annual Giving for Good month, making a positive difference to more than 350,000 people.

Over 260,000 volunteering hours were collectively dedicated to supporting communities, causes and charities, with colleague activities ranging from hosting free pop-up grocery stores in the US and charity walks in the UK, to planting trees in Saudi Arabia.

Supporting our communities when natural disasters strike

We continue to work with a range of skilled humanitarian aid organisations to support critical relief efforts and help our communities in times of need, whether that involves dealing with the impact of the pandemic or the effects of natural disasters.

In 2021, we supported relief efforts around the globe through donations to charities including the International Federation of Red Cross and Red Crescent Societies following the floods in Western Europe, while also supporting its response to the pandemic in countries such as India and Brazil.

Our strategy continued

Care for our people, communities and planet continued

We donated to the British Red Cross, who supported the UK vaccination programme, and worked with CARE International following typhoons in the Philippines.

IHG has worked with the American Red Cross (ARC) on disaster relief for a long time, and we continued supporting its incredible work in 2021, including helping the many US communities affected by wildfires, tornados and Hurricane Ida, along with the resettlement of Afghan refugees. As well as many of our hotels providing food, toiletries and quarantine facilities, IHG was among one of the first companies to join the Tent Partnership – a pledge to help Afghan refugees resettle in the US by providing training, job opportunities and guidance for our hotels to support efforts to hire them.

We assist our colleagues using the IHG Colleague Disaster Relief Assistance Fund. During 2021, we supported corporate employees, hotel teams and their families impacted by hurricanes and severe weather in the US, and others dealing with a worsening situation in India as a result of the pandemic.

Collaborate to aid those facing food poverty

We have supported food bank and food provision charities in 44 countries. Our donations have helped these providers access the funds, training and resources required to offer basic provisions to society's most vulnerable.



voco Kirkton Park Hunter Valley, Australia – from its solar farm that powers lights, eggs that come from the Kirkton Park chickens, honeybee farm that pollinates crops and provides fresh honey, and recycled water that feeds the lush vegetable gardens, they are on track to creating an environmentally friendly hotel. Kids also love taking the food-scrap buckets to the pig pen, which is one way the hotel limits waste.

We are working with organisations such as No Kid Hungry in the US and the Trussell Trust in the UK, while supporting the European Federation of Food Banks (FEBA) and The Global FoodBanking Network (GFN).

We also work closely with organisations in different parts of the world to divert food from our hotels to those in need.

80,000+

People have been trained and mentored through our IHG Academy programme since 2013

350,000+

People supported by colleagues participating in IHG's annual Giving for Good month in September

Communities engagement



The communities we are a part of both support and benefit from our responsible business approach and the commitments we have made to achieve a better and more sustainable future for everyone through our Journey to Tomorrow programme.

What impacted them in 2021

- Natural disasters, such as typhoons in the Philippines, floods in Western Europe and tornados in the US
- Societal and economic impact of the pandemic, including unemployment and food poverty
- Modern slavery and human rights issues
- Access to business skills development and local employment
- Climate change and other wider environmental challenges

Engagement

- Continued close collaboration with international and local charities and NGOs, such as Care International and British Red Cross
- Industry collaboration on human rights and labour conditions in specific markets
- Giving for Good month programme of activities and employee volunteering days
- Collaboration with local education providers and community organisations, as part of our focus on offering skills building and training opportunities

Outcomes

- Support for relief efforts around the globe and for our colleagues and their families through our Colleague Disaster Relief Assistance Fund
- Support for food bank and food provision charities in 44 countries
- Human rights assessments in IMEA and UK
- Launch of new virtual learning platform IHG Skills Academy
- Set up Open Source Curriculum with SHA
- Over 260,000 hours of employee volunteering dedicated to supporting communities



See our IHG Academy KPI on page 53, and Responsible Business Committee Report on pages 100 and 101.



Visit www.ihgplc.com/responsible-business for further information on our community commitments.

Planet

With hotels in more than 100 countries and ambitious growth plans for our brands, it is important to us that we operate sustainably and help preserve our planet for all generations to travel and explore.

So that we continue to create more sustainable guest stays and support our hotels to reduce carbon emissions, manage waste, and conserve and preserve natural resources, we are working with our hotel owners, suppliers, industry and governments. Remaining mindful of the challenges owners face in the current trading environment, we also set up a Global Environmental Sustainability Committee with the IHG Owners Association in 2021 to help us develop achievable milestones and reach our shared goals over the next decade.

See our TCFD, Responsible Business Committee Report and greenhouse gas emissions disclosures on pages 32 to 35, 100, 101 and 229 to 230.

See our Responsible Business Report at www.ihgplc.com/responsible-business

Energy

Reduce our energy use and carbon emissions in line with climate science



Our 2030 commitments

- Implement a 2030 1.5°C science-based target that delivers
 - 46% absolute reduction in CO₂ from our franchised, managed, owned, leased and managed lease hotels
- Target 100% new build hotels to operate at very low/zero carbon emissions by 2030
- Maximise/optimize the role of renewable energy

With the hotel sector accounting for around 1% of global carbon emissions, we know it's important that we play our part in protecting our planet for the future. In 2021, we joined the UN's Race to Zero and upgraded our carbon emissions target to align with the most ambitious goals of the Paris Agreement to keep global warming within 1.5°C.

As we own less than 1% of our hotels, everything we do to make a long-term change must be achieved in collaboration with our owners, partners and colleagues.

Carbon reduction is a priority we have been working closely on, including setting a science-based target (SBT) in 2020 that was initially aligned with limiting global warming to below 2°C, and further strengthened this year to align with 1.5°C.

What we achieved in 2021

To meet our new upgraded SBT, work was undertaken this year to ensure every IHG hotel has its own energy reduction target for 2022, and as a business we are focused on three broad areas: action plans and training to develop clearly defined pathways that improve the energy efficiency of our existing hotel estate; helping owners source renewable energy; and developing our strategy to ensure our new-build hotels operate at very low or zero carbon in the future.

In 2021, key steps included introducing a new system to allow hotels to have their energy data automatically captured for tracking, which in turn allows for more targeted actions and recommendations to reduce energy consumption. We have also switched our UK offices and managed hotels to a renewable energy tariff and continue to map renewable energy opportunities globally, alongside working with a number of hotels on on-site renewable energy.

Recognising the value of collaboration in speeding up progress, we became the first hotel company to sign up to the UK's Zero Carbon Forum, which along with our

IHG at COP26

IHG played a leading role for the hospitality industry at the UN's 26th Conference of the Parties (COP26) in Glasgow in November 2021, which focused on how governments, businesses and civil society can work together to find the urgent solutions needed to tackle climate change.

Our Chief Sustainability Officer and EVP, Global Corporate Affairs spoke at a series of high-profile events over the course of the two-week summit, where they discussed the facts the industry needs to face up to, the importance of collaboration in bringing meaningful change and outlined the innovative strides IHG is making to help shape the future of responsible travel. As trustees of the Sustainable Hospitality Alliance, they also helped launch the Glasgow Declaration: A Commitment to a Decade of Climate Action in Tourism.

During the fortnight, CEO Keith Barr also attended the Elysée Palace in Paris for a reception and working session with the French President, Emmanuel Macron, on how we can accelerate recovery and move towards a more sustainable travel and tourism sector.



The team at Crowne Plaza Copenhagen Towers in Denmark is dedicated to running a fully sustainable hotel. Its facade is lined with solar panels so that a renewable energy source can help power the building and a state-of-the-art groundwater-based system keeps it cool during summer and warm during winter. Automatic intelligent light, water, and waste-saving measures are installed throughout the property, while a stunning atrium (pictured) is filled with air-purifying plants.

Our strategy continued

Care for our people, communities and planet continued

membership of other organisations, including the World Travel and Tourism Council, the Sustainable Hospitality Alliance and the American Lodging & Hospitality Association, saw us work collectively on ways to decarbonise the industry. Working with experts Arup, Gleeds and Schneider Electric, we have explored steps to help our existing hotels operate at net zero carbon.

Waste

Pioneer the transformation to a minimal waste hospitality industry



Our 2030 commitments

- Eliminate single-use items, or move to reusable or recyclable alternatives across the guest stay
- Minimise food going to waste through a 'prevent, donate, divert' plan
- Collaborate to achieve circular solutions for major hotel commodity items

What we achieved in 2021

With only 9% of plastic currently being recycled and around one third of food produced being wasted across the globe, we're passionate about providing our guests with a more sustainable stay. We're working to eliminate single-use items in our hotels, adopt more reusable or recyclable alternatives, and establish a three-part plan to 'prevent, donate and divert' food waste.

While fulfilling our commitment to move all hotels to bulk-size bathroom amenities has been hampered by the pandemic, we made important progress with several suppliers in

2021 to put a range of product solutions in place for all of our brands across all regions. Reducing our plastic usage by an estimated 850 tonnes in the Americas region alone, these bulk products will also provide hotels with significant cost savings.

We have also engaged with experts from Travel Without Plastic to produce a bespoke Single Use Items Toolkit to help guide hotels on best practice when it comes to reducing, replacing and recycling common products. The toolkit promises to be a valuable educational resource for our hotel teams, which will have a positive impact on our operations and the environment.

Food waste is a particularly big problem globally, with a staggering \$1 trillion lost or wasted every year across the planet – accounting for roughly one third of the world's food. We have spent time this year developing existing collaborations and forming new ones with expert organisations across our regions to tackle the issue.

During 2021, we commenced the development of a global food waste training module for all of our hotel food teams to encourage them to measure and manage their food waste, ahead of rollout in 2022.

In the US, we are working with Goodr to deliver leftover food from our hotels to local charities, and in Europe many of our hotels use the Too Good To Go app to offer people the same opportunity.

In Australia, our successful work with food charity OzHarvest entered its third year, as we continued to divert food waste to local communities via a network of charities, and in the Middle East, we are using AI technology

so our hotels can track and measure food waste, providing chefs with real-time information for planning and preparation.

We also collaborated with the World Wildlife Fund, Greenview and industry peers on the Hotel Waste Measurement Methodology, which is designed to provide a common industry approach to collecting data, and measuring and reporting waste.

We continue to look for ways to extend the life of products that leave our hotels and offices. Our industry has traditionally seen product consumption at various stages of the guest experience and so our longer-term aim is to achieve circularity, where resources can be recycled or reused on a large scale. This might include the incorporation of recycled content in the manufacturing of new products, or making sure items are put to good use elsewhere once they leave our hotels, such as donating computers or furniture to charity, or offering surplus food to those who need it. We have committed to collaborate and work with others to help us achieve this as part of our Journey to Tomorrow commitments.

Water

Conserve water and help secure water access in those areas at greatest risk



Our 2030 commitments

- Implement tools to reduce the water footprint of our hotels
- Mitigate water risk through stakeholder collaboration to deliver water stewardship at basin level
- Collaborate to ensure adequate water, sanitation and hygiene (WASH) conditions for our operating communities

Demand for water often exceeds supply in many parts of the world, with the UN predicting this demand to increase between 20-30% by 2050. It's therefore never been more important for us to find ways to reduce our usage and work with others towards sustainable solutions that create water access for all. We are implementing tools to reduce water consumption across all our hotels, paying particular attention to those in water-scarce areas. In our communities, we are also working with others to establish adequate water, sanitation and hygiene (WASH) conditions and help ensure supply is managed more sustainably at a local level.



What we achieved in 2021

Each of our hotels has been given a water reduction target along with access to sustainable solutions to improve efficiencies through the IHG Green Engage™ system, such as low-flow fixtures and fittings. Owners are also able to access increasingly accurate data on usage in their hotels via an automated data entry tool.

Having identified the risks to water quality and quantity in our open and pipeline hotels in 2019, we undertook six water stewardship projects around the world as part of our membership of the Alliance for Water Stewardship (AWS), progressing on the final two in Shenzhen in China and on Hayman Island in Australia this year. Applying the AWS Standard to our projects has provided a clear pathway to reduce water usage, while allowing us to share ideas with other global member organisations and with hotels across our estate to maximise efficiency.

Collaboration is vital to meaningful progress and as a member of the Water Resilience Coalition, a CEO-led coalition of the UN Global Compact CEO Water Mandate, IHG is working with other organisations to collectively advance water stewardship and preserve the world's fresh water. This has informed our work to identify and manage risks around water supply, while also reducing costs for our hotels as they closely monitor their usage. In 2021, we also collaborated with Water.org as part of a pilot to help deliver WASH conditions for 15,000 people in India, Indonesia and Mexico.

What's to come

People

It is imperative that we ensure the right capabilities, tools and resources are there to support our people if we are to drive the growth of our business and build an inclusive and high-performance culture.

Key focus areas in 2022 include investment in an HR technology platform that will improve the user experience for corporate colleagues and hotel teams through increased automation, mobile functionality and seamless self-service. We will also continue the work done in 2021 to strengthen our General Manager pipeline, with a particular focus on Luxury & Lifestyle in support of our growth aspirations in that segment. Our strong focus on DE&I will be maintained, including celebrating key events, building further education with conscious inclusion training, and establishing new programmes with prominent organisations that champion equality within wider society.

We will also invest in building our talent attraction capabilities, increase our focus on talent management to build leaders for the future, and step up a multi-year investment in a new IHG University framework designed to support colleague development at different levels of the business.

More broadly, we will continue to place a clear focus on employee engagement with our strategy and how we continue to invest in our culture and ways of working.

Communities

For our communities, we will continue to work with charities to support those in most need around the world, and the rollout of our IHG Skills Academy will continue in local languages across markets globally, with the addition of new local collaborations.

Planet

Building a sustainable future is not simply a goal for our industry but imperative for our planet, and as one of the world's leading hotel groups, we recognise our responsibility to take decisive, practical action to reduce carbon emissions in every part of our business.

From 2022, tied to our new science-based target and Race to Zero pledge, we will increase the support we provide our owners in improving the energy efficiency of their hotels, with each receiving an energy target tailored to their property, along with access to solutions and colleague training to drive energy conservation. This will be supported by our new HERO (Hotel Energy Reduction Opportunities) tool, which will analyse energy consumption and help hotels find the measures specific to their property that represent the most cost-effective way to reduce energy usage.

More renewable energy contracts will also be rolled out in different markets, and work will begin on an update to our IHG Green Engage system and the development of our strategy to ensure our new-build hotels operate at very low or zero carbon in the future.



Delivering on the recommendations of TCFD

With hotels in thousands of communities all over the world, our business and brands touch the lives of millions of people every day. We understand that in our role as a major global hospitality company we have an important part to play in addressing the impacts of climate change. The success of IHG over the long-term depends on the environmental and social sustainability of our operations, the resilience of our supply chain and our ability to manage the potential impact of climate change on our business model and performance.

We have upgraded to a 1.5°C science-based target (SBT), which puts us on a trajectory to achieve net-zero emissions by 2050. In addition, we have joined the UN's Race to Zero – the global campaign to rally leadership and support from businesses, cities and investors for a healthy, resilient, zero-carbon future.

While we have an asset-light business model, with the majority of IHG hotels owned by a third-party, our commitments cover the operations of all our hotels globally, whether franchised, managed, owned, leased or managed lease hotels.

Last year, we made a formal commitment to support the recommendations of the TCFD. The following summary sets out our alignment, and notes where in this Annual Report we have made further climate-related financial disclosures consistent with the recommendations. In the rest of this section, further relevant disclosures are indicated as applicable. We note that our disclosures are consistent with the TCFD's recommendations for 2021 and have outlined what actions we will take to further strengthen our climate-related financial disclosures in 'Future actions'.

Future actions

We're committed to continued improvement on climate risk management as we deliver on the strategic intent of the TCFD. In addition to specific climate risk mitigation actions identified in the following pages, over the next 12 months we will deliver the following key actions:

- Continue the integration of climate considerations into our Group risk management framework. This allows us to consider the interactions between climate and other strategic risks, as well as implementing mitigations through business-as-usual processes.
- Continue to monitor trends in potentially material climate-related risks and opportunities, with improved data capture. This will include further embedding climate impacts into our risk assessments and long-term financial plans and Group strategy, with development of further metrics where needed.
- We will take steps to align to new recommendations and disclosure requirements under the International Sustainability Standards Board (ISSB), TCFD and UK Green Finance Strategy.
- Undertake a carbon price exposure assessment on how changes to carbon pricing policy could impact our business, and to inform the business cases for decarbonisation actions.
- Enhance the quality of data capture on those risks that have been identified as most material and provide further quantification of the potential impacts.
- Develop a Group-wide climate transition plan to coordinate decarbonisation initiatives and investments taking place across our business. This plan will align with our 1.5°C SBT commitment.

TCFD recommendation

Summary of our alignment with TCFD

Governance – Setting out our governance around climate-related risks and opportunities.	
a. Describe the Board's oversight of climate-related risks and opportunities.	The IHG Board has collective responsibility for overseeing and ensuring the management of climate-related risks and opportunities and is advised by the Responsible Business Committee on IHG's approach in this area. See more details on page 33.
b. Describe management's role in assessing and managing climate-related risks and opportunities.	The Executive Committee is responsible for managing climate-related risks and opportunities. The Chief Financial Officer and Group Head of Strategy (CFO) is the overall sponsor for decarbonisation within the business, and we have formed a TCFD Steering Group of Senior Leaders from across different functions of the business who have led the work, supported by the TCFD Working Group, to ensure we assess and manage climate-related risks and opportunities, embedding the results of the climate scenario analysis into long-range business planning. See more details on page 33.
Strategy – The actual and potential impacts of climate-related risks and opportunities on our business, strategy and financial planning, where material.	
a. Describe the climate-related risks and opportunities the organisation has faced over the short, medium and long-term.	<p>With external expertise, we completed a risk and opportunity review across our value chain and identified the most material potential impacts associated with our business. See our climate-related risks table on page 34 and climate-related opportunities table on page 35.</p> <p>Our impacts are categorised over the following timescales: (a) short: 1-5 years to highlight immediate risks or opportunities; (b) medium: 10-15 years to align to our Group strategic planning cycles; (c) long-term: 30 years to align to TCFD requirements.</p>
b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Climate-related scenarios are being embedded into our long-range planning and future Board strategy discussions. Work is underway to improve data and modelling around major risks identified and TCFD findings are now considered as part of the strategic planning process. We have outlined the most material of our impacts in our climate-related risks table on page 34. See pages 29 to 31 for details of the environmental initiatives already underway and pages 149, 172 and 176 for the consideration of climate risks in the financial statements to support conclusions on going concern, deferred tax assets and goodwill respectively.
c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<p>We analysed the resilience of IHG's strategy under both 2°C and 4°C climate change scenarios. The results showed that, given IHG's asset-light business model, transition risks are more likely to have a material impact on our business, compared with physical risks.</p> <p>For more detail on how we are mitigating our climate-related risks to ensure business resilience, see our climate-related risks table on page 34 and see pages 29 to 31 for details of our environmental policies and initiatives.</p>

TCFD recommendation

Summary of our alignment with TCFD

Risk management – How we identify, assess and manage climate-related risks.	
a. Describe the organisation's processes for identifying and assessing climate-related risks.	Our TCFD Steering Group has led a detailed scenario analysis of climate-related impacts across the IHG value chain. Outcomes of this risk assessment process were presented to Executive Committee members, Senior Leadership and the Board for review and used to inform our climate change action plans. The monitoring and management of the climate risks identified by our initial assessment (supported by external expertise) will now be integrated into our existing risk management processes – including scenario planning, crisis management and analysis of longer-term trends. For more information on our scenario analysis of climate-related risks, see the Climate-related risk management and strategy section on page 34.
b. Describe the organisation's processes for managing climate-related risks.	We have historically taken a number of steps to manage climate risk, including activities such as engaging with customers and the rest of the industry on demand for greener travel and hospitality services. For several years, we have also had carbon reduction targets at both a Group and hotel level, and in early 2020 announced a SBT to reduce greenhouse gas emissions, which we upgraded at the end of 2021. We continue to collect information to support the monitoring of these risks and develop mitigation responses as required. With oversight from our Risk and Assurance and Corporate Responsibility teams, our assessment of transition risks are continually reviewed by relevant teams across IHG. Our physical risk assessment will be reviewed every three years, or more frequently if required. See the Climate-related risk management and strategy section on page 34.
c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	We consider climate change within the context of environmental and social megatrends as one of our principal risks. As part of our 2021 review of principal risks with the Board, we also described how climate change potentially impacts other existing principal risks and are embedding climate change resilience into existing 'business as usual' processes. For more information on IHG governance and management of principal risks, see pages 40 to 47.
Metrics and targets – The metrics and targets used to assess and manage relevant climate-related risks and opportunities.	
a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	One of our strategic priorities is to 'care for our people, communities and planet' and to guide our actions and drive progress, in 2021 we launched Journey to Tomorrow, an action plan of commitments we've made to create positive change by 2030. As part of this action plan, we have set ourselves an ambitious SBT, aligned to 1.5°C, which is driving action across the business. More detail on our SBT is included in the strategic mitigations in our climate-related risks table page 34. Energy reduction targets are incorporated into hotel-level metrics, as well as at the Executive Committee. ESG criteria, including annual energy reduction, form part of the Annual Performance Plan (APP) structure for Executive Directors and eligible employees. This forms part of a range of KPIs and review of performance against IHG's Global Metrics. We have continued our work this year to develop ESG metrics with a view to incorporating into our long-term incentive plan and continue to develop the quality of our environmental data in order to enable this. See more on our metrics on page 35.
b. Disclose scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks.	Our 2019-2021 scope 1, 2 and 3 emissions data and methodology can be found on pages 229 and 230. We have disclosed the categories of scope 3 emissions, which are covered by our 1.5°C aligned SBT.
c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Our existing targets have been approved by the Science Based Targets initiative (SBTi) as 1.5°C aligned and we are also aiming for our new-build hotels to operate at very low or zero carbon by 2030. Our scope 1, 2 and 3 emissions data will provide us with an ongoing understanding of how we are progressing on our decarbonisation journey.

Governance

Board consideration of climate risk and opportunities

IHG's approach to governance has been about addressing our environmental and societal impacts as well as our financial performance for many years. Our governance framework is headed by the Board, which includes collective responsibility for ensuring the management of climate-related risks and opportunities.

The Board is advised by the Responsible Business Committee (the Committee) on the Group's corporate responsibility strategy, including our approach to climate-related impacts. The Committee meets three times a year and assesses the Group's exposure to potential long-term climate-related risks and opportunities. This year, the Committee established TCFD reporting procedures and processes for overseeing the monitoring and management of the climate change risks identified through the scenario analysis. TCFD is also considered by both the Audit and Remuneration Committees within their respective remits.


Board training on ESG considerations is provided as needed. In 2021, our updates focused on our decarbonisation strategy, as well as specific priorities for TCFD work in 2022.

Management ownership of climate-related risks and opportunities

Operational matters, routine business and information disclosure procedures are delegated by the Board to Management Committees.

Our internal TCFD Steering Group is responsible for delivering on the TCFD recommendations and identifying and assessing any potentially material climate impacts and during 2021 it met four times. The Chief Sustainability Officer is responsible for monitoring progress against our carbon reduction target, which is reported externally on an annual basis.

A TCFD Working Group has overseen an integrated climate scenario analysis for IHG's global business. This Group, with oversight from the Steering Group, will continue to operate through 2022 to drive adoption of TCFD-related action plans across the business. The TCFD Working Group regularly reports into the TCFD Steering Group and also provides periodic updates on its key findings from the scenario analysis and climate-risk identification process. See the following section for more details of our scenario analysis process.

 See further information about Director development on page 94, and Audit, Responsible Business and Remuneration Committee Reports on pages 95 to 101, and 104 to 125.

Delivering on the recommendations of TCFD continued

Climate-related risk management and strategy

We consider climate change within the context of environmental and social megatrends as one of our principal risks. During 2021, we undertook scenario analysis work to assess in more detail IHG's potential exposure to both physical and transition impact over the short, medium and long-term. We selected 2°C and 4°C scenarios to model a high physical impact scenario and one with greater transition impacts. This was aligned with the 2°C aligned SBT that we had set. In 2021, we upgraded to a 1.5°C aligned SBT and therefore intend to refresh our scenario analysis in 2022 to align to this newly revised target.


Our analysis covered our full value chain and included acute and chronic physical risks, including droughts or floods, water stress, wildfires and rising sea levels, as well as transition risks, such as changes in stakeholder expectations, travel patterns, climate policy

and regulation. Physical risks were assessed using the Intergovernmental Panel on Climate Change's (IPCC's) 2°C-and 4°C-aligned Representative Concentration Pathways (RCPs) 4.5 and 8.5 respectively. We integrated IHG's business plan assumptions on regional growth into the scenario analysis process, to ensure risk and opportunity quantifications reflected IHG's growth strategy. The risks were then assessed using defined materiality thresholds along with revenue estimates from the business plan across timeframes. In the climate-related risks table (below) we outline our mitigation and strategy resilience, based on the scenario analysis.

We have begun to quantify these climate-related impacts, based on global emissions and climate modelling data, as well as inputs from IHG's business planning and risk management processes. In 2022, we will be advancing this work by enhancing the quality of data capture on those risks that have been identified as most material and provide further quantification of the potential impacts.

The most potentially material climate-related risks and opportunities we identified through scenario analysis, as well as the mitigations set out in our action plan, are described in the table below. As we continue to gather more data to enable us to understand the impact on IHG, we will also assess the aggregate impact of these on our wider stakeholders, including our hotel owners.

Climate-related risks

Summary of risk	Impact	Mitigation and strategy resilience
Ability to meet stakeholder expectations around IHG's role in the energy transition Medium-term (10-15 years) Potentially material impact	<p>With climate change being the biggest threat facing humanity, we all have a significant and immediate role to play in curbing global carbon emissions and keeping temperature rise within 1.5°C above pre-industrial levels.</p> <p>Key stakeholders – including guests, investors and governments – are increasingly looking for businesses to not only set the right goals, but also demonstrate their commitment in the actions they take today.</p> <p>We recognise that not delivering on increased stakeholder expectations could result in a reputational risk for the Group, especially in a scenario where our peers meet or exceed our own decarbonisation plans. Continuous progress against our targets can create significant operational and commercial opportunities.</p> <p>We have not quantified this impact, but we are monitoring it alongside wider reputational risks.</p>	<p>Being a responsible business is at the heart of IHG's strategy and includes a strong focus on reducing the carbon footprint of operations, as well as those of our franchisees.</p> <p>We have upgraded our emissions reduction target to align to 1.5°C, and are progressing decarbonisation plans across the estate</p> <p>Our target is to reduce emissions from our managed, owned, leased and managed lease hotels by 46% by 2030, from a 2019 baseline, and to do the same with emissions from our franchised hotels, which puts us on a trajectory to achieve net-zero emissions by 2050. In 2022, we will update our transition risk assessment to align with this new target. These are challenging targets given IHG's predominantly franchised business model and ambitious growth strategies.</p> <p>We are developing a Group-wide climate transition plan</p> <p>This will help us ensure we meet stakeholder expectations around the transition and deliver on our own ambitious targets on carbon reduction. Over the next 12 months, we will be developing a detailed climate transition plan, in line with recent supplementary guidance announced by the TCFD. This plan will coordinate a range of decarbonisation initiatives ongoing across our business and focuses on three key levers: driving energy efficiency in our existing estate; facilitating a shift to renewable energy wherever possible; and targeting 100% of new-build hotels to operate at very low or zero carbon by 2030.</p> <p> See our planet section on pages 29 to 31 to learn more about our work on decarbonisation.</p>
Reduction in aviation passenger numbers expected to impact hotel demand medium to long-term (10-30 years) Potentially material impact	<p>Today's aviation travel, in particular international travel, has a significant carbon footprint. Under a 2°C scenario, aviation travel could reduce significantly as travel patterns align to a low-carbon economy. This could potentially reduce the ability of guests to visit our hotels.</p>	<p>Given our diverse portfolio of hotels catering to both domestic and international travellers, such a shift in travel patterns could provide both downsides and upsides to our business, if for example, more guests opt to travel domestically utilising greener transport modes such as high-speed trains in China.</p> <p>We are improving data collection to understand our customers' travel patterns</p> <p>The impact on travel is being closely monitored post Covid-19. To enable us to calculate the potential impact of this shift in travel on our different regions and brands, we are planning changes to our guest survey to collate further data on the modes of transport used.</p>

Summary of risk	Impact	Mitigation and strategy resilience
<p>Increased desire for 'green hotels' could have a material impact on IHG revenues</p> <p>Medium to long-term (10-30 years)</p> <p>Potentially material impact</p>	<p>Green hotels will play an important part of our future under all scenarios. Attitudes and beliefs around climate change have changed significantly, with 60% of 9,000 adults surveyed by IHG across the US, UK, Germany, Greater China, the UAE and Australia agreeing that they want to be more environmentally and socially conscious on their travels.</p> <p>The changes in these attitudes and beliefs have started to now impact consumer behaviour, both for business and leisure travel, as green credentials are factoring into customers' buying decisions. We recognise that these changing consumer behaviours offer both an opportunity and a risk for IHG, depending on how fast the green hotel market expands and how much of this new market we capture share of. Under a 2°C scenario, we do expect a significant impact over time – either a risk or opportunity depending on our ability to demonstrate our green credentials.</p>	<p>We have developed a bespoke tool to help our hotels identify and prioritise energy efficiency solutions based on key building characteristics, including return on investment information and procurement support as feasible. Called the Hotel Energy Reduction Opportunities Tool (HERO Tool), it will help enhance the hotel's environmental credentials. In the UK, all our managed lease hotels are now on renewable energy contracts, and we have started actively promoting renewable energy solutions to owners in key markets.</p> <p>We are improving data collection to understand consumer sentiment towards greener travel</p> <p>Given the potential materiality of this exposure, we are working to leverage existing consumer sentiment data in this area, such as a social monitoring platform to gather data from guests' social posts (social media, review sites) and developing a methodology to gather, track and measure the impact of actual (rather than claimed) guest behaviour.</p>
<p>Loss of franchise royalty fees following natural disasters</p> <p>Long term (15-30 years)</p> <p>Potentially minor impact</p>	<p>Under both a 2°C and 4°C scenario, the frequency of natural disasters is expected to continue to increase up to 2050 and beyond.</p> <p>The resulting business interruption reduces the amount of franchise royalty fees we will receive from the specific hotels impacted, however this does not take into account the potential for increased demand from any ongoing recovery efforts.</p>	<p>We are tracking physical climate impacts across our portfolio</p> <p>We have previously assessed the physical risks of climate events on our hotels, and we are now upgrading systems to track the physical impacts of climate change across our portfolio and how much additional business is driven into our hotels from recovery efforts. This will allow us to adapt to these hazards more effectively and assess the impact on our business and owners.</p>

Some of the potentially material climate-related risks we have identified could also present opportunities to IHG, which are shown in the table below. Our continued progress against our decarbonisation targets and strategic response planning will strengthen our ability to realise these potential opportunities.

Climate-related opportunities

Summary of opportunity	Actions being taken
<p>Supporting hotel owners to meet new customer demand for sustainable travel</p>	<p>We have committed to deliver new-build hotels that operate at very low or zero carbon by 2030</p> <p>We recognise our customers are increasingly expecting high standards of sustainability in their leisure and travel purchases. Our commitment to deliver new-build hotels that operate at very low or zero carbon signals our intent to further help our hotel owners meet potential future demand for green travel, and to improve our competitive position overall. This will be supported by enhanced engagement with customers and data regarding customer demand to help us deliver on customer priorities for sustainability and climate.</p>
<p>Supporting hotel owners to decarbonise their assets could increase commercial attractiveness</p>	<p>We are continuing to invest in ways to support hotels become more energy efficient and decarbonise assets</p> <p>While reducing emissions can require investment, we are leveraging our Green Engage system to ensure we invest in energy efficiency improvements that have the greatest potential to reduce costs over the long-term. This will be supported by our HERO tool, further details of which are available in our 2021 Responsible Business Report (see link below).</p>
<p>Increased domestic tourism driven by changes in long-haul travel patterns</p>	<p>We are improving data collection to understand our customers' preferences on sustainability</p> <p>Changing travel patterns represent both a potential risk and opportunity to our business. We have a large domestic customer base, and there may be a further positive impact to this market driven by future changes to travel patterns, as some customers move to shorter-haul and less carbon intensive modes of travel. Gathering further data will help us understand this trend further and ensure we can meet the needs of any changing customer base.</p>

Metrics and targets

Our metrics and targets allow us to monitor the delivery of our strategy and long-term success. To ensure our transition is based on the best available science, we have now upgraded our science-based target (SBT) to align to the most ambitious target of the Paris Agreement to limit global warming to 1.5°C. This target has been approved by SBTi and commits us to reducing our absolute carbon footprint by 46% from our franchised, managed, owned, leased and managed lease hotels by 2030 (based on our 2019 carbon footprint).

 See our carbon footprint KPI on page 53.

A core part of delivering further emissions reductions against this target will be decarbonising our hotel operations across our portfolio. To help drive this, we are also targeting 100% of new-build hotels to operate at very low or zero carbon by 2030 onwards.

We continue to track global environmental impacts through our IHG Green Engage system. All IHG hotels are required to use this system to track their environmental impact, with data collected on benchmarking information, green building solutions and opportunities to improve efficiency across carbon, energy, water and waste metrics. Data from this system will continue to underpin our ESG and climate metrics and will help us identify opportunities for investment as part of our wider climate transition plan. We will work with our internal audit team and external specialists to provide assurance over this data.

As we further develop our financial impact assessment of climate-related risks and opportunities, this will inform the development of any additional metrics and targets around the management and mitigation of risks and the strengthening of IHG's business resilience against climate-related impacts.

 Our Responsible Business Report and ESG Databook are available at www.ihgplc.com/responsible-business

How IHG does business

Our purpose of providing True Hospitality for Good is underpinned by our commitment to a culture of operating in a responsible and ethical manner. Our culture sets the tone for how we do business.




Stakeholder engagement

IHG engages with its stakeholders at all levels of the business, from the Board, through the Executive Committee, Senior Leadership and corporate functions, to front-line operations. A variety of methods are used based on experience and developing best practice, including face-to-face meetings, feedback and performance reviews, employee forums and training. We adjust our engagement methods as required to ensure they remain effective for both our stakeholders and IHG. For example, adopting global CEO video calls with Q&A has ensured employees are kept informed and have an opportunity to raise topics that matter to them.

The effectiveness of our engagement methods is measured through a range of metrics, including our KPIs (such as signings and pipeline), performance, ability to attract and retain talent, employee engagement survey results, adherence to the policies covered by our Code of Conduct and AGM results.

The views and interests of other stakeholders, such as regulators and industry bodies, are also taken into consideration. They help provide a framework against which we measure ourselves, protect our reputation and develop our commercial and social awareness.

 See information on our engagement with key stakeholders, approach to the planet on pages 20 to 39, 92, 101, 107, 108, 112-114, and Section 172 statement on pages 90 and 91.

A number of linked factors impact IHG's long-term success, including the resilience of our business model, our purpose, and the effectiveness of our strategy. Underpinning all of these is our workplace culture, which is driven by our reputation as a well-governed, trusted and ethical company.

Key factors that drive our over-arching culture and approach to business include our structure and governance, risk appetite, controls and systems, workplace environment, behaviours, Code of Conduct, including our values and related policies, all of which should be read in conjunction with our strategy, risk management, KPIs and Governance sections in this Report.

Our structure and governance

IHG's Board has overall responsibility for ensuring that the way we work and our culture are aligned with our purpose and drive our strategy. At each meeting, the Board and its Committees review metrics, reports and scorecards, and receive presentations on key business factors, including in relation to culture and governance. They challenge and support Senior Leaders, particularly where there is a need to adapt policies and initiatives, ensuring the continued alignment of strategy and culture.

The Board delegates day-to-day responsibility for setting and embedding Company culture to the CEO who, together with the Executive Committee, leads from the front and role models attitudes and behaviours to create an open and honest workplace environment, empowering employees to give feedback and freely ask questions about matters that concern them, such as during the CEO's quarterly, global all-employee calls. The Executive Committee is responsible for executing the Group's strategy, and keeping the Board informed of the operation of the business and workplace culture.

IHG's hotel development and operations are organised on a regional basis (Americas, EMEA and Greater China) and are supported by global functions in the key areas of Marketing, Commercial & Technology, Finance, Human Resources, Corporate Affairs, and Business Reputation and Responsibility.

Management of the regional and global teams is organised into leadership teams, who are responsible for executing on IHG's strategic priorities in a manner that aligns with the Group's culture and values. Decisions on hotel developments and capital expenditure go through the appropriate deal approval and expenditure committees.

The Group operates a Global Delegation of Authority Policy, which sets out financial commitment and expenditure approval controls. Commitments over certain thresholds or type of proposal require approval from the Group's Capital Committee, which reports into the Executive Committee.

The Group's legal ownership structure comprises around 390 subsidiaries worldwide. These entities provide the legal framework required to support the Group in making individual contracts and commitments.

Information on the Board's monitoring and assessment of our culture is included on page 91.

Risk appetite, controls and systems

Our risk appetite and tolerance is continually reviewed by the Board in its pursuit of strategic and business objectives. While our strategy does not consciously expose any of our assets to significantly heightened risk, the choices we make aim to balance priorities and resources to either actively exploit current advantages or address current disadvantages versus a range of competitors, and meet stakeholder expectations. The Board considers the portfolio of risks we face and whether our allocation of resources and pace of initiatives to build enterprise capability, creates any imbalance or exposes other risk areas as the industry emerges from the pandemic. Our risk appetite is cascaded through our values and behaviours, our goals and targets, our Code of Conduct, Delegation of Authority and other global policies, and is further reinforced by frequent leadership communications to guide behaviours and set priorities.

We are committed to a framework of monitoring and assurance processes in relation to our initiatives and policies, reviewing whether they have operated within acceptable risk tolerances where priorities have shifted, or where additional actions were required. Board and Committee agenda topics allow the Board to identify and discuss the nature and extent of principal (and emerging) risks and how risk management arrangements have adapted where required.

See Our risk management on pages 40 to 47 and Governance pages 89 and 96 to 97.

Workplace environment

The pandemic has ushered in fundamental changes to the workplace, including hybrid and remote working. We continually review our ways of working as new practises emerge in line with local restrictions and working cultures. Although each region has embraced this differently, with offices at different stages of re-opening, what has emerged is a new type of connectivity between employees, in particular with the adoption of video meetings, a focus on work-life balance and wellbeing, and a less formal approach. As an example, the Denham head office in the UK has embraced a flexible, hot-desking environment, with Executive Committee members working alongside team members in an open-plan workspace.

We are mindful that as a result of changes in the workplace and increased digitalisation, we need to be vigilant regarding the security of Company information and data. In 2021, we ran a series of global cybersecurity teaching sessions that included topics such as phishing, keeping information safe and secure whilst working remotely, social engineering, and securing and safely

transferring data. We also increased controls around IHG-approved tools and systems, and refreshed and relaunched our security policies at the beginning of 2022.

See our people disclosures on pages 23 to 26, and key matters discussed by the Board on page 91.

Our behaviours

Our Move fast, Solutions focused, Think return and Build one team behaviours empower and inspire our employees to work in a way that supports our purpose and strategic priorities. These are underpinned by our Code of Conduct and responsible business approach, and together influence how we interact with our stakeholders. By role modelling our behaviours, IHG's leaders create an environment that encourages rapid decision making that supports our growth aspirations, within a framework of due diligence and assurance processes.

Employees have shown continued adaptability and resilience in the face of the pandemic, while demonstrating our behaviours. During the year, a series of Next Talk events were led by Executive Committee members across the organisation, to deepen understanding of the link between our behaviours and strategy. More than 2,000 employees joined the sessions, with positive feedback from them.

Code of Conduct and related policies

IHG's Code of Conduct (Code) is the framework for how we do business at IHG, and underpins our strategy and commitment to providing True Hospitality for Good. Our key principles and policies are included in the Code, which enables employees and colleagues working in IHG corporate offices, reservation centres, managed, owned, leased, and managed lease hotels to make the right decisions, in compliance with the law and IHG's ethical standards.

Included in the Code is an overview of our values, reporting concerns framework and Group policies, including human rights, respect in the workplace, diversity, equity, inclusion and equal opportunities, accurate reporting, information security, anti-bribery and corruption, and the environment. It also provides guidance on where to go if colleagues have a concern and need further help.

The Board, Executive Committee and all colleagues working in IHG corporate offices, reservation centres, managed, owned, leased, and managed lease hotels must comply with the Code. We expect those we do business with, including our franchisees, to uphold similar principles and standards.


The Code is reviewed and approved by the Board on an annual basis, and is supported by annual e-learning requirements. In 2022, we will continue to evolve our Code training, engagement and measurement approaches, including developing and launching a new



How IHG does business continued

Code e-learning module to support and provide additional guidance. In addition to our Code e-learning, we monitor and assess other aspects of our culture through a variety of methods, including direct engagement, employee engagement surveys, tracking of e-learning completion and our confidential reporting hotline.

The following policies and principles form some of the key areas of the Code. Other areas of the Code, such as our DE&I policy, and human rights and modern slavery commitments, are outlined on pages 25 and 26. Initiatives to respond to legal, regulatory and ethical compliance risks are on page 46.

 IHG's Code of Conduct is available in 10 languages on the Company's intranet and www.ihgplc.com/responsible-business

Our values

Led by the Board and Executive Committee and our values underpin our behaviours and business ethics, guide how we deliver our strategy, make decisions and live our purpose.



Do the right thing



Show we care



Aim higher



Celebrate difference



Work better together

Speaking up

Central to our people culture is respect in the workplace, whether it be relating to a colleague, guest or anyone else. IHG has zero-tolerance to any form of discrimination, harassment or bullying in line with our Respect in the Workplace Policy. Whilst we uphold our responsibility to behave ethically and protect IHG's reputation, it is possible that a few colleagues may act in a way which conflicts with the principles set out in the Code. Guidance is given to report concerns directly to line managers, supervisors or local Human Resources representatives. For instances where it is more appropriate, a confidential reporting hotline and online reporting facility is available and globally advertised. The Head of Risk and Assurance and General Counsel and Company Secretary are also available to be contacted. Reports are routinely reviewed by the Board, who ensure arrangements are in place for investigations and follow-up actions.

Safety and security

IHG is committed to providing a safe, secure and healthy environment for all our colleagues, guests and visitors. All operations must comply with all applicable health, safety and security laws. Beyond compliance with the law, IHG works to identify further improvements to the way we manage safety and security risk and has mandatory Brand Safety Standards in place for all hotels globally to drive consistency in this area. Initiatives to respond to safety and security risks are on page 47.

Bribery and corruption

IHG is committed to operating with integrity. Bribery and any form of financial crime, including improper payments, money laundering and tax evasion or the facilitation of tax evasion, are not permitted under any circumstances. This also applies to any agents, consultants and other service providers who do work on our behalf.

Our Anti-Bribery Policy sets out our zero-tolerance approach and is applicable to all Directors, Executive Committee members, employees and colleagues in managed, owned, leased, and managed lease hotels. It is accompanied by a mandatory Anti-Bribery e-learning module. Our Gifts and Entertainment Policy and guidance further supports our approach in this area. To continue to enhance our anti-bribery programme and in line with best practice, in 2021 we undertook a Group-wide bribery and corruption risk assessment with the assistance of specialist external counsel. The objective was to ensure that IHG's key bribery risks continue to be addressed and areas of improvement are identified. The assessment has recently concluded, and the findings will be incorporated and addressed throughout the business under the leadership of the Ethics and Compliance team. Initiatives to respond to legal, regulatory and ethical compliance risks are on page 46.

IHG is a member of Transparency International UK's Business Integrity Forum and participates in its annual Corporate Anti-Corruption Benchmark. Each year, the results from this benchmark help to measure the effectiveness of our anti-bribery and corruption programme and identify areas for continuous improvement.

Handling information responsibly

We are committed to ensuring that guests, members of our loyalty programmes, colleagues, shareholders, owners and other stakeholders trust the way we manage data. As part of our privacy and information security programmes, we have standards, policies and procedures in place to manage how personal data can be used and protected.

Our e-learning training for employees on handling information responsibly is a mandatory annual requirement, and covers topics such as password and email security, using personal data in accordance with our policies and privacy commitments, how to work with vendors and transferring data securely.

In addition to the cybersecurity awareness learnings mentioned on the previous page, we held tabletop exercises to practise our ability to detect and respond to potential security events, such as ransomware and supply chain attacks. We continue to develop our privacy and security programmes to address evolving requirements and take account of developing best practice. The Board regards cybersecurity as a critical business discipline and it regularly receives updates.

 See initiatives to respond to cybersecurity and information governance risks on page 44.

Section 172 statement


Details of how the Directors have had regard to the matters set forth in Section 172(1)(a) to (f) of the Companies Act 2006 is provided in the Section 172 statement on pages 90 to 91.

Further details can be found throughout the Strategic and Governance Reports, including in our key stakeholder engagement disclosures on pages 20 to 28, 39, 92, 101, 107, 108, 112 to 114, 227 and 228.

Non-financial information statement

Non-financial information, including a description of policies, due diligence processes, outcomes and risks and opportunities can be found as set out below. Internal verification and disclosure controls apply to all the information covered in these areas.

- Impact of the Company's activities on the environment on pages 29 to 35, and 229 and 230
- Social matters on pages 27 and 28
- Anti-corruption and anti-bribery matters on page 38
- Employee matters on pages 24 to 26, 101, 107, 108, 112, 114 and 227
- Respect for human rights on page 26
- A description of the Group's business model on pages 10 to 13
- The Group's principal risks on pages 42 to 47
- The Group's KPIs on pages 50 to 53

 See our relevant policies at www.ihgplc.com/responsible-business

Responsible procurement

Growing our business in an innovative and sustainable way, whilst working to the highest standards of business conduct, plays a key role both in our supplier selection process and how we continue to work with our existing suppliers. We are committed to working with suppliers who meet our minimum ethical standards and share the values of our responsible business plan – Journey to Tomorrow.

What we do already

Our supply chain activities are split between corporate and hotel supply chains. Hotel purchasing predominantly occurs at a local hotel level, as our hotels are largely owned by independent third-party owners who are responsible for managing their own supply chains. In some key markets, IHG has purchasing programmes in place for essential goods and services required for opening, renovating and operating a hotel, which hotels have the opportunity to buy. Our corporate supply chain covers marketing, technology and professional services.

To help manage and monitor our corporate supply chain, an automated procurement system is used across many of our large offices. Several strategic suppliers also receive hands-on support in the form of business performance reviews to mitigate risk and promote value realisation.

To ensure that suppliers act with the same integrity and respect as we do, new corporate suppliers are required to confirm their acceptance of the IHG Supplier Code of Conduct (or demonstrate they have equivalent policies in place), when they

are onboarded, in addition to it being a contractual requirement. Recommended guidance is also provided to our managed hotels.

What we achieved in 2021

In 2021, we focused on our supply chain risk assurance programme, IHG's Green Supplier programme, ongoing collaboration with diverse suppliers and improving employee awareness of responsible procurement.

Some procurement activities were reduced due to supply chain disruption, including longer shipping times, which impacted our ability to source products. However, other activities did continue and the Board reviewed initiatives to leverage our system-wide buying power and simplify the procurement programme to lower costs for owners. See page 91 for more information.

We refreshed our responsible procurement criteria for prospective suppliers. The pre-contract assessment is part of IHG's tendering process and includes due diligence questions about suppliers' governance, labour and environmental practices relevant to suppliers' own operations and supply chains.

IHG complies with its statutory reporting duties on payment practices and performance and is a voluntary signatory of the UK Prompt Payment Code. In 2021, we updated our processes to ensure that suppliers with less than 50 employees were paid within 30 days where centrally accounted for across our UK corporate and managed, owned, leased, and managed lease hotel supply chains.

With our hotels and resorts at the heart of local communities, we supported many programmes around the world during 2021, including in the UK, where we donated unused PPE to St John Ambulance.

Recognising the environmental impact textiles have across the entire value chain, we continued to collaborate with Exeter University (UK) to carry out a research assessment of the environmental and financial considerations when sourcing textiles. We also continued working with CARE International UK and carried out a workplace gender analysis in factories using interviews and focus groups, which will inform our work in 2022.

What's to come

We will continue our goal to increase the consideration of sustainable, diverse and risk resilient suppliers. This enables the right conversations to be had across the business and increase the amount of business awarded to them. To that end, we are in the process of evolving the digital systems that support our responsible procurement processes, including the evaluation of suppliers' risk, diversity and sustainability attributes.

Corporate and hotel supply activities are driven by our Procurement function and guided by our responsible business agenda, with oversight from the Board's Responsible Business Committee.

See our supply chain disclosure on page 26, and commitment to minimise waste on page 30.

Supplier engagement



Responsible supplier relationships are vital for IHG in driving efficiency and effectiveness throughout both hotel and corporate office lifecycles.

What impacted them in 2021

- Payment practices and performance
- Supply chain integrity
- Environmental concerns, including waste

Engagement

- Communications with suppliers about payment terms
- Working with suppliers as part of our tendering processes, to understand their responsible business activities
- Collaboration with suppliers regarding bulk amenity solutions

Outcomes

- Revised payment processes for small companies that supply IHG in the UK
- Increased collaboration with sustainable suppliers and alignment with our Journey to Tomorrow ambitions
- Sustainable bulk amenities solutions are being deployed across our estate globally



Further information about how the Board considered supply chain and procurement is on pages 91 and 101, and our business relationships, including our statement of business relationships with suppliers, customers and others, is on page 228.



Visit www.ihgplc.com/responsible-business for further information about our responsible procurement approach.

Our risk management

The Board's role in risk management – focused on IHG's resilience

The Board is ultimately accountable for establishing a framework of prudent and effective controls, which enable risk to be assessed and managed, and is supported by the Audit Committee, Executive Committee and delegated committees. Our governance framework and Committee agendas establish procedures for Board members to receive

information on risk from the Executive Committee and Senior Leaders and a range of other internal and external sources.

Our Board and management, supported by the Risk and Assurance team, continue to focus on the levels of risk in the business (either individually or in total), including the appropriate balancing of opportunities for strategic advantage or efficiency with the

need to build in resilience in the short and longer term. Delivering at pace across our strategic pillars places demands on our capabilities and capacities and the complexities of the hospitality industry require us to consider emerging trends (see pages 14 and 15) across a wide range of subjects given the often long lead times to effect change with our estate of hotels.

Attitudes to risk within key decisions

We have assessed risks and considered risk appetite across our strategic choices and, while we are not exposed to greater risk overall across the strategy, we continue to monitor risks to executing against our plan and inherent risks from the trade-offs we have made. There are also several emerging risks which are likely to be dynamic throughout the delivery of our strategy, including consumer demand shifts; digital disruption; people and workforce changes; environmental, social and governance (ESG) expectations; and a complex geopolitical and regulatory environment. We describe the Board's approach to risk appetite on page 37 and our attitude is often less about downside risk mitigation and more about positioning ourselves to respond to uncertainty in an agile way.

Board and Committee discussions during 2021 have allowed for consideration of emerging and evolving risks across a wide range of topics and timeframes, including:

- competitor and macroeconomic risk factors within the Board's discussion of strategy and presentations from management (e.g. brand and loyalty strategies, commercial and technology developments, industry cybersecurity risks, supply chain and procurement strategies, long-term financial strategy, regulatory developments and the imperative to drive owner returns);
- workforce-related risks at the Remuneration and Nomination Committees, including preparation for the integration of an ESG element into targets for future longer-term incentive cycle, retention and succession arrangements; and risks relating to the competitiveness of remuneration;

- regulatory and financial governance risks at the Audit Committee (e.g. tax risks relating to digital businesses, treasury and liquidity risks linked to volatility and sentiment in the capital markets, corporate governance reform, potential risks from litigation and financial control risks in a cost-constrained environment);
- wider cultural risks at the Responsible Business Committee, including employee wellbeing and the impact of flexible working arrangements; gender and ethnicity reporting; community impact; sustainability; human rights; and evolving supply chain risks; and
- risks relating to the impact of climate change on IHG have continued to receive close attention in Board and Responsible Business Committees, including our commitments to the TCFD recommendations and an external briefing on COP26 focus areas.

Procedures for identifying, discussing and escalating emerging risks

We recognise that we are targeting industry-leading growth with an already dynamic risk profile; with competitive challenges in key markets; and with some areas of IHG challenged by emerging risks as we have evolved to the new operating norms resulting from Covid-19. Some of these emerging risk areas – including

constraints on owner finances or availability of talent – may not be quick to overcome.

The management team is aware of the challenges this context creates and our strategic priorities are reviewed regularly at Executive Committee meetings, considering emerging risks through open roundtable discussion within the agenda, and certain emerging themes are considered through deep

dives with a smaller audience. Our financial planning also includes identifying levers which could be pulled to enable flexibility and adaptability to changes to our financial assumptions and circumstances and overall viability and sustainability. More detail on the topics covered by the Board and Committees is available in the Governance Report, pages 80 to 127.

Ongoing escalation of emerging risks, defined as:

- New risks, or existing risks in a new context, when the nature and value of the impact is not yet fully known or understood
- Factors with an increasing impact and probability over a longer time horizon (i.e. beyond five years)

Risks identified within first-line decisions

Management teams have day-to-day responsibility for identifying and managing risk within key decisions, programmes and transactions and escalating where appropriate.

Risks identified and monitored by second-line management functions

Specialist functions provide expertise, support, monitoring and challenge to decision makers on risk-related matters.

Risks considered at Executive Committee

Ongoing dynamic review of risks as part of decision-making and strategy setting, including consideration of longer-term trends which could impact future growth, competitiveness or reputation.

Oversight by Board and Committees

The Board is responsible for carrying out a robust assessment of the Company's emerging risks and oversees the culture across the Group through which employees are encouraged to learn and work at pace, focus on solutions and take the right risks to get ahead of the market.

The Board and Committees receive presentations from management teams, second-line functions, Risk and Assurance and external parties throughout the year.

Supported by the Risk and Assurance team

The Risk and Assurance team works with Group Strategy and other first- and second-line teams to maintain and evolve their risk profiles, provide intelligence, track early warning indicators and any potential changes to risk tolerance and appetite. They update the Board on any changes to the principal risks but also explore opportunities to consider risk continuously throughout the year and to influence and inform key decisions.

The third-line Internal Audit team works throughout the year with the Audit Committee to consider where additional confidence may be needed in relation to strategic programme and operational delivery, including the escalation of emerging risks by management, the resilience of key processes and controls (including third-party relationships and technology innovation) and the integrity and governance of data. The team also monitor the confidential disclosure channel to identify any emerging trends requiring management and/or Board intervention.

Continued evolution of our risk management, internal control and assurance arrangements

The Board have received regular updates on the ongoing evolution of our risk management and internal control system. These arrangements are designed and operated to support our resilience and our ability to take advantage of upside opportunities and remain fully integrated with the way we run the business, including:

- how the Executive Committee has reinforced key principles of **culture and leadership** (see pages 24 to 26), including our Delegation of Authority policy; sessions with all colleagues to reinforce strategy and leadership behaviours; refreshing several corporate policies to ensure they remain appropriate (including Code of Conduct and Information Security); reviewing decision-making protocols (for example to further enhance governance over System Fund expenditure and Commercial and Technology delivery); and considering risk appetite and strategic programme delivery risk within the Board Strategy meetings;
- how we have adapted key **processes and controls** as we recover from pandemic disruptions and adapt to remote working such as regular reviews of risk profiles; a review of incident and crisis management


procedures; and cross-function collaboration on key risks (including third-party due diligence, personal data, fraud prevention, responsible business); and

- how we have adapted **monitoring and reporting** of risks following necessary adjustments during the pandemic, including the formation in 2021 of new governance committees for key risk topics, specific external benchmarking such as anti-bribery and corruption, privacy and TCFD modelling, and the development of medium-term strategic metrics to monitor strategic execution, which are anchored competitively where possible.

The Risk and Assurance team have reported to the Audit Committee on developments in executive and senior leadership oversight of risk management and also those of key functions within IHG (information security, procurement, ethics and compliance, privacy), including trade-offs and choices made to maintain an appropriate balance across the portfolio of risks and active consideration of acceptable risk tolerances. This is contributing to an ongoing evaluation of the sources of assurance available to the Board, complemented by the independent internal audit plan. This has included focus on assurance on data integrity in relation to key non-financial metrics which will continue in 2022.

IHG's resilience remains an ongoing, cross-functional, focus to identify opportunities to improve efficiency, effectiveness and confidence. We are applying resilience principles as we embed preparedness for climate change into existing processes following the TCFD project. This includes translating the key climate-related scenarios into assumptions that can be embedded in our long-range planning; considering climate sentiment indicators relating to guests, owners and investors and other strategic initiatives over time; and considering scenarios as an integrated part of future Board Strategy sessions and horizon-scanning discussions.

We describe the Board's approach to risk appetite on page 37 and more detail on formal risk appetite and tolerance is provided elsewhere in this report. For example, our appetite for financial risk is described in note 24 to the Group Financial Statements (see pages 188 to 192), and our approach to taxation on page 57.

 This section should be read together with the rest of the Strategic Report, Governance on pages 80 to 127, the going concern statement on page 230, and Risk Factors on pages 231 to 236.

Practical risk management lessons learned from our Covid-19 response

Reflecting on the challenges we have faced during our response to the pandemic, we have held 'lessons learned' discussions across the business around a range of topics including process, decision-making, communication and future proofing, among others. Our goal is to ensure we grow from our experience to date, reinforce and continue good practices which were already in place and that we implement continuous improvements to our ways of working going forward.

Our practices in place that worked well

We identified successful practices adopted by many IHG teams in our pandemic response to capture and reinforce for the future including:

- global alignment on terminology and response procedures, highlighting key accountabilities and escalation protocols;
- protocols to engage diverse expertise and best practice across our functions and regions, using a global 'hub and spoke' model. This ensured we remained agile and adaptable in the fast-changing and uncertain global environment; and
- living our values, behaviours and priorities, empowering teams to be solutions-focused and move at pace to support hotels and owners as well as care for our employees and guests.

Opportunities identified for future resilience planning

While recognising what worked well, we also identified opportunities to evolve and strengthen our crisis management and business continuity programme launched prior to the pandemic, including:

- where possible, automation of processes that allow for real time data to be easily captured, tracked, and monitored; and
- enhanced structures for streamlining efficiency in our communication processes up and downstream in the business.

Implementing opportunities in practice

Each key opportunity identified in our lessons learned review was assigned a dedicated working group to identify practical and achievable solutions for implementation in 2022 and beyond.

These new ways of working will be embedded into our common practices and culture, ensuring greater resilience and readiness for future incidents or crises across a wide range of potential individual and connected risk topics.

Our risk management continued

IHG's principal risks and uncertainties

The Covid-19 crisis did not fundamentally change the principal risks to our business and strategy; however it heightened the uncertainty we faced in the short term and also created the potential for longer-term impacts based on trade-offs that were required to protect liquidity in 2020.

Covid-19 was therefore not managed as a separate risk, rather as part of how we evaluated many of our existing principal risks, and this approach continued into 2021, as specific factors relating to the safety and security of our colleagues and guests or constraints on domestic and international travel eased, but other uncertainties – for example relating to hotel-level talent and supply chains – may have a more rapid impact in an uncertain and low visibility environment.

While our principal risk grid is deliberately broad in scope and includes factors which may become increasingly important over time, the complexities involved in the execution of our initiatives mean there

is merit in more proactive consideration of emerging scenarios across multiple risk topics. These can act as lenses for us to look at the nature or potential speed of impact of many of our identified risks (as we have experienced with Covid-19) and to provide increased articulation to the Board of potential sensitivities to, and stress-testing of, strategy execution.

All the risks on the grid below meet the definition of 'principal', however we have reviewed the trends carefully to more accurately reflect the current behaviour of risks relative to each other and the portfolio overall. This includes close consideration of risks with a more gradual, longer-term impact beyond the period considered for financial planning, including the potential impacts of climate change which have been evaluated in our TCFD project (see pages 32 to 35) and also integrated into other risks on the grid.

The Board and Executive Committee have not noted any major movements on the grid compared to last year. In relative terms,

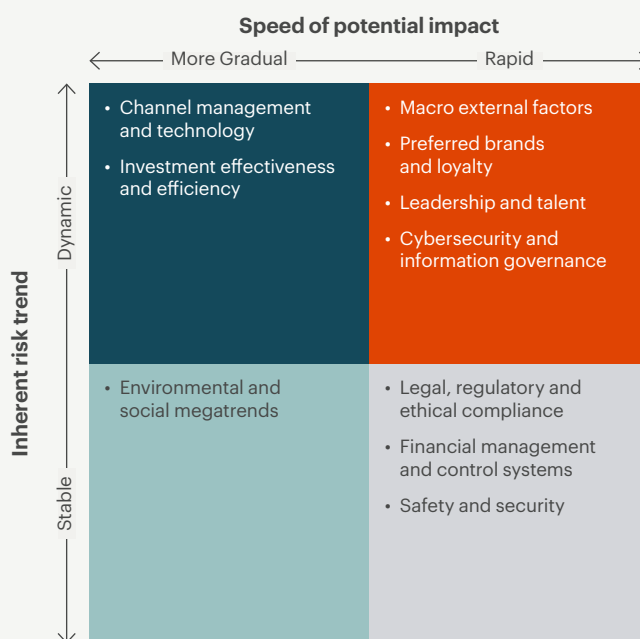
some risks remain dynamic as we move into 2022 while others are more stable on 2021 levels. We will continue to monitor potential shifts in 2022 as a result of the external environment, our business model or a complex and highly interdependent portfolio of internal initiatives.

By distributing the risks across the grid in this way, it allows us to consider the different responses which may be required to individual factors (for example, rapid factors which may require continuity planning), or the overall level of risk we are facing and what it means for governance of the whole portfolio and future resilience. The principal risks are considered in the development of specific viability scenarios (see pages 48 and 49). Our actions resulting from our TCFD project will also be used as a model for other scenarios which can be integrated into ongoing management monitoring and dynamic financial planning, and which can also feed into the modelling and stress-testing of strategic resilience recommended by the UK Government report on corporate governance reform.

Risk trend and speed of impact

We assess whether the risk area is stable or dynamic in its impact and/or likelihood (inherent risk trend), and the rate at which there could be a material impact on IHG. The trend and speed of impact are summarised in the diagram with further detail on activities to manage each of these risks in the following pages.

Principal risk – assessment of trend and speed of impact









Principal risks descriptions

Inherent risk trend



- Dynamic/Rapid
- Dynamic/Gradual
- Stable/Rapid
- Stable/Gradual



Risk impact – link to our strategic priorities

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



Risk & trend	Macro external factors	Preferred brands and loyalty
Description	<p>Macro external factors such as political and economic disruption, the emerging risk of infectious diseases, actual or threatened acts of terrorism or war, natural or man-made disasters, and inflationary pressures could have an impact on our ability to perform and grow, including disrupting hotel supply chains and increasing costs for our owners.</p>	<p>Failure to deliver preferred brands and loyalty could impact our competitive positioning, our growth ambitions and our reputation with guests and owners.</p> <p>Competition from other hotel brands and third-party intermediaries create inherent risks and opportunities to the longer-term value and attractiveness of IHG's franchised and managed proposition for our brands.</p>
Link to strategy		
Trends observed in 2021	<p>Secondary impacts and continuing uncertainty in relation to the recovery trajectory from the pandemic will continue to exacerbate these factors across several markets. Inflationary forces on labour and energy could create significant pressures to hotel and owner financial positions and IHG operating costs.</p> <p>In addition to epidemics and pandemics, the risk of natural disasters and extreme weather events may pose an increasing threat to IHG operations in the future. Local and international political tensions also continue to create uncertainty for operations in key markets.</p>	<p>In an uncertain demand environment, and with constraints on labour, supply chain and investment capacity in many markets, our hotels and owners continue to face dynamic risks to delivery of guest expectations of experience.</p> <p>Covid-19 increased short-term pressures on availability of financing for development, and there may also be slowing of the pace of construction and openings due to labour and supply chain constraints and wider inflationary pressures.</p>
Initiatives to respond	<p>IHG's resilience remains an ongoing, cross-functional, focus. The launch of a refreshed incident and crisis management programme and engagement of key leadership teams in scenario training prior to the pandemic has proved very valuable in establishing a common language and headline roles and responsibilities. We have continued to monitor intelligence from a range of external and internal sources (e.g. government health and travel advice), to evolve guidance for the safe operation of hotel and corporate offices.</p> <p>Leadership teams across IHG have also reviewed lessons learned from the pandemic and how they can be applied to future crises. As an example the EMEAA leadership team regularly review global, regional, and business unit risks, working with Business Reputation and Responsibility experts to train teams on resilience, continuity, and crisis planning. Crisis management teams have refreshed business continuity arrangements for the reopening of corporate offices (e.g. business service centres, reservation offices and corporate locations) and continued to monitor continuity approaches for key supplier relationships.</p> <p>We maintain a range of intelligence sources to horizon-scan for emerging threats, provide insight to leadership on incidents that impact operations, and analyse future scenarios to inform the business planning cycle, including at the Board and Executive Committee level.</p> <p>Our initiatives to focus on owner returns are described within the 'Preferred brands and loyalty' and 'Investment effectiveness and efficiency' risks and within our priority to be customer centric in all we do (see pages 19 to 21).</p>	<p>In recent years, we have focused on strengthening our brands, addressing quality, building our masterbrand and enhancing our data and technology capabilities. These investments have been essential to our multi-year journey towards customer centricity and have helped establish a strong foundation from which to build customer loyalty (see pages 19 to 21). We have added the capabilities to launch and manage new brands, including standardised design, mandated specifications, new procurement capabilities, continuous product innovation, and strengthened franchise licences.</p> <p>It will be critical to use our loyalty programme to drive business to our hotels and take share from our competitors. We are also investing in individual hotel-level marketing to drive revenue performance of new brand hotel openings and implementing actions to enhance returns for our owners by decreasing costs to build and operate hotels, for example by evolving our brand standards. We are coordinating the operational impact on hotels in the near term as ongoing disruptions mean there will be constraints on our ability to train hotel colleagues. Our regional teams also use data to prioritise attention and resources to drive performance.</p> <p>We track hotel-level data in relation to the sustainability of our brands in order to respond to an increasing trend of requests from corporate clients for this information. Several IHG teams have also progressed an agreed set of bathroom bulk product offerings for all our brands in all our regions, not only to build on our sustainability credentials but to improve guest experience through the products that will become available in our hotels.</p>



Our risk management continued

Risk & trend	Leadership and talent	Cybersecurity and information governance
Description	<p>Failure to attract, develop and retain leadership and talent could impact our ability to achieve growth ambitions and execute effectively.</p> <p>Risks relating to people underpin the majority of processes and controls across IHG, and our ability to develop talent is critical to delivering value to our brands and hotels in the global markets where we operate and compete. See pages 24 to 26 for further detail on the importance of our people to our purpose and strategic goals.</p>	<p>Inherent threats to cybersecurity and information governance remain significant and we are responsible for a range of high-value assets (critical systems and employee, guest and other sensitive data) which may be targeted by various 'threat actors' (including organised criminals, third-parties and colleagues).</p> <p>Our plans to transform how we use our commercial and marketing data to improve the customer experience, grow market share and revenue, and empower our owners to make better decisions also present inherent risks to how we manage information across IHG.</p>
Link to strategy		
Trends observed in 2021	<p>Our ability to attract and retain talent remains a challenge in an uncertain economic and highly competitive environment. Furthermore, our growth ambitions increase the need for hotel talent, particularly for General Managers in our Luxury & Lifestyle estate.</p> <p>We face dynamic trends in our ability to retain and attract key and diverse talent, to deliver learning at pace and to transition to hybrid ways of working while maintaining productivity and collaboration.</p>	<p>Dynamic and external attacks against the hospitality industry have continued in 2021, with ransomware attacks in particular trending against technology providers, national infrastructure and supply chain. This has the potential to impact both IHG and our third-party providers.</p> <p>Rapid societal, legal and regulatory and media scrutiny of privacy arrangements, the transition to more permanent hybrid working conditions for our employees and suppliers, and advances in attack sophistication also heighten inherent information security risks.</p>
Initiatives to respond	<p>The Executive Committee regularly discusses talent attraction and retention risks, and each functional and regional leadership team has a clear talent plan. We have expanded programmes to support the development of diverse talent, increased our conscious inclusion education and continuously review and adapt our practices to be more inclusive. Our employee resource groups, who are key in helping us build a culture of inclusion, have grown across all our global markets. We are providing active support to our colleagues as they transition to hybrid working and are taking opportunities to re-energise the workforce. Regular all-employee calls are held with the Chief Executive Officer and there are ongoing leadership communications and virtual team meetings at regional and functional levels.</p> <p>The Human Resources organisation have developed a series of leadership tools and learning to ensure our leaders are equipped to lead in a hybrid world and can foster a performance-driven culture based on trust. We are creating office spaces that are designed for collaboration and connection.</p> <p>We have established a Global Learning Steering Committee with a focus on supporting our owner needs, reviewing our learning offering and utilising technology to provide a virtual and sustainable learning environment.</p> <p>IHG has the ability to manage talent and retention risks directly in relation to IHG employees but relies on owners and third-party suppliers to manage these risks within their own businesses. Our Procurement, Legal and Risk teams also consider more indirect workforce risks relating to our third-party relationships.</p> <p>The Remuneration Committee is responsible for determining Executive Board and Executive Committee remuneration and reviews wider workforce remuneration, aligned with the interests of shareholders and the UK corporate governance environment.</p>	<p>Our Information Security team continues to implement new solutions and controls to address potential vulnerabilities, and to focus resources on those operational tasks that best protect our sensitive data sets and systems and detect and respond to potentially malicious events in an appropriate way. In 2021 we built a ransomware response programme, conducted tabletop exercises and clarified decision rights to enhance incident preparedness. We also matured our oversight of third-party providers through use of security questionnaires and an independent cybersecurity ratings platform.</p> <p>We work with our specialist technology providers to continuously improve key operational security processes and capabilities such as Identity and Access Management, Security Monitoring, Incident Response, and the support and maintenance of technical solutions architecture.</p> <p>As finances remain at a premium for hotel owners, our Information Security and Technology teams continue to collaborate to provide reliable, scalable and cost-effective solutions, targeted at areas of greatest opportunity for future attacks.</p> <p>Our information security strategy and programme is overseen by an Executive Security Compliance Committee and supported and reviewed by internal and external assurance activities, including PCI assessments. An extensive security metrics pack is produced monthly to track risk trends, operational effectiveness and mitigation activities.</p> <p>To mitigate specific risks in relation to our Greater China region, our local team has conducted internal assessments of security compliance and remediated gaps, supported by IHG's Global Information Security team.</p> <p>See also page 38 for detail of our approach to handling information responsibly in accordance with our policies and privacy commitments, including working with vendors.</p>

Risk & trend	Channel management and technology	Investment effectiveness and efficiency
Description	<p>Failure to capitalise on innovation in booking technology and to maintain and enhance the functionality and resilience of our channel management and technology platforms (including those of third-parties, on which we rely directly or indirectly), and to respond to changing guest and owner needs remains a principal risk to IHG's revenues and growth ambitions.</p>	<p>The importance of our investment effectiveness and efficiency will be critical to balance short- and longer-term strategic needs (e.g. developing infrastructure, increasing growth of our system, enhancing digital capabilities).</p> <p>Failure to manage risks associated with investments may impact commercial performance, lead to financial loss and undermine stakeholder confidence.</p>
Link to strategy		
Trends observed in 2021	<p>Uncertain demand as the industry recovers creates dynamic and rapid trends to how we service demand through various channels and meet increasing guest and owner expectations, including how we use data to personalise experiences and build loyalty.</p> <p>The pace of innovation in digital behaviours in the hospitality industry and wider society continues to accelerate, with fast-moving global and local competitors, and technology replacing certain elements of business travel, and IHG must evolve to effectively grow and compete in the marketplace.</p> <p>Additional risk comes from the current context, including financial and inflationary pressures on owners who rely on us for their scale, capabilities and enterprise strength, and constraints and risks in the hiring and retention of top talent in the hospitality industry.</p>	<p>We are highly dependent on significant capital investment to renovate our existing estate, sign new hotels and build IHG's pipeline and the current operating environment has created additional challenges for owners, including financing constraints, commodity and raw material price inflation, supply chain constraints, labour and general product shortages, shifting guest expectations and volatile demand patterns. As such, it is particularly important that our enterprise capability is strong to allow owners to deliver consistently superior returns that can attract this capital.</p> <p>We are also increasing our interdependencies with third-parties to deliver our Commercial and Technology strategy, placing emphasis on risk ownership within ongoing management of contract relationships and the resilience of, and due diligence in relation to, key suppliers.</p>
Initiatives to respond	<p>While the pandemic has been limiting due to decreased availability of capital, capacity and capabilities, we benefited from prior progress we had made in our organisations to manage risks, by simplifying our work, sequencing it more effectively and removing obstacles and limitations within each core area. As such, we are able to respond rapidly to shifts and opportunities in the marketplace and can drive incremental revenue by focusing on the basics of pricing, inventory and booking-flow optimisation.</p> <p>Our Marketing and Commercial and Technology teams work in partnership to prioritise efforts and associated investments in driving enhanced customer-centricity, by developing and iterating a roadmap for key initiatives, their pace, sequence and intended focus for technology-enabled transformation over the next three years and beyond (see page 22 for more details). We have also established a central programme oversight function designed to support and monitor progress, challenge approaches and resolve issues relating to execution.</p> <p>We will also continue to focus on developing our capabilities and ensuring that we have the talent needed. While we have seen the addition of top senior leadership talent to our teams, it will be key to prioritise digital capabilities to drive our channels, actively expanding the breadth and depth of our digital relationships with current and new guests.</p> <p>To mitigate specific risks for local markets, we have developed a China Digital roadmap and investment to strengthen our locally relevant digital and loyalty offering.</p>	<p>Our Finance teams regularly review and evolve our governance and control frameworks, including delegated approval authorities and processes, to enable decisions on investments to be made quickly and efficiently with consideration of the risks involved. The Executive Committee discusses our strategic priorities and capabilities to deliver them.</p> <p>Our global and regional Operations teams maintain a global project tracker which allows us to have visibility and review any risks and opportunities to any in-flight or pending project with impact on hotels.</p> <p>With learnings from the pandemic and considering the new operating context, we established a new strategic priority in being customer centric in all we do to further strengthen owner return on investment and to accelerate our net system size growth in the recovery.</p> <p>We are instilling specific return on investment disciplines through our 'Think return' behaviour and are applying enhanced design and procurement processes to reduce the cost, alleviate labour pressures and maintain the quality of our brands in new brand prototypes. We have also simplified governance with a senior executive steering committee providing oversight of key global workstreams.</p> <p>We are strategically planning our sourcing activities around known or anticipated cost and supply challenges for our owners. Many goods and services in these areas are also intrinsically linked to our responsible procurement plan to deliver sustainable, diverse and risk-managed supplies to our hotels. See page 39 for more detail.</p>

Our risk management continued

Risk & trend	Legal, regulatory and ethical compliance	Financial management and control systems
Description	<p>As we operate in more than 100 countries we are exposed to many different compliance, regulatory and litigation and reputation risks. Significant fines can be imposed for regulatory non-compliance, IHG may be exposed to litigation risk and stakeholders (including corporate sales clients) and investors focus on IHG's performance in upholding ethical and social expectations.</p>	<p>A material breakdown in financial management and control systems would lead to increased public scrutiny, regulatory investigation and litigation. Material weaknesses may also impact confidence in IHG from our shareholders and wider stakeholders including suppliers, debt holders, hotel owners and employees.</p>
Link to strategy		
Trends observed in 2021	<p>The global business regulatory and contractual environment and societal expectations have continued to evolve throughout 2021, with legislative changes in many locations we operate in on topics such as data privacy. Many countries are introducing legislation or legislative proposals related to ESG agendas and a focus on sanctions as a foreign policy tool continues to increase.</p> <p>Expectations are also increasing for IHG to manage and drive responsible business through our supply chains and across our wider business including with our franchisees. We expect monitoring and scrutiny of corporate human rights performance to continue to increase as a direct result of the Covid-19 crisis and with high profile upcoming events including the FIFA World Cup Qatar 2022.</p>	<p>Risk levels have remained relatively stable, with continuing monitoring required in relation to owner credit risks and potential commercial disputes while the pandemic recovery progresses. We have made some revisions to our control testing which align with the approach of our new auditors, PwC, and there were no major new accounting standards with a material impact effective this year. We are monitoring the UK Government consultation on corporate governance reform.</p>
Initiatives to respond	<p>Our Ethics and Compliance team focuses on ensuring IHG has a globally coordinated approach to material ethical and compliance risks. The overarching framework is the IHG Code of Conduct (see pages 37 and 38) and e-learning is provided to corporate and reservation employees and managed hotels on an annual basis.</p> <p>Our Ethics and Compliance team monitor e-learning training completion, gifts and entertainment reporting and the owner due diligence process. The team also receive informal queries and/or escalation of issues directly from colleagues and via an Ethics and Compliance email channel which is publicised in training and awareness materials. The Board receives regular reports on the Confidential Reporting Channel. We also continue to participate in Transparency International UK's Corporate Anti-Corruption Benchmark.</p> <p>We monitor and advise internal stakeholders on risks across a range of regulatory issues, including safety, employment, contract, privacy, anti-bribery and anti-trust, as well as continuing to identify and address legal and regulatory issues that have emerged in relation to Covid-19.</p> <p>We also monitor and assess developments in relation to regulations, potential sanctions or directives imposed by governments, and our owner legal due diligence process includes screening against sanctions lists. Ethics and compliance country-level due diligence is undertaken for new country entry assessments and we continue to develop our supplier due diligence process.</p> <p>We are committed to ongoing assessment and work on human rights risks as an integral part of our Journey to Tomorrow commitments (see page 26).</p>	<p>The impact of Covid-19 on our financial reporting and control environment has been significant and presented several challenges. There have however also been opportunities to evolve our approach in certain areas, and the Finance leadership team has continued to review controls and implement enhancements including increased use of remote testing, robotic process automation and data analytics. We have also established a committee with responsibility for central co-ordination of control activity which brings together Senior Leaders in the organisation responsible for assurance activities to review status and scope, evaluate control findings, and consider emerging regulatory developments.</p> <p>We continue to review our business continuity arrangements, including for our India-based Global Business Service Centre, given the operational importance of processes located there such as accounts payable, billing and cash collection, and financial reporting for both corporate and hotels.</p> <p>We have continued to operate an established financial control system, which is verified through testing relating to our Sarbanes-Oxley compliance responsibilities. See pages 57, 156, 169 to 173 for details of our approach to taxation, pages 96 to 97 for details of our approach to internal financial control, and pages 188 to 192 for specific details on financial risk management policies.</p> <p>IHG's management of fraud risk is an integral part of our broader risk management system, including inherent risks to travel industry loyalty programmes. The management of fraud is the responsibility of management teams within regions and functions and is supported by expertise from Risk and Assurance and Global Finance who also track a range of indicators and report periodically to the Audit Committee on fraud risk management procedures, including financial and non-financial factors.</p> <p>Our Group insurance programmes are also maintained to support financial stability.</p>

Risk & trend	Safety and security	Environmental and social megatrends
Description	<p>The manner in which IHG responds to operational risk and the steps taken to safeguard the safety and security of colleagues and guests will continue to receive scrutiny, particularly in light of the pandemic, and could result in avoidable harm to IHG's reputation for high standards of business conduct, result in financial damage, claims against IHG and undermine confidence in our brands.</p>	<p>As a global business, IHG faces uncertainties relating to evolving environmental and social megatrends and our response to these has the potential to impact performance and growth in key markets and is subject to scrutiny from a wide range of stakeholders, including regulators and investor groups, corporate clients, guests and colleagues.</p>
Link to strategy		
Trends observed in 2021	<p>The scrutiny of our operations in relation to our Covid-19 response continued in 2021 across all markets. The risks above relate both to our direct operations in hotels and other locations where we have management responsibility, and also to outsourced activities and others with whom we collaborate and trade, including the owners of our franchised hotels which operate as independent businesses.</p>	<p>The focus on companies acting responsibly and being true to their purpose has been heightened by the pandemic and will continue into the future. This includes investor focus, which is reflected by the increasing requirements for targets and detailed data from ratings and research providers. The detail of our TCFD risk assessment is included on pages 32 to 35, highlighting four most potentially material medium- to longer-term risks, and we will continue to assess the aggregate impact of climate change on our wider stakeholders including our third-party hotel owners. Short-term climate-related factors are also increasingly being considered within other risks, including guest expectations of the sustainability of our brands and macro external factors including extreme weather events.</p>
Initiatives to respond	<p>Our Business Reputation and Responsibility team coordinates and monitors IHG's global safety management system, which is designed to anticipate and identify safety and security risks in an evolving landscape and provide appropriate levels of control necessary to mitigate against significant incidents, whether in hotels or corporate offices. Regional and global subject matter specialists in safety and security work regularly with hotels, operations leaders, and operations support teams such as Design and Engineering, Food and Beverage and Human Resources, to review and set operational safety and security policies and procedures. This working relationship has been particularly important during the pandemic while guest and colleague safety has been IHG's core priority.</p> <p>Subject matter specialists have also continued to monitor local law and public health guidance and external trends that may impact the safe operation of hotels, customer expectations, and development opportunities (e.g. fire safety, food allergens, operational security threats and natural catastrophes), and we continue to review our relevant standards and guidance as these issues evolve and new regulatory requirements and best practices are published. Our specialists regularly advise regional Development and Operations teams about potential security and threat risks in relation to new country entries and new hotel projects.</p> <p>Our specialists also monitor a range of internal indicators relating to safety and security to confirm that our approach to mitigating safety risks across our business is being actively adopted in all regions, and produces expected outcomes. Despite our best efforts, incidents will occur across our global hotel operations and corporate offices; we use these incidents as an opportunity to learn, escalating the most serious for senior management attention. The Board receives and reviews regular safety reports and monitors safety performance. Through this monitoring, IHG can determine where additional standards or guidance may be necessary or whether existing controls may need to be adjusted.</p>	<p>Our Corporate Responsibility team have refined our approach and enhanced our disclosures to meet the expectations of our investors and the requirements of this evolving regulatory environment. We also work together with governments and industry associations to ensure our voice is heard among key stakeholders, as well as being able to advocate for our industry and our owners.</p> <p>Our preparedness and resilience to climate change is being embedded into existing 'business as usual' processes following our project to support the TCFD recommendations. To reduce our carbon footprint overall we have upgraded our science-based target and created a roadmap with internal targets to track and report progress against this commitment. Key elements of our roadmap include supporting our hotels to decarbonise through improved energy efficiency and switching to renewable energy. See pages 29 to 35 for details of our environmental policies and initiatives and the measures we will use to track and report progress against our new commitments.</p> <p>During 2021 several IHG teams worked towards an agreed set of bathroom bulk product offerings, as part of our strategy to reduce single use plastics. We are also further investing to provide training and tools to increase procurement capabilities in sourcing and implementing supplier diversity, sustainability and risk management.</p> <p>Our long-standing commitment to operating our business responsibly has underpinned the actions we are taking in our local communities (see pages 27 and 28), for example through job creation, upskilling and our support for vulnerable people during the pandemic. We also maintained our focus on working and living conditions for migrant workers as well as topics such as responsible recruitment and continue to engage on industry collaboration initiatives which are addressing these risks.</p> <p>Our values and behaviours, promoted by our Code of Conduct, inform our decision-making at all levels. Our Procurement, Legal and Risk teams also monitor supply chain and labour practices risks (see pages 26 and 39).</p>

Viability statement

During 2021 the hospitality industry continued to be impacted by the ongoing pandemic. Trading did however recover significantly during the year, with RevPAR up 46% on 2020 and returning to 70% of 2019's pre-pandemic levels. The resilience of the Group's fee-based model and wide geographic spread resulted in Group adjusted free cash flow^a of \$571 million during 2021 and net debt reduced by \$648 million. Our weighting towards upper midscale hotels in non-urban locations with lower reliance on discretionary corporate and international travel has supported IHG's performance. The Group's business model is discussed in more detail on pages 10 to 13.

Looking forward, the Directors have determined that the three-year period to 31 December 2024 is an appropriate period to be covered by the viability statement. The Group's annual financial planning process builds a three-year plan. This detailed plan takes into

consideration the principal risks, the Group's strategy and current and emerging market conditions. The plan then forms the basis for strategic actions taken across the business and is used for longer-range planning. The plan is reviewed annually by the Directors. Once approved, the plan is then cascaded to the business and used to set performance metrics and objectives. Performance against those metrics and objectives is regularly reviewed by the Directors.

There continues to be an ongoing level of market volatility and risks of further travel restrictions in certain markets. There are a wide range of possible planning scenarios over the three-year period considered in this review. In assessing the viability of the Group, the Directors have reviewed a number of scenarios, weighting downside risks that would threaten the business model, future performance, solvency and liquidity of the Group more heavily than opportunities.

Viability scenarios and assumptions

In performing the viability analysis, the Directors have considered a 'Base Case' which is based on a continued improvement in demand with RevPAR expected to reach 100% of 2019 levels by 2024. The assumptions applied in the viability assessment are consistent with those used for Group planning purposes, the going concern assessment, for impairment testing and for reviewing recoverability of deferred tax assets (see further detail on page 149).

The Directors have also considered a 'Downside Case', which assumes that RevPAR growth is reduced by 8% compared to the Base Case in 2022, followed by similar growth rates to the Base Case in 2023 and 2024. This has been built using external market forecasts for a possible downside scenario.

The Directors have also considered a 'Severe Downside Case', which assumes no recovery in RevPAR during 2022, with the recovery profile delayed by one year. This would assume that the volatility and divergence of market approaches to managing Covid-19 continues during 2022.

The key assumptions included in the three-year plan relate to RevPAR growth as explained above.

Percentage point decrease in RevPAR compared to Base Case	Index (to 2019)		
	2022	2023	2024
Downside Case	5	5	5
Severe Downside Case	15	8	7

Principal risks

The relative strength and resilience of the IHG business model to severe shocks has been proven by performance through the Covid-19 pandemic with positive cash flows being generated through one of the most challenging periods of trading in the history of the industry. In assessing the viability of the Group, the Directors have considered the impact of the principal risks as outlined on pages 42 to 47. The discussion on those pages includes a description of the trends observed during 2021 and how the Group creates resilience to and manages the risks.

We have considered which principal risks could have the most significant and direct impact to the viability of the Group during the three-year period of assessment and they are shown below, alongside the scenario that is used to model those risks. The impact of climate risks and costs to address them have also been assessed but are not considered material over the period of assessment.

Scenarios modelled

Changes in RevPAR

Downside Case and Severe Downside Case

These scenarios model a prolonged decrease in RevPAR, which may be driven by external or internal factors.

One-off events

This scenario models the impact of a specific material incident, which could relate to cyber security or an alternative material impact on the cash flow statement.

Related to principal risks

Macro external factors
Preferred brands and loyalty
Leadership and talent
Safety and security
Financial management and control systems

Cybersecurity and information governance
Legal, regulatory and ethical compliance

^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.

We have also considered the principal risks that may impact the viability of the Group over a longer-term period, for example, environmental and social megatrends. The physical and transition climate risks to which IHG is most exposed are discussed in the TCFD statement on pages 32 to 35. Physical risks are not considered material to the long-term viability of the Group, and transition risks present both opportunities and risks.

Viability assessment

At 31 December 2021 the Group had cash and cash equivalents of \$1,305 million plus undrawn facilities of \$1,350 million.

Under the Base Case, Downside Case and Severe Downside Case, the Group is forecast to generate positive cash flows over the 2022-2024 period and the bank facilities remain undrawn. The principal risks which could be applicable have been considered and are able to be absorbed within the covenant requirements. If there were additional trading downsides to the assumptions used, then additional actions could be taken in order to mitigate this risk such as reductions in discretionary spend.

In the Severe Downside Case, the Group still has substantial levels of existing cash reserves available and is not expected to draw on the bank facilities. The Directors reviewed a reverse stress test scenario to determine how much additional RevPAR downside could be absorbed before utilisation of the bank facilities would be required. The Directors concluded that the outcome of the reverse stress test showed it was very unlikely the bank facilities would need to be drawn and therefore the Group does not need to rely on the additional liquidity provided by the bank facilities.

Conclusion

The Directors have assessed the viability of the Group over a three-year period to 31 December 2024 taking account of the Group's current position, the Group's strategy and the principal risks documented in the Strategic Report. Based on this assessment, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 31 December 2024.

Funding

The existing covenants on the Group's syndicated and bilateral revolving credit facilities ('the bank facilities') have been amended until December 2022. See note 24 for further details. The other assumptions relating to debt maturities are as follows:

- The \$1.35 billion bank facilities mature in September 2023. It has been assumed that these facilities are renewed as they mature.
- £173 million of bonds due in November 2022 are repaid on maturity.
- €500 million of bonds due in October 2024 are repaid on maturity.

No other new or additional financing has been assumed in the analysis performed.

This means that in the event the covenant test was failed, the bank facilities could be cancelled by the lenders but would not trigger a repayment demand which threatened the viability of the Group.

In the event that a further covenant amendment was required, the Directors believe it is reasonable to expect that such an amendment could be obtained based on their prior experience in relation to negotiating the 2020 amendments. As noted above it has been assumed that the bank facilities are renewed as they mature. However, as explained above the viability of the group is not dependent on the bank facilities and therefore not reliant on these assumptions. The Group also has alternative options to manage this risk including raising additional funding in the capital markets. We continue to plan to maintain an investment grade credit rating.

In the event of additional or multiple principal risks occurring during the period of review e.g. continued depressed RevPAR and a widespread cybersecurity incident, it is expected that these risks could be absorbed within the liquidity headroom available without relying on the additional liquidity provided by the bank facilities.



See also our business model on pages 10 to 13, the going concern assessment on page 149, and the impact of the principal risks on pages 42 to 47.

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



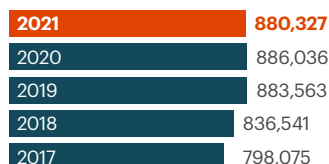
Care for our people, communities and planet

KPIs

Net rooms supply

Net total number of rooms in the IHG System.

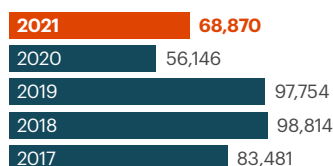
Increasing our rooms supply provides significant advantages of scale, including increasing the value of our loyalty programme. This measure is a key indicator of achievement of our growth agenda (see page 16).



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).



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

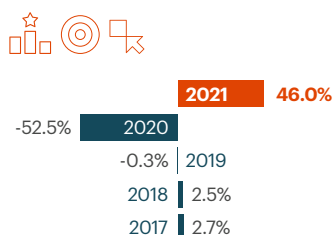
- Focus on our ambition to deliver sustainable industry-leading net system size growth, with leading brands in the largest markets and segments.
- Continued focus on the quality of our estate, with lower anticipated future overall removal rate than historic levels.
- Further rollout of avid hotels and 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

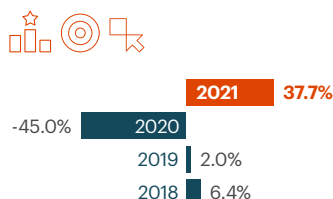
Revenue per available room: rooms revenue divided by the number of room nights that are available.

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**

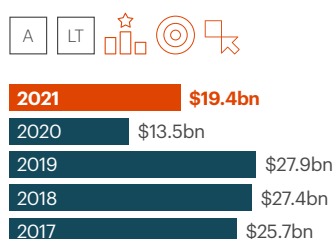
Group revenue from reportable segments excluding revenue from owned, leased and managed lease hotels, significant liquidated damages and current year acquisitions, stated at constant currency.

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**

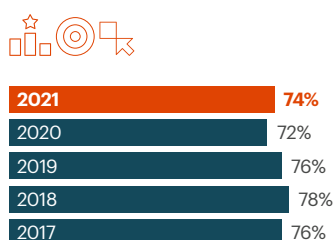
Total rooms revenue from franchised hotels and total hotel revenue from managed, owned, leased and managed lease hotels. Other than for owned, leased and managed lease hotels, it is not revenue wholly attributable to IHG, as it is mainly derived from hotels owned by third parties.

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

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 and 2022 priorities

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 EMEA 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.

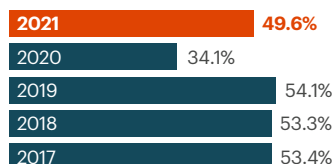
2022 priorities

- 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%, 4.5pts below 2019 levels.
- Achieved sustainable fee business cost savings of \$75m compared to 2019, whilst continuing to invest for growth.

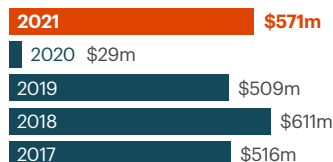
2022 priorities

- 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

Employee engagement survey scores^a

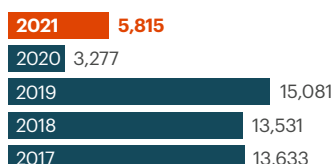
Colleague HeartBeat survey, completed by IHG employees or those colleagues who are employed at managed or managed leased hotels (excluding our joint ventures).

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).

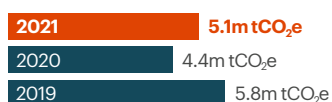
**IHG® Academy**

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).

**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.

**2021 status and 2022 priorities****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.

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.

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.

Chief Financial Officer's review

“Strong trading recovery in 2021 demonstrating attractive industry fundamentals.”

Paul Edgecliffe-Johnson Chief Financial Officer & Group Head of Strategy



Trad trading recovered significantly in 2021, with RevPAR ahead of 2020, and trending closer to pre-pandemic levels by the fourth quarter. We saw demand return at pace in markets where Covid-19 restrictions were lifted, driven primarily by domestic leisure and essential business travel. The strong recovery in trading demonstrates the attractive long-term fundamentals that underpin our industry, including the inherent desire for travel and new experiences.

Trading performance

Through the challenges of the pandemic, we remained committed to take actions to drive demand to our hotels and support our owners by maximising their revenues. This, combined with our weighting towards essential business and domestic leisure demand, particularly in the midscale segments, resulted in RevPAR recovering to 70% of 2019 levels.

Encouragingly in the fourth quarter, rate was almost in line with 2019 and occupancy around 85% of 2019 levels. There were also signs of more discretionary business travel, and group bookings and international trips starting to return.

Regional performance was subject to local Covid-19 related restrictions. The recovery was strongest in the Americas, driven by our weighting towards non-urban markets that are less reliant on international inbound travel and large groups and events. The recovery in the US was boosted by strong domestic leisure demand and resilient essential business demand.

Trading in EMEAA was led by Europe, which is less reliant on international travel, and the Middle East, with both markets benefitting from the lifting of restrictions.

Greater China recovered in the second quarter although the second half of the year saw restrictions reimposed and increased trading volatility.

System growth

Gross system growth of 5.0% was ahead of 2020, although remained below pre-pandemic levels.

Net system size declined by 0.6% as our focus on the long-term health and quality of our established brands resulted in the removal of 49,667 rooms, 70% of which related to our review of the Holiday Inn and Crowne Plaza estate. We anticipate a lower overall removal rate going forwards, supporting our ambition to achieve industry-leading net rooms growth.

Focused cost management

We delivered sustainable fee business cost savings of \$75m compared to 2019. At the same time, we maintained our investment in growth opportunities, such as the launch of our newest brand, the Vignette Collection.

Operating profit of \$494m improved from an operating loss of \$(153)m in 2020. Operating profit from reportable segments^a recovered to \$534m. The recovery in revenue combined with our sustainable cost management and a decrease in corporate trade receivables, resulted in fee margin^a improving to 49.6%, 4.5ppts below 2019.

Cash generation and liquidity

The resilience of our business model was demonstrated throughout the year. Our strong cash conversion, combined with our ongoing focus on cost savings, has helped generate net cash from operating activities of \$636m and \$571m of adjusted free cash flow^a. This has contributed to substantial progress in returning leverage levels measured as a ratio of net debt: adjusted EBITDA to 3.0x and within the 2.5-3.0x range we aim to maintain, supporting the Board's decision to propose a final dividend of 85.9¢ in respect of 2021.

Our uses of cash remain unchanged: ensuring the business is appropriately invested in to optimise growth; funding a sustainably growing dividend; and then returning excess funds to shareholders.

Future growth and 2022 priorities

Looking to the future, we are encouraged by the signs of recovery, although trading in some markets remains volatile. The acceleration in development activity through 2021 contributed to a pipeline that is over 30% of our existing system size, and will support our ambition to return to industry-leading levels of net system size growth.

Importantly, we have continued to prioritise investment to support long-term sustainable growth. Many of these are multi-year in nature with further investments planned for 2022 behind our brand portfolio, loyalty programme and digital channels. We remain focused on improving returns for owners through investments in revenue management, operational efficiencies and procurement programmes.

Our asset-light business model is proven to be highly cash generative. As we look to future growth, with attractive industry RevPAR characteristics and a substantial pipeline of hotels to open, we will focus on growing our fee revenues and fee margins. With limited requirements for capital, this will enable us to grow the business whilst generating high returns on invested capital.

Paul Edgecliffe-Johnson
Chief Financial Officer
& Group Head of Strategy

^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.

Performance Group

Group Income Statement summary

	12 months ended 31 December				
	2021 \$m	2020 \$m	2021 vs 2020 % change	2019 \$m	2020 vs 2019 % change
Revenue^a					
Americas	774	512	51.2	1,040	(50.8)
EMEA	303	221	37.1	723	(69.4)
Greater China	116	77	50.6	135	(43.0)
Central	197	182	8.2	185	(1.6)
Revenue from reportable segments ^b	1,390	992	40.1	2,083	(52.4)
System Fund revenues	928	765	21.3	1,373	(44.3)
Reimbursement of costs	589	637	(7.5)	1,171	(45.6)
Total revenue	2,907	2,394	21.4	4,627	(48.3)
Operating profit^a					
Americas	559	296	88.9	700	(57.7)
EMEA	5	(50)	NM ^c	217	NM ^c
Greater China	58	35	65.7	73	(52.1)
Central	(88)	(62)	41.9	(125)	(50.4)
Operating profit from reportable segments ^b	534	219	143.8	865	(74.7)
Analysed as:					
Fee Business excluding central	658	340	93.5	938	(63.8)
Owned, leased and managed lease	(36)	(59)	(39.0)	52	NM ^c
Central	(88)	(62)	41.9	(125)	(50.4)
System Fund result	(11)	(102)	(89.2)	(49)	108.2
Operating profit before exceptional items	523	117	347.0	816	(85.7)
Operating exceptional items	(29)	(270)	(89.3)	(186)	45.2
Operating profit/(loss)	494	(153)	NM^c	630	NM^c
Net financial expenses	(139)	(140)	(0.7)	(115)	21.7
Analysed as:					
Adjusted interest expense ^b	(142)	(130)	9.2	(133)	(2.3)
System Fund interest	3	4	(25.0)	18	(77.8)
Exceptional financial expenses	-	(14)	-	-	-
Fair value gains on contingent purchase consideration	6	13	(53.8)	27	(51.9)
Profit/(loss) before tax	361	(280)	NM^c	542	NM^c
Tax	(96)	20	NM ^c	(156)	NM ^c
Analysed as:					
Tax before exceptional items and System Fund ^b	(125)	(32)	290.6	(176)	(81.8)
Tax on exceptional items	3	52	(94.2)	20	160.0
Exceptional tax	26	-	-	-	-
Profit/(loss)	265	(260)	NM^c	386	NM^c
Adjusted earnings ^d	269	57	371.9	555	(89.7)
Basic weighted average number of ordinary shares (millions)	183	182	0.5	183	(0.5)
Earnings/(loss) per ordinary share					
Basic	145.4¢	(142.9)¢	NM ^c	210.4¢	NM ^c
Adjusted ^b	147.0¢	31.3¢	369.6	303.3¢	(89.7)
Dividend per share	85.9¢	-	NM^c	296.2¢	NM^c
Average US dollar to sterling exchange rate	\$1: £0.73	\$1: £0.78	(6.4)	\$1: £0.78	-

^a Americas and EMEA include revenue and operating profit before exceptional items from both fee business and owned, leased and managed lease hotels. Greater China includes revenue and operating profit before exceptional items from fee business.

^b Definitions for Non-GAAP measures can be found on pages 73 to 77. Reconciliations of these measures to the most directly comparable line items within the Group Financial Statements can be found on pages 218 to 223.

^c Percentage change considered not meaningful, such as where a positive balance in the latest period is comparable to a negative or zero balance in the prior period.

^d Adjusted earnings as used with adjusted earnings per share, a non-GAAP measure.

Performance continued

Group continued

Highlights for the year ended 31 December 2021

Trading improved significantly during the year, with Group comparable RevPAR^a getting closer to pre-pandemic levels. More travel demand returned as vaccines rolled out, government-mandated restrictions eased and economic activity started to rebuild. Through the summer months, many markets, including the US and UK, saw significant improvements, driven by domestic leisure travel. Whilst the ability of travellers to freely move between and within countries continued to vary significantly, the second half of the year saw a gradual further improvement in overall trading conditions.

Revenue

Overall, when comparing to 2020, Group comparable RevPAR^a declined 34% in the first quarter, then grew 151% in the second quarter, 66% in the third quarter, 71% in the fourth quarter and 46% in the full year. When compared to the pre-pandemic levels of 2019, Group comparable RevPAR^a declined 51% in the first quarter, 36% in the second quarter, 21% in the third quarter, 17% in the fourth quarter and 30% in the full year.

Our other key driver of revenue, net system size, decreased by 0.6% year-on-year to 880,327 rooms, impacted by 34.3k Holiday Inn and Crowne Plaza removals as we concluded our quality review of these brands.

During the year ended 31 December 2021, total revenue increased by \$513m (21.4%) to \$2,907m including a \$48m reduction in cost reimbursement revenue. Revenue from reportable segments^b increased by \$398m (40.1%) to \$1,390m, driven by improved trading conditions. Underlying revenue^b increased by \$387m to \$1,373m, with underlying fee revenue^b increasing by \$314m. Owned, leased and managed lease revenue increased by \$68m.

Operating profit and margin

Operating profit improved by \$647m from a loss of \$153m to a profit of \$494m, including a \$241m net reduction in operating exceptional items, a \$91m improvement in the System Fund result, from a \$102m deficit to an \$11m deficit, and a \$36m decrease in the charge for expected credit losses on corporate trade receivables.

Operating profit from reportable segments^b increased by \$315m (143.8%) to \$534m, driven by improved demand and the delivery of sustainable fee business cost savings. Underlying operating profit^b increased \$308m to \$531m.

Fee margin^b increased by 15.5ppts to 49.6%, benefitting from the improvement in trading and focused cost management.

System Fund

The Group operates a System Fund to collect and administer cash assessments from hotel owners for the specific purpose of use in marketing, reservations, and the hotel loyalty programme, IHG Rewards. The System Fund also benefits from proceeds from the sale of loyalty points under third-party co-branding arrangements. The Fund is not managed to generate a profit or loss for IHG over the longer term, although an in-year surplus or deficit can arise, but is managed for the benefit of hotels in the IHG System with the objective of driving revenues for the hotels.

In the year to 31 December 2021, System Fund revenues increased \$163m (21%) to \$928m, primarily driven by the recovery in travel demand yielding higher assessment revenues.

The System Fund income statement deficit reduced by \$91m to \$11m, primarily due to the rebound in travel demand and associated assessment income, partially offset by the reversal of temporary savings realised in 2020.

Reimbursement of costs

Cost reimbursement revenue represents reimbursements of expenses incurred on behalf of managed and franchised properties and relates, predominantly, to payroll costs at managed properties where we are the employer. As we record cost reimbursements based upon costs incurred with no added mark up, this revenue and related expenses have no impact on either our operating profit or net profit for the year.

In the year to 31 December 2021, reimbursable revenue decreased by \$48m (7.5%) to \$589m. The reduction reflects the impact of the prior year termination of the SVC portfolio in the Americas estate, meaning the overall scale of reimbursements fell.

Operating exceptional items

Exceptional items are identified by virtue of their size, nature, or incidence and are excluded from the calculation of adjusted earnings per ordinary share as well as other Non-GAAP measures (see Use of Non-GAAP measures, pages 218 to 223) in order to provide a more meaningful comparison of performance and can include, but are not restricted to, gains and losses on the disposal of assets, impairment charges and reversals, the costs of individually significant legal cases or commercial disputes and reorganisation costs.

Operating exceptional items totalled \$29m, comprising the \$25m provisionally agreed costs to settle two commercial disputes in the Americas and EMEA, and the reversal of a \$4m fair value gain recorded in 2020 on the put option over part of the Group's investment in the InterContinental Barclay hotel. Further information on exceptional items can be found in note 6 to the Group Financial Statements.

Net financial expenses

Net financial expenses decreased by \$1m to \$139m. Adjusted interest^b, as reconciled on page 223, and which excludes exceptional finance expenses, and adds back interest relating to the System Fund, increased by \$12m to an expense of \$142m. The increase in adjusted interest^b was primarily driven by increased average bond debt.

Financial expenses include \$91m (2020: \$69m excluding exceptional financial expenses) of total interest costs on public bonds, which are fixed rate debt. Interest expense on lease liabilities was \$29m (2020: \$37m).

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

^b Definitions for Non-GAAP revenue and operating profit measures can be found on pages 73 to 77. Reconciliations of these measures to the most directly comparable line items within the Group Financial Statements can be found on pages 218 to 223.


Fair value gains on contingent purchase consideration

Contingent purchase consideration arose on the acquisitions of Regent, the UK portfolio and Six Senses (see note 25 to the Group Financial Statements). The net gain of \$6m (2020: \$13m) primarily arises from the conditions related to the Six Senses contingent purchase consideration no longer being met. The total contingent purchase consideration liability at 31 December 2021 is \$73m (2020: \$79m).

Taxation

The effective rate of tax on profit before exceptional items and System Fund^a was 31% (2020: 38%); this was lower than 2020 largely due to the improved profit base. In May 2021, a change to the UK rate of Corporation Tax was enacted which led to a \$30m credit; \$26m was recorded as an exceptional credit within the Income Statement and \$4m within the Statement of Other Comprehensive Income. A net credit of \$3m arose on other accounting exceptional items (2020: \$52m). Further information on tax within exceptional items can be found in note 6 to the Group Financial Statements. Net tax paid in 2021 totalled \$86m (2020: \$41m), and included refunds in the US of \$15m (2020: \$24m). No more significant refunds are expected.

IHG pursues an approach to tax that is consistent with its business strategy and its overall business conduct principles. The approach seeks to ensure full compliance with all tax filing, payment and reporting obligations on the basis of communicative and transparent relationships with tax authorities. The IHG Audit Committee reviews IHG's approach to tax annually, including consideration of the Group's current tax profile. Further information on tax can be found in note 8 to the Group Financial Statements.

 IHG's Approach to Tax policy is available at www.ihgplc.com/responsible-business under policies

Earnings per ordinary share

The Group's basic earnings per ordinary share is 145.4¢ (2020: basic loss per ordinary share: 142.9¢). Adjusted earnings per ordinary share^a increased by 115.7¢ to 147.0¢.


Dividends

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.

Share price and market capitalisation

The IHG share price closed at £47.81 on 31 December 2021, up from £46.90 on 31 December 2020. The market capitalisation of the Group at the year-end was £8.8bn.

For discussion of 2020 results, and the changes compared to 2019, refer to the 2020 Annual Report and Form 20-F.

 www.ihgplc.com/investors under Annual Report

^a Definitions for Non-GAAP revenue and operating profit measures can be found on pages 73 to 77. Reconciliations of these measures to the most directly comparable line items within the Group Financial Statements can be found on pages 218 to 223.

Accounting principles

The Group results are prepared under International Financial Reporting Standards (IFRS). The application of IFRS requires management to make judgements, estimates and assumptions, and those considered critical to the preparation of the Group results are set out on page 150 of the Group Financial Statements.

The Group discloses certain financial information both including and excluding exceptional items. For comparability of the periods presented, some of the performance indicators in this performance review are calculated after eliminating these exceptional items. An analysis of exceptional items is included in note 6 on page 165 of the Group Financial Statements.

Performance continued

Group continued

Group Cash Flow summary

	12 months ended 31 December				
	2021 \$m	2020 \$m	2021 vs 2020 \$m change	2019 \$m	2020 vs 2019 \$m change
GAAP cash flow summary					
Net cash from operating activities	636	137	499	653	(516)
Net cash from investing activities	(12)	(61)	49	(493)	432
Net cash from financing activities	(860)	1,354	(2,214)	(660)	2,014
Net movement in cash and cash equivalents in the year	(236)	1,430	(1,666)	(500)	1,930

	12 months ended 31 December				
	2021 \$m	2020 \$m	2021 vs 2020 \$m change	2019 \$m	2020 vs 2019 \$m change
Summary of cash flow and net debt					
Operating profit from reportable segments	534	219		865	
Depreciation and amortisation	98	110		116	
Adjusted EBITDA^a	632	329	303	981	(652)
Working capital and other adjustments	110	(27)		(77)	
Impairment loss on financial assets	-	40		8	
Other non-cash adjustments to operating profit/loss ^b	71	60		54	
System Fund result	(11)	(102)		(49)	
System Fund depreciation and amortisation	94	62		54	
Other non-cash adjustments to System Fund result	6	97		52	
Capital expenditure: contract acquisition costs (key money) net of repayments	(42)	(64)		(61)	
Capital expenditure: maintenance	(33)	(43)		(86)	
Cash flows relating to exceptional items	(12)	(87)		(55)	
Net interest paid	(126)	(130)		(107)	
Tax paid	(86)	(41)		(141)	
Principal element of lease payments	(32)	(65)		(59)	
Purchase of shares	-	-		(5)	
Adjusted free cash flow^a	571	29	542	509	(480)
Capital expenditure: gross recyclable investments	(5)	(6)		(19)	
Capital expenditure: gross System Fund capital investments	(19)	(35)		(98)	
Acquisitions of businesses, net of cash acquired	-	-		(292)	
Deferred and contingent purchase consideration paid	(13)	-		(8)	
Disposals and repayments, including other financial assets	58	18		4	
Distributions from associates and joint ventures	-	5		-	
Other items	-	3		-	
Dividends and shareholder returns	-	-		(723)	
Net cash flow before other net debt movements	592	14	578	(627)	641
Add back principal element of lease repayments	32	65		59	
Exchange and other non-cash adjustments	24	57		(132)	
Decrease in net debt	648	136	512	(700)	836
Net debt at the beginning of the year	(2,529)	(2,665)		(1,965)	
Net debt at the end of the year	(1,881)	(2,529)	648	(2,665)	136

^a Definitions for Non-GAAP measures can be found on pages 73 to 77. Reconciliations of these measures to the most directly comparable line items within the Group Financial Statements can be found on pages 218 to 223.

^b 2020 Excludes \$48m related to trade deposits and loans which were recognised as exceptional items.

Cash from operating activities

For the year ended 31 December 2021 net cash from operating activities totalled \$636m, an increase of \$499m on the previous year, primarily reflecting the increase in operating profit and improvement in working capital and other adjustments.

Cash flow from operations is the principal source of cash used to fund the ongoing operating expenses, interest payments, maintenance capital expenditure and normal dividend payments of the Group.

The Group believes that the requirements of its existing business and future investment can be met from cash generated internally, disposition of assets, and external finance expected to be available to it.

Cash from investing activities

Net cash outflows from investing activities decreased by \$49m to \$12m, driven by \$44m net proceeds from the sale of three hotels in the Americas region. There was an overall decrease in purchases of property, plant and equipment and intangible assets of \$24m. Deferred consideration paid of \$13m related to the acquisition of the Regent brand (2020: \$nil). The Group had committed contractual capital expenditure of \$17m at 31 December 2021 (2020: \$19m).

Cash used in financing activities

Net cash outflows from financing activities totalled \$860m (2020: \$1,354m inflow). This was primarily due to the repayment of the £600m commercial paper under the UK Covid Corporate Financing Facility (CCFF).

Adjusted free cash flow

Adjusted free cash flow^a was an inflow of \$571m, an increase of \$542m on 2020, driven by an improvement in operating profit from reportable segments^a partially offset by related tax payments, coupled with a \$137m improvement in working capital as explained below. Exceptional cash costs of \$12m decreased by \$75m due to lower restructuring expenses and the timing of litigation payments.

Working capital

On the Group statement of financial position, trade and other receivables increased by \$60m, from \$514m to \$574m, primarily due to the significant increase in RevPAR in the fourth quarter compared to 2020. Trade and other payables increased by \$108m, from \$560m to \$668m, primarily due to an increase in bonus accruals compared to prior year. Deferred revenue increased by \$44m, from \$1,569m to \$1,613m, reflecting an increase in the future redeemable points balance related to the loyalty programme.

^a Definitions for Non-GAAP measures can be found on pages 73 to 77. Reconciliations of these measures to the most directly comparable line items within the Group Financial Statements can be found on pages 218 to 223.

Sources of liquidity

As at 31 December 2021 the Group had total liquidity of \$2,655m (31 December 2020: \$2,925m), comprising \$1,350m of undrawn bank facilities and \$1,305m of cash and cash equivalents (net of overdrafts and restricted cash). The reduction in total liquidity from December 2020 is due to the repayment of the £600m CCFF in March 2021, largely offset by the net cash flow before other net debt movements of \$592m.

The Group currently has \$2,786m of sterling and euro bonds outstanding. The current bonds mature in November 2022 (£173m), October 2024 (€500m), August 2025 (£300m), August 2026 (£350m), May 2027 (€500m) and October 2028 (£400m). There are currency swaps in place on both the euro bonds, fixing the October 2024 bond at £454m and the May 2027 bond at £436m.

The Group currently has a senior unsecured long-term credit rating of BBB- from Standard and Poor's. In the event this rating was downgraded below BBB- there would be an additional step-up of 125bps payable on the bonds which would result in an additional interest cost of approximately \$35m per year.

The \$1,275m revolving syndicated bank facility (the Syndicated Facility) and the \$75m revolving bilateral facility (the Bilateral Facility) mature in September 2023. The facilities were undrawn at 31 December 2021. The Syndicated and Bilateral Facilities contain the same terms and two financial covenants: interest cover and a leverage ratio. Covenants are monitored on a 'frozen GAAP' basis excluding the impact of IFRS 16 and are tested at half year and full year on a trailing 12-month basis. The interest cover covenant requires a ratio of Covenant EBITDA to Covenant interest payable above 3.5:1 and the leverage ratio requires Covenant net debt to Covenant EBITDA of below 3.5:1. Covenant EBITDA is calculated (on a frozen GAAP basis) as operating profit before exceptional items, depreciation and amortisation and System Fund revenues and expenses. See note 24 to the Group Financial Statements for further information.

These covenants have been amended for test dates in 2022. A minimum liquidity covenant of \$400m has been introduced which will be tested at each test date up to and including 31 December 2022. The amended leverage ratio and interest cover covenant test levels for the facilities are as follows:

	June 2022	December 2022
Leverage ratio	Less than 7.5x	Less than 6.5x
Interest cover	Greater than 1.5x	Greater than 2.0x

At 31 December 2021 the leverage ratio was 3.0x and the interest cover ratio was 4.5x. See note 24 to the Group Financial Statements for further information.

The Group is in compliance with all of the applicable financial covenants in its loan documents, none of which are expected to present a material restriction on funding in the near future.

In the Group's opinion, the available facilities are sufficient for the Group's present liquidity requirements. However, the Group continues to assess its liquidity position and financing options and will take further actions as necessary.

The Group has taken certain actions during 2021 regarding the discontinuation of LIBOR. The Group's main exposure to LIBOR is the underlying reference rate in the Syndicated and Bilateral Facilities. The terms of these agreements will need to be renegotiated to address the discontinuation of LIBOR. The replacement of LIBOR with alternative reference rates is not expected to have a material impact on the Group at this stage.

The Group had net liabilities of \$1,474m at 31 December 2021 (\$1,849m at 31 December 2020).

Net debt

Net debt of \$1,881m (2020: \$2,529m) is analysed by currency as follows:

	2021 \$m	2020 \$m
Borrowings		
Sterling*	2,860	3,716
US dollar	431	416
Euros	5	20
Other	35	52
Cash and cash equivalents		
Sterling	(532)	(1,305)
US dollar	(756)	(261)
Euros	(18)	(12)
Canadian dollar	(7)	(8)
Chinese renminbi	(105)	(60)
Other	(32)	(29)
Net debt	1,881	2,529
Average net debt level	2,334	2,554

* Including the impact of currency swaps.

Cash and cash equivalents includes \$77m (2020: \$44m) that is not available for use by the Group due to local exchange controls and \$9m (2020: \$5m) which is restricted for use on capital expenditure under hotel lease agreements.

Information on the maturity profile and interest structure of borrowings is included in notes 22 and 24 to the Group Financial Statements.

Performance continued

Group continued

Borrowings included bank overdrafts of \$59m (2020: \$51m), which were matched by an equivalent amount of cash and cash equivalents under the Group's cash pooling arrangements. Under these arrangements, each pool contains a number of bank accounts with the same financial institution, and the Group pays interest on net overdraft balances within each pool. The cash pools are used for day-to-day cash management purposes and are managed daily as closely as possible to a zero balance on a net basis for each pool. Overseas subsidiaries are typically in a cash-positive position, with the most significant balances in the US, and the matching overdrafts are held by the Group's central treasury company in the UK.

Information on the Group's approach to allocation of capital resources can be found on pages 12 and 13.

Off-balance sheet arrangements

At 31 December 2021, the Group had no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on the Group's financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Contingent liabilities

Contingent liabilities include guarantees over loans made to facilitate third-party ownership of hotels of up to \$69m and outstanding letters of credit of \$45m. The Group may also be exposed to additional liabilities resulting from litigation and security incidents. See note 31 to the Group Financial Statements for further details.

Future cash requirements from contractual obligations

The Group's future cash flows arising from contractual commitments relating to long term debt obligations (including interest payable), derivatives, lease liabilities and other financial liabilities are analysed in note 24 to the Group Financial Statements.

Other cash requirements relate to future pension scheme contributions (see note 27 to the Group Financial Statements) and capital commitments (see note 30 to the Group Financial Statements).

The Group also has future commitments for key money payments which are contingent upon future events and may reverse.

Total gross revenue^a in IHG's System

	12 months ended 31 December		
	2021 \$bn	2020 \$bn	% change ^b
Analysed by brand			
InterContinental	2.7	2.0	31.6
Kimpton	0.7	0.4	83.9
HUALUXE	0.1	0.1	36.5
Crowne Plaza	2.3	1.8	25.7
Hotel Indigo	0.4	0.3	73.9
EVEN Hotels	0.1	0.0	127.0
Holiday Inn	4.0	2.8	42.7
Holiday Inn Express	6.5	4.2	54.2
Staybridge Suites	1.0	0.7	38.2
Candlewood Suites	0.7	0.7	11.5
Other	0.9	0.5	51.9
Total	19.4	13.5	42.8
Analysed by ownership type			
Fee business	19.2	13.3	42.8
Owned, leased and managed lease	0.2	0.2	40.3
Total	19.4	13.5	42.8

^a Definitions for Non-GAAP measures can be found on pages 73 to 77. Reconciliations of these measures to the most directly comparable line items within the Group Financial Statements can be found on pages 218 to 223.

^b Year-on-year percentage movement calculated from source figures, to provide better illustration of relative impact of Covid-19 on brands and on fee business and owned, leased and managed lease hotels.

Total gross revenue in IHG's System increased by 42.8% (40.5% increase at constant currency) to \$19.4bn (70% of 2019 levels), driven by the improvement in trading conditions in many markets, particularly through the second half of 2021.

Group hotel and room count

At 31 December	Hotels		Rooms	
	2021	Change over 2020	2021	Change over 2020
Analysed by brand				
Six Senses	21	5	1,412	283
Regent	7	–	2,190	–
InterContinental	204	(1)	69,402	(539)
Vignette Collection	1	1	146	146
Kimpton	75	2	13,283	198
HUALUXE	16	4	4,603	1,170
Crowne Plaza	404	(25)	111,178	(7,701)
Hotel Indigo	130	5	16,343	739
EVEN Hotels	21	5	2,994	584
voco	31	13	7,445	2,368
Holiday Inn ^a	1,218	(58)	224,684	(11,870)
Holiday Inn Express	3,016	50	317,329	7,842
avid hotels	48	24	4,280	2,124
Staybridge Suites	315	12	34,306	1,411
Candlewood Suites	361	(5)	32,025	(410)
Other ^b	123	(5)	38,707	(2,054)
Total	5,991	27	880,327	(5,709)
Analysed by ownership type				
Franchised	5,033	28	626,115	(1,233)
Managed	939	3	249,591	(3,697)
Owned, leased and managed lease	19	(4)	4,621	(779)
Total	5,991	27	880,327	(5,709)

During 2021, the global IHG System (the number of hotels and rooms which are franchised, managed, owned, leased or managed lease) increased by 27 hotels (decreased by 5,709 rooms) to 5,991 hotels (880,327 rooms).

Openings of 291 hotels (43,958 rooms) was 11.6% higher than in 2020. 151 hotels (15,739 rooms) were opened in the Americas, including 85 hotels (9,016 rooms) in the Holiday Inn Brand Family. 52 hotels (10,162 rooms) were opened in EMEAA, with the Greater China region contributing openings of 88 hotels (18,057 rooms).

264 hotels (49,667 rooms) left the IHG System in 2021, including 151 Holiday Inn and Crowne Plaza hotels (34,345 rooms) as we concluded our review of these brands. In 2020, 224 hotels (36,919 rooms) left the IHG System, of which 102 hotels (16,655 rooms) related to the termination of the SVC portfolio in the Americas estate.

^a Includes 41 Holiday Inn Resort properties (10,454 rooms) and 28 Holiday Inn Club Vacations properties (8,679 rooms) (2020: 47 Holiday Inn Resort properties (11,446 rooms) and 28 Holiday Inn Club Vacations properties (8,679 rooms)).

^b Includes three open hotels that will be re-branded to voco and one hotel that will be re-branded to Vignette Collection.

Total number of hotels

5,991

Total number of rooms

880,327

Performance continued

Group continued

Group pipeline

At 31 December	Hotels		Rooms	
	2021	Change over 2020	2021	Change over 2020
Analysed by brand				
Six Senses	33	2	2,424	185
Regent	8	2	1,938	403
InterContinental	79	10	19,679	1,905
Kimpton	35	3	6,852	587
HUALUXE	23	(2)	6,045	(862)
Crowne Plaza	96	7	25,261	1,033
Hotel Indigo	114	10	18,452	2,748
EVEN Hotels	29	(2)	4,907	(139)
voco	38	9	10,090	1,911
Holiday Inn ^a	244	(18)	48,078	(3,085)
Holiday Inn Express	645	(38)	83,026	(4,126)
avid hotels	164	(28)	14,495	(3,031)
Staybridge Suites	156	1	16,843	(647)
Candlewood Suites	93	20	7,765	1,396
Atwell Suites	23	4	2,275	426
Other ^b	17	2	2,830	199
Total	1,797	(18)	270,960	(1,097)
Analysed by ownership type				
Franchised	1,290	(20)	157,832	(1,236)
Managed	506	2	112,973	139
Owned, leased and managed lease	1	–	155	–
Total	1,797	(18)	270,960	(1,097)

At the end of 2021, the global pipeline totalled 1,797 hotels (270,960 rooms), a decrease of 18 hotels (1,097 rooms), as the increase in signings to 68,870 rooms was more than offset by strong openings pace out of the pipeline and a normal level of terminations from the pipeline.

The IHG pipeline represents hotels where a contract has been signed and the appropriate fees paid.

Group signings increased from 360 hotels in 2020 to 437 hotels, and rooms increased from 56,146 in 2020 to 68,870 rooms. Signings in 2021 included 205 hotels (31,169 rooms) signed for the Holiday Inn Brand Family, almost half of which were contributed by Greater China (89 hotels, 16,260 rooms). Conversions represented 22% of Group signings in 2021, including six for our newest brand, Vignette Collection.

Active management of the pipeline to remove deals that have become dormant or no longer viable reduced the pipeline by 164 hotels (26,009 rooms), compared to 178 hotels (27,740 rooms) in 2020.

^a Includes 35 Holiday Inn Resort properties (8,219 rooms) (2020: 34 Holiday Inn Resort properties (7,251 rooms)).

^b Includes four Vignette Collection pipeline hotels.

Total number of hotels in the pipeline

1,797

Total number of rooms in the pipeline

270,960

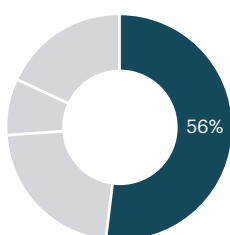
Americas



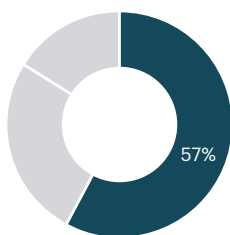
"In 2021 as we welcomed guests back, we met their evolving needs, supported our owners as the pace of recovery increased and executed our strategy to drive growth for the years to come. We've continued to see confidence in our established brands and reached new growth milestones for our newest brands: avid® hotels, Atwell Suites™, and voco™."

Elie Maalouf Chief Executive Officer, Americas

Americas revenue 2021 (\$774m)



Americas number of rooms (499,089)



Comparable RevPAR^a movement on previous year (12 months ended 31 December 2021)

Fee business

InterContinental	73.0%
Kimpton	90.1%
Crowne Plaza	54.4%
Hotel Indigo	82.4%
EVEN Hotels	112.4%
Holiday Inn	56.8%
Holiday Inn Express	53.3%
avid hotels	115.4%
Staybridge Suites	40.4%
Candlewood Suites	30.5%
All brands	53.8%

Owned, leased and managed lease

All brands	91.6%
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Industry performance in 2021

Industry RevPAR in the Americas increased by 63.4% compared to 2020 (declined by 20.7% against 2019), driven by a 19.5% increase in average daily rate and a 14.6ppt increase in occupancy. Many markets across the Americas started to recover during 2021, led by improving occupancy levels, although remained behind pre-pandemic levels. Overall demand for hotel rooms increased by 38.4% and supply increased by 1.2%.

The US lodging industry showed the earliest and strongest recovery in the region, compared against pre-pandemic levels. US industry RevPAR increased by 63.9% compared to 2020 (declined by 18.2% against 2019), driven by increases in both occupancy and average daily rate. RevPAR in the US upper midscale chain scale, where the Holiday Inn and Holiday Inn Express brands operate, increased by 59.3%.

Industry RevPAR increased by 46.9% in Canada and 81.3% in Mexico, driven by increases in both occupancy and average daily rate.

IHG's regional performance in 2021

IHG's comparable RevPAR^a in the Americas increased by 54.0% compared to 2020 (declined by 19.8% against 2019), driven by a 15.9ppt increase in occupancy coupled with a 12.2% increase in average daily rate. The region is predominantly represented by the US, where comparable RevPAR^a increased by 54.4% compared to 2020 (declined by 17.0% against 2019), and where we are most represented by our upper midscale brands Holiday Inn and Holiday Inn Express. US RevPAR^a for the Holiday Inn brand increased by 58.2% whilst the Holiday Inn Express brand increased by 53.5%.

RevPAR^a in Canada increased by 46.0%, whilst Mexico increased by 55.2%.

^a Comparable RevPAR and occupancy include the impact of hotels temporarily closed as a result of Covid-19.

voco™ St. James Hotel, New Orleans, US



Performance continued

Americas continued

Americas results

	12 months ended 31 December				
	2021 \$m	2020 \$m	2021 vs 2020 % change	2019 \$m	2020 vs 2019 % change
Revenue from the reportable segment^a					
Fee business	691	457	51.2	853	(46.4)
Owned, leased and managed lease	83	55	50.9	187	(70.6)
Total	774	512	51.2	1,040	(50.8)
Operating profit from the reportable segment^a					
Fee business	568	323	75.9	663	(51.3)
Owned, leased and managed lease	(9)	(27)	(66.7)	37	NM ^c
	559	296	88.9	700	(57.7)
Operating exceptional items	(22)	(118)	(81.4)	(62)	90.3
Operating profit	537	178	201.7	638	(72.1)

Review of the year ended 31 December 2021

With 4,268 hotels (499,089 rooms), the Americas represents 57% of the Group's room count. The key profit-generating region is the US, and the Group is also represented in Latin America, Canada, Mexico and the Caribbean. 92% of rooms in the region are operated under the franchise business model, primarily under our brands in the midscale segments (including the Holiday Inn Brand Family). In the upscale market segment, Crowne Plaza is predominantly franchised whereas, in the luxury market segment, InterContinental branded hotels are operated under both franchise and management agreements, whilst Kimpton is predominantly managed. 14 of the Group's 17 hotel brands are represented in the Americas.

The impact of travel restrictions continued to impact the first two months of 2021, before we saw a notable pick-up in demand in March, benefitting from domestic leisure trips around the spring break period.

As the second quarter progressed, demand continued to grow particularly in non-urban and resort destinations. Over the summer months, leisure demand recovered rapidly. Demand from essential business travellers remained resilient and we saw signs of corporate demand and group meetings start to return. By the end of the second quarter, 13 states in the US saw RevPAR^b ahead of 2019 levels and a further 17 were at least 90% of 2019 RevPAR^b.

The recovery continued into the third quarter, led by the US franchised estate, which benefits from a weighting towards hotels in the midscale segments. Leisure demand remained strong, driving rate. We also saw an increase in discretionary business travel demand and group demand.

The recovery continued into the fourth quarter, with occupancy of 60% (down 5ppts compared to 2019 with rate 1% higher than 2019).

Americas comparable RevPAR^b declined 28% in the first quarter, then grew 154% in the second quarter, 76% in the third quarter, 80% in the fourth quarter and 54% in the full year, all when compared to 2020. When comparing to 2019, prior to the pandemic, Americas comparable RevPAR^b declined 43% in the first quarter, 26% in the second quarter, 10% in the third quarter, 6% in the fourth quarter and 20% in the full year.

Revenue from the reportable segment^a increased by \$262m (51%) to \$774m, (a decrease of \$266m compared to 2019). Operating profit increased by \$359m to \$537m driven by the increase in revenue and a \$96m decrease in operating exceptional charges. Operating profit from the reportable segment^a increased by \$263m (89%) to \$559m (a decrease of \$141m compared to 2019). On an underlying^a basis, revenue increased by \$268m (54%), whilst underlying^a profit increased by \$257m (84%).

Revenue and operating profit from the reportable segment^a are further analysed by fee business and owned, leased and managed lease hotels.

Fee business revenue^a increased by \$234m (51%) to \$691m. Fee business operating profit^a increased by \$245m (76%) to \$568m, benefitting from the improvement in demand, along with the delivery of sustainable fee business cost savings. Operating profit from the reportable segment^a also included the benefit of \$11m payroll tax credits, which relates to the Group corporate office presence in certain countries.

Owned, leased and managed lease revenue increased by \$28m to \$83m, with comparable RevPAR^b up 92% compared to 2020, (down 41% compared to 2019), leading to an owned, leased and managed lease operating loss of \$9m compared to a \$27m loss in the prior year.

Excluding the results of three owned EVEN hotels which were disposed and retained under franchise contracts in November 2021, and the impact of one leased hotel that exited in December 2020, revenue increased by \$34m and operating profit improved by \$14m.

For discussion of 2020 results, and the changes compared to 2019, refer to the 2020 Annual Report and Form 20-F.

 www.ihgplc.com/investors under Annual Report

^a Definitions for Non-GAAP revenue and operating profit measures can be found on pages 73 to 77. Reconciliations of these measures to the most directly comparable line items within the Group Financial Statements can be found on pages 218 to 223.

^b Comparable RevPAR and occupancy include the impact of hotels temporarily closed as a result of Covid-19.

^c Percentage change considered not meaningful, such as where a positive balance in the latest period is comparable to a negative or zero balance in the prior period.

Americas hotel and room count

	Hotels		Rooms	
At 31 December	2021	Change over 2020	2021	Change over 2020
Analysed by brand				
Six Senses	1	1	20	20
InterContinental	43	(3)	15,651	(1,138)
Kimpton	64	–	11,008	(89)
Crowne Plaza	112	(24)	27,930	(7,475)
Hotel Indigo	66	(1)	8,745	(48)
EVEN Hotels	19	4	2,743	504
voco	5	4	469	420
Holiday Inn ^a	716	(50)	120,850	(10,092)
Holiday Inn Express	2,436	11	221,727	1,385
avid hotels	48	24	4,280	2,124
Staybridge Suites	296	11	31,097	1,040
Candlewood Suites	361	(5)	32,025	(410)
Other ^b	101	(2)	22,544	(1,164)
Total	4,268	(30)	499,089	(14,923)
Analysed by ownership type				
Franchised	4,087	(18)	460,257	(11,545)
Managed	178	(9)	37,505	(2,886)
Owned, leased and managed lease	3	(3)	1,327	(492)
Total	4,268	(30)	499,089	(14,923)

^a Includes 19 Holiday Inn Resort properties (5,334 rooms) and 28 Holiday Inn Club Vacations properties (8,679 rooms) (2020: 22 Holiday Inn Resort properties (6,003 rooms) and 28 Holiday Inn Club Vacations properties (8,679 rooms)).

^b Includes one open hotel that will be re-branded to voco.

Total number of hotels

4,268

Total number of rooms

499,089

Americas system size decreased by 30 hotels (14,923 rooms) to 4,268 hotels, a reduction of 2.9% year-on-year. 151 hotels (15,739 rooms) opened in the year, compared to 167 hotels (16,746 rooms) in 2020. Openings included 85 hotels (9,016 rooms) in the Holiday Inn Brand Family, a further 24 avid hotels and the voco Times Square South in New York.

181 hotels (30,662 rooms) were removed from the Americas system in 2021, including 92 Holiday Inn and Crowne Plaza hotels (20,127 rooms), driven by the conclusion of our quality review. This compares to 176 hotels (27,381 rooms) that left the Americas system in 2020, of which 102 hotels (16,655 rooms) related to the termination of the SVC portfolio in the Americas estate.

Americas pipeline

	Hotels		Rooms	
At 31 December	2021	Change over 2020	2021	Change over 2020
Analysed by brand				
Six Senses	6	(1)	471	(48)
InterContinental	9	2	2,252	528
Kimpton	19	(1)	3,431	(52)
Crowne Plaza	8	2	1,643	393
Hotel Indigo	29	(2)	4,070	(85)
EVEN Hotels	10	(6)	1,166	(809)
voco	5	3	1,045	771
Holiday Inn ^c	74	(6)	9,468	(978)
Holiday Inn Express	338	(48)	32,701	(4,654)
avid hotels	164	(27)	14,495	(2,816)
Staybridge Suites	137	2	14,050	(11)
Candlewood Suites	93	20	7,765	1,396
Atwell Suites	23	4	2,275	426
Other	11	(2)	1,771	(215)
Total	926	(60)	96,603	(6,154)
Analysed by ownership type				
Franchised	889	(55)	90,732	(5,796)
Managed	37	(5)	5,871	(358)
Total	926	(60)	96,603	(6,154)

^c Includes one Holiday Inn Resort property (165 rooms) (2020: three Holiday Inn Resort properties (490 rooms)).

Total number of hotels in the pipeline

926

Total number of rooms in the pipeline

96,603

At 31 December 2021, the Americas pipeline totalled 926 hotels (96,603 rooms), representing a decrease of 60 hotels (6,154 rooms) over the prior year. Signings of 175 hotels (17,647 rooms) were ahead of last year by 38 hotels (3,608 rooms). The majority of 2021 signings were within our midscale and upper midscale brands including the Holiday Inn Brand Family (75 hotels, 7,493 rooms) and avid hotels (13 hotels, 892 rooms). Signings in our Suites brands (Staybridge Suites, Candlewood Suites and Atwell Suites) amounted to 64 hotels (5,669 rooms).

84 hotels (8,062 rooms) were removed from the pipeline in 2021 compared to 105 hotels (11,398 rooms) in 2020.

Performance continued

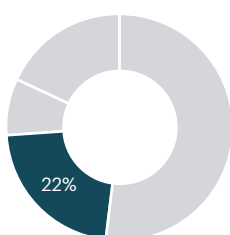
EMEAA



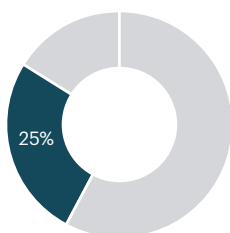
"Although Covid-19 continued to impact travel, our focus remained on supporting our colleagues, guests and owners, while leveraging our model to support sustainable long-term growth. We launched and signed deals for our new Luxury & Lifestyle brand, Vignette™ Collection, sustained strong interest in our established brands and made meaningful progress to improve the quality of our estate."

Kenneth Macpherson Chief Executive Officer, EMEAA

EMEAA revenue 2021 (\$303m)



EMEAA number of rooms (224,200)



Comparable RevPAR^a movement on previous year

(12 months ended 31 December 2021)

Fee business	
Six Senses	32.7%
InterContinental	26.9%
Kimpton	(8.4)%
Crowne Plaza	34.3%
Hotel Indigo	62.6%
voco	24.1%
Holiday Inn	34.4%
Holiday Inn Express	46.2%
Staybridge Suites	46.2%
All brands	34.8%
Owned, leased and managed lease	
InterContinental	0.1%
Kimpton	111.1%
voco	136.6%
All brands	46.6%

Industry performance in 2021

Industry RevPAR in EMEAA increased by 44.0% compared to 2020 (declined by 49.9% against 2019). An occupancy increase of 8.9ppts was coupled with a 10.5% increase in average daily rate. In Europe, RevPAR increased by 64.7% compared to 2020 (declined by 49.2% against 2019) driven by both occupancy and average daily rate. In the UK, industry RevPAR increased by 90.3% compared to 2020 (declined by 40.4% against 2019). UK room demand increased by 54.4% whilst supply growth remained suppressed at 0.8% partly due to construction delays from supply chain issues. In Germany RevPAR increased by 9.3%, whilst RevPAR in France increased by 68.7%.

RevPAR increased by 61.5% in the Middle East, driven by both occupancy and average daily rates, as restrictions eased, and demand started to return. India saw RevPAR increase by 30.4%.

Elsewhere in EMEAA, RevPAR in Australia increased by 33.6%, whilst Japan and Thailand declined by 11.5% and 41.2% respectively, driven primarily by large reductions in average daily rate.

IHG's regional performance in 2021

EMEAA comparable RevPAR^a increased by 35.0% compared to 2020 (declined 51.8% against 2019), driven by a 9.1ppt increase in occupancy coupled with a 5.3% increase in average daily rate. In the UK, where IHG has the largest regional presence, RevPAR^a increased by 70.4% compared to 2020 (declined by 41.0% against 2019), led by the Provinces (76.4%), reflecting lower weighting to inbound international travel. Germany saw a RevPAR^a increase of 1.2% and France increased by 55.2%.

RevPAR^a in the Middle East increased by 34.9%, with the fourth quarter up 109.7% reflecting the Expo 2020 demand in Dubai. India RevPAR^a increased by 38.6%.

Elsewhere in EMEAA, RevPAR^a increased in Australia by 17.6%, whilst travel restrictions resulted in occupancy led declines in Japan (9.1%) and Thailand (44.7%).

^a Comparable RevPAR and occupancy include the impact of hotels temporarily closed as a result of Covid-19.

Holiday Inn Dublin Airport, Ireland



EMEAA results

	12 months ended 31 December				
	2021 \$m	2020 \$m	2021 vs 2020 % change	2019 \$m	2020 vs 2019 % change
Revenue from the reportable segment^a					
Fee business	149	107	39.3	337	(68.2)
Owned, leased and managed lease	154	114	35.1	386	(70.5)
Total	303	221	37.1	723	(69.4)
Operating profit/(loss) from the reportable segment^a					
Fee business	32	(18)	NM ^c	202	NM ^c
Owned, leased and managed lease	(27)	(32)	(15.6)	15	NM ^c
	5	(50)	NM ^c	217	NM ^c
Operating exceptional items	(7)	(128)	(94.5)	(109)	17.4
Operating (loss)/profit	(2)	(178)	(98.9)	108	NM^c

Review of the year ended 31 December 2021

Comprising 1,137 hotels (224,200 rooms) at the end of 2021, EMEAA represented 25% of the Group's room count. Revenues are primarily generated from hotels in the UK and gateway cities in continental Europe, the Middle East and Asia. The largest proportion of rooms in the UK and continental Europe are operated under the franchise business model, primarily under our upper midscale brands (Holiday Inn and Holiday Inn Express). In the upscale market segment, Crowne Plaza is evenly proportioned between the franchised and managed operating models, whereas in the luxury market segment, the majority of InterContinental branded hotels are operated under management agreements. The majority of hotels in markets outside of Europe are operated under the managed business model.

Performance in the region continued to reflect the differing levels of government-mandated closures and restrictions.

Performance in the first quarter was impacted by travel restrictions in a number of markets. The second quarter saw modest improvements in trading as the UK permitted leisure travel towards the end of May, whilst government mandated restrictions remained in much of continental Europe, and South East Asia continued to be impacted by lower levels of international demand.

Through the second half of the year, RevPAR continued to improve before restrictions were reinstated in certain markets following increased cases from the Omicron variant in December.

Hotels continued to reopen, with only 21 hotels remaining temporarily closed at the end of the year, compared to 215 at the start of the year; all 16 of the owned, leased and managed lease hotels were open.

EMEAA comparable RevPAR^b declined 62% in the first quarter, then grew 179% in the second quarter, 86% in the third quarter, 118% in the fourth quarter and 35% in the full year when comparing to 2020. When comparing to 2019, prior to the pandemic, EMEAA comparable RevPAR^b declined 71% in the first quarter, 65% in the second quarter, 43% in the third quarter, 33% in the fourth quarter and 52% in the full year.

Revenue from the reportable segment^a increased by \$82m (37%) to \$303m (a decrease of 58% compared to 2019). The operating loss decreased by \$176m to a loss of \$2m, driven by an increase in revenue and a \$121m decrease in operating exceptional charges. Operating profit from the reportable segment^a increased by \$55m to \$5m (a decline of \$212m compared to 2019). On an underlying^a basis, revenue increased by \$79m (35%), whilst underlying^a profit increased by \$59m, from a \$54m loss to a \$5m profit.

Revenue and operating profit from the reportable segment^a are further analysed by fee business and owned, leased and managed lease hotels.

Fee business revenue^a increased by \$42m (39%) to \$149m. Fee business operating profit^a improved by \$50m to \$32m, benefiting from the improvement in trading and the delivery of sustainable fee business cost savings. Results included \$29m of incentive management fees recorded (2020: \$14m; 2019: \$90m), driven by an improvement in trading, particularly in the Middle East.

Owned, leased and managed lease revenue increased by \$40m to \$154m, with RevPAR^b up 47% compared to 2020 (down 69% compared to 2019), leading to an owned, leased and managed lease operating loss of \$27m compared to a \$32m loss in the prior year, as the lifting of travel restrictions, predominantly in the UK, began to ease the trading challenges on this largely urban-centred portfolio.

For discussion of 2020 results, and the changes compared to 2019, refer to the 2020 Annual Report and Form 20-F.

 www.ihgplc.com/investors under Annual Report

^a Definitions for Non-GAAP revenue and operating profit measures can be found on pages 73 to 77. Reconciliations of these measures to the most directly comparable line items within the Group Financial Statements can be found on pages 218 to 223.

^b Comparable RevPAR and occupancy include the impact of hotels temporarily closed as a result of Covid-19.

^c Percentage change considered not meaningful, such as where a positive balance in the latest period is comparable to a negative or zero balance in the prior period.

Performance continued

EMEAA continued

EMEAA hotel and room count

	Hotels		Rooms	
At 31 December	2021	Change over 2020	2021	Change over 2020
Analysed by brand				
Six Senses	19	4	1,270	263
Regent	3	–	771	–
InterContinental	108	–	32,561	87
Vignette Collection	1	1	146	146
Kimpton	10	2	2,146	287
Crowne Plaza	182	(6)	44,828	(1,696)
Hotel Indigo	48	2	5,183	117
voco	21	5	5,882	1,002
Holiday Inn ^a	380	(21)	70,824	(4,160)
Holiday Inn Express	333	4	48,548	1,192
Staybridge Suites	19	1	3,209	371
Other ^b	13	(4)	8,832	(1,258)
Total	1,137	(12)	224,200	(3,649)
Analysed by ownership type				
Franchised	767	(7)	125,707	(13)
Managed	354	(4)	95,199	(3,349)
Owned, leased and managed lease	16	(1)	3,294	(287)
Total	1,137	(12)	224,200	(3,649)

^a Includes 14 Holiday Inn Resort properties (3,229 rooms) (2020: 17 Holiday Inn Resort properties (3,330 rooms)).

^b Includes two open hotels that will be re-branded to voco and Vignette Collection.

Total number of hotels

1,137

Total number of rooms

224,200

EMEAA system size decreased by 12 hotels (3,649 rooms) to 1,137 hotels (224,200 rooms) during 2021, a reduction of 1.6% year-on-year. 52 hotels (10,162 rooms) opened in the year, compared to 61 hotels (11,288 rooms) in 2020, including Hotel X Brisbane Fortitude Valley, Australia, as part of the Vignette Collection.

64 hotels (13,811 rooms) were removed from the EMEAA system in 2021, including 48 Holiday Inn and Crowne Plaza hotels (10,741 rooms), driven by the completion of the quality review. This compared to 38 hotels (6,809 rooms) that left the EMEAA system in 2020.

EMEAA pipeline

	Hotels		Rooms	
At 31 December	2021	Change over 2020	2021	Change over 2020
Analysed by brand				
Six Senses	23	2	1,720	169
Regent	6	1	1,341	86
InterContinental	43	10	9,520	2,035
Kimpton	9	3	1,674	546
Crowne Plaza	40	5	10,461	1,360
Hotel Indigo	44	3	7,004	957
voco	31	5	8,753	979
Holiday Inn ^a	98	(10)	21,014	(1,540)
Holiday Inn Express	99	7	15,593	360
avid hotels	–	(1)	–	(215)
Staybridge Suites	19	(1)	2,793	(636)
Other ^b	6	5	1,059	711
Total	418	29	80,932	4,812
Analysed by ownership type				
Franchised	175	20	27,045	1,393
Managed	242	9	53,732	3,419
Owned, leased and managed lease	1	–	155	–
Total	418	29	80,932	4,812

^a Includes 20 Holiday Inn Resort properties (4,849 rooms) (2020: 18 Holiday Inn Resort properties (3,553 rooms)).

^b Includes four hotels that will be re-branded to Vignette Collection.

Total number of hotels in the pipeline

418

Total number of rooms in the pipeline

80,932

At 31 December 2021, the EMEAA pipeline totalled 418 hotels (80,932 rooms), representing an increase of 29 hotels (4,812 rooms) over the prior year. Signings of 109 hotels (20,376 rooms) were ahead of last year by 27 hotels (6,473 rooms), including a multi-property deal which encompassed a new property for voco in Algarve, Portugal and three hotels signed to the Vignette Collection in Austria and Portugal.

28 hotels (5,402 rooms) were removed from the pipeline in 2021 compared to 36 hotels (7,601 rooms) in 2020.

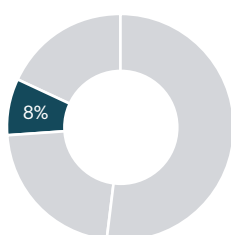
Greater China



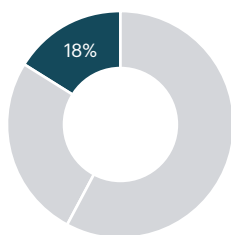
“Domestic travel demand showed steady recovery amidst sporadic Covid-19 outbreaks and travel restrictions. We deployed an agile business recovery plan to capture our share of demand, drive owner returns and ensure the safety of our guests, colleagues and communities. In line with the growth strategy, our new deal signings and hotel openings exceeded 2019 levels.”

Jolyon Bulley Chief Executive Officer, Greater China

Greater China revenue 2021 (\$116m)



Greater China number of rooms (157,038)



Comparable RevPAR^a movement on previous year (12 months ended 31 December 2021)

Fee business	
Regent	9.6%
InterContinental	20.8%
HUALUXE	13.1%
Crowne Plaza	20.4%
Hotel Indigo	33.4%
Holiday Inn	21.8%
Holiday Inn Express	20.9%
All brands	20.6%

Industry performance in 2021

The industry performance across Greater China fluctuated in 2021, impacted by the reintroduction of temporary localised lockdowns. Industry RevPAR in Greater China increased by 27.8% compared to 2020 (decreased by 26.9% against 2019). Supply grew by 3.8% and demand by 16.9%.

Increases in RevPAR were achieved across all of Mainland China against 2020, however, cities in the upper tiers remained further behind 2019. RevPAR in Tier 1 cities increased by 31.3%, driven by an occupancy increase of 8.3ppts and average daily rate growth of 12.5%. Tier 2 cities saw a similar recovery profile with RevPAR increasing by 27.3%, again driven by both occupancy and rate, whilst growth in Tier 3 cities was more limited at 12.6%. Tier 4 continued to benefit from strong domestic demand with RevPAR increasing by 23.5%.

Hong Kong SAR increased by 56.6% compared to 2020 (decrease of 55.0% against 2019), with a 17.4ppt improvement

in occupancy and a 7.5% increase in average daily rate. Macau SAR improved against 2020 by 26.6% (decrease of 76.7% against 2019), driven by occupancy, but remains significantly behind 2019 due to its reliance towards travel from Mainland China.

IHG's regional performance in 2021

IHG's regional comparable RevPAR^a in Greater China increased by 20.6% compared to 2020 (decreased by 28.7% against 2019), driven by a 6.9ppt increase in occupancy and a 3.6% increase in average daily rate.

In Mainland China, RevPAR^a increased by 19.7%, with the greatest increase in Tier 1 cities, up 25.6%, whilst Tier 2-4 cities increased by 17.3%.

RevPAR^a in Hong Kong SAR increased by 81.0% whilst RevPAR^a in Macau SAR increased by 3.2%.

^a Comparable RevPAR and occupancy include the impact of hotels temporarily closed as a result of Covid-19.

InterContinental® Kaohsiung, China



Performance continued

Greater China continued

Greater China results

	12 months ended 31 December				
	2021 \$m	2020 \$m	2021 vs 2020 % change	2019 \$m	2020 vs 2019 % change
Revenue from the reportable segment^a					
Fee business	116	77	50.6	135	(43.0)
Total	116	77	50.6	135	(43.0)
Operating profit from the reportable segment^a					
Fee business	58	35	65.7	73	(52.1)
Operating exceptional items	-	(5)	-	-	-
Operating profit	58	30	93.3	73	(58.9)

Review of the year ended 31 December 2021

Comprising 586 hotels (157,038 rooms) at 31 December 2021, Greater China represented approximately 18% of the Group's room count. The majority of rooms in Greater China operate under the managed business model.

Increases in Covid-19 cases and the reintroduction of temporary restrictions impacted trading in January and February, though the recovery resumed in March with demand returning at pace as restrictions eased.

The recovery continued into April and May before local restrictions were reinstated across south, east and west cities in June. In July, RevPAR^b was just 6% lower than 2019 levels, driven by strong domestic leisure demand. The reintroduction of temporary restrictions meant that August weakened to more than 50% lower than 2019.

The fourth quarter saw volatile trading, impacted by the reintroduction of temporary restrictions.

Greater China comparable RevPAR^b grew 78% in the first quarter and 107% in the second quarter, then declined 8% in the third quarter and 17% in the fourth quarter. Full year growth was 21% when compared to 2020. When comparing to 2019, prior to the pandemic, Greater China comparable RevPAR^b declined 38% in the first quarter, 16% in the second quarter, 30% in the third quarter, 33% in the fourth quarter and 29% in the full year.

Revenue from the reportable segment^a increased by \$39m (51%) to \$116m (a decrease of 14% compared to 2019). Operating profit improved by \$28m, driven by the increase in revenue and a \$5m decrease in operating exceptional charges. Operating profit from the reportable segment^a increased by \$23m to \$58m (a decline of 21% compared to 2019). The improvement in demand at our managed hotels led to \$25m recognition of incentive management fees compared to \$16m in 2020 (2019: \$48m). Revenue and operating profit from the reportable segment^a also included the benefit of a \$6m individually significant liquidated damages settlement.

For discussion of 2020 results, and the changes compared to 2019, refer to the 2020 Annual Report and Form 20-F.

 www.ihgplc.com/investors under Annual Report

^a Definitions for Non-GAAP revenue and operating profit measures can be found on pages 73 to 77. Reconciliations of these measures to the most directly comparable line items within the Group Financial Statements can be found on pages 218 to 223.

^b Comparable RevPAR and occupancy include the impact of hotels temporarily closed as a result of Covid-19.

Greater China hotel and room count

	Hotels		Rooms	
At 31 December	2021	Change over 2020	2021	Change over 2020
Analysed by brand				
Six Senses	1	–	122	–
Regent	4	–	1,419	–
InterContinental	53	2	21,190	512
Kimpton	1	–	129	–
HUALUXE	16	4	4,603	1,170
Crowne Plaza	110	5	38,420	1,470
Hotel Indigo	16	4	2,415	670
EVEN Hotels	2	1	251	80
voco	5	4	1,094	946
Holiday Inn ^a	122	13	33,010	2,382
Holiday Inn Express	247	35	47,054	5,265
Other ^b	9	1	7,331	368
Total	586	69	157,038	12,863
Analysed by ownership type				
Franchised	179	53	40,151	10,325
Managed	407	16	116,887	2,538
Total	586	69	157,038	12,863

^a Includes eight Holiday Inn Resort properties (1,891 rooms) (2020: eight Holiday Inn Resort properties (2,113 rooms)).

^b Includes one open hotel that will be re-branded to voco.

Total number of hotels

586

Total number of rooms

157,038

The Greater China system size increased by 69 hotels (12,863 rooms) in 2021 to 586 hotels (157,038 rooms), an increase of 8.9% year-on-year. 88 hotels (18,057 rooms) opened, including the first InterContinental hotel in Taiwan, voco Wuhan Xinhua and the Crowne Plaza Chongli resort, compared to 57 hotels (11,358 rooms) in 2020.

19 hotels (5,194 rooms) were removed in 2021 compared to 10 hotels (2,729 rooms) in 2020.

Greater China pipeline

	Hotels		Rooms	
At 31 December	2021	Change over 2020	2021	Change over 2020
Analysed by brand				
Six Senses	4	1	233	64
Regent	2	1	597	317
InterContinental	27	(2)	7,907	(658)
Kimpton	7	1	1,747	93
HUALUXE	23	(2)	6,045	(862)
Crowne Plaza	48	–	13,157	(720)
Hotel Indigo	41	9	7,378	1,876
EVEN Hotels	19	4	3,741	670
voco	2	1	292	161
Holiday Inn ^a	72	(2)	17,596	(567)
Holiday Inn Express	208	3	34,732	168
Other	–	(1)	–	(297)
Total	453	13	93,425	245
Analysed by ownership type				
Franchised	226	15	40,055	3,167
Managed	227	(2)	53,370	(2,922)
Total	453	13	93,425	245

^a Includes 14 Holiday Inn Resort properties (3,205 rooms) (2020: 12 Holiday Inn Resort properties (3,208 rooms)).

Total number of hotels in the pipeline

453

Total number of rooms in the pipeline

93,425

At 31 December 2021, the Greater China pipeline totalled 453 hotels (93,425 rooms), compared to 440 hotels (93,180 rooms) at 31 December 2020. Signings of 153 hotels (30,847 rooms) were ahead of last year by 12 hotels (2,643 rooms). 89 hotels (16,260 rooms) were signed for the Holiday Inn Brand Family. Other notable signings included Regent Sanya Haitang Bay and Hotel Indigo Sanya Haitang Bay as part of a combined complex, and the InterContinental Taipei.

52 hotels (12,545 rooms) were removed from the pipeline in 2021 compared to 37 hotels (8,741 rooms) in 2020.

Performance continued

Central

Central results

	12 months ended 31 December				
	2021 \$m	2020 \$m	2021 vs 2020 % change	2019 \$m	2020 vs 2019 % change
Revenue	197	182	8.2	185	(1.6)
Gross costs	(285)	(244)	16.8	(310)	(21.3)
	(88)	(62)	41.9	(125)	(50.4)
Operating exceptional items	-	(19)	-	(15)	26.7
Operating loss	(88)	(81)	8.6	(140)	(42.1)

Review of the year ended 31 December 2021

Central revenue, which mainly comprises technology fee income, increased by \$15m (8.2%) to \$197m, driven by the temporary discounts on technology fees in 2020 no longer being applicable.

Gross costs increased by \$41m (16.8%) year-on-year, as temporary cost saving measures were introduced from the second quarter of 2020, which were not repeated in 2021. When comparing to 2019, gross costs decreased by 8.1%, which includes sustainable cost savings achieved in 2021.

The operating loss before exceptional items increased by \$26m, a decrease of \$37m compared to 2019.

Holiday Inn Queenstown Remarkables Park, New Zealand



Key performance measures

Key performance measures (including Non-GAAP measures) used by management

The Annual Report and Form 20-F presents certain financial measures when discussing the Group's performance which are not measures of financial performance or liquidity under International Financial Reporting Standards (IFRS). In management's view these measures provide investors and other stakeholders with an enhanced understanding of IHG's operating performance, profitability, financial strength and funding requirements. These measures do not have standardised meanings under IFRS, and companies do not necessarily calculate these in the same way. As these measures exclude certain items (for example impairment and the costs of individually significant legal cases or commercial disputes) these financial measures may be materially different to the measures prescribed by IFRS and may result in a more favourable view of performance. Accordingly, they should be viewed as complementary to, and not as a substitute for, the measures prescribed by IFRS and as included in the Group Financial Statements (see pages 142 to 148).

Linkage of performance measures to Directors' remuneration and KPIs

A The Annual Performance Plan **LT** The Long Term Incentive Plan **KPI** Key Performance Indicators

See pages 104 to 125 for more information on Directors' remuneration and pages 50 to 53 for more information on KPIs.

Measure

Global revenue per available room (RevPAR) growth

KPI

RevPAR, average daily rate and occupancy statistics are disclosed on pages 224 and 225.

Commentary

RevPAR is the primary metric used by management to track hotel performance across regions and brands. RevPAR is also a commonly used performance measure in the hotel industry.

RevPAR comprises IHG's System (see Glossary, page 256) rooms revenue divided by the number of room nights available and can be derived from occupancy rate multiplied by average daily rate (ADR). ADR is rooms revenue divided by the number of room nights sold.

References to RevPAR, occupancy and ADR are presented on a comparable basis, comprising groupings of hotels that have traded in all months in both the current and prior year. The principal exclusions in deriving this measure are new hotels (including those acquired), hotels closed for major refurbishment and hotels sold in either of the two years. These measures include the impact of hotels temporarily closed as a result of Covid-19.

RevPAR and ADR are quoted at a constant US\$ conversion rate, in order to allow a better understanding of the comparable year-on-year trading performance excluding distortions created by fluctuations in exchange rates.

Total gross revenue from hotels in IHG's System

A **LT** **KPI**

Owned, leased and managed lease revenue as recorded in the Group Financial Statements is reconciled to total gross revenue on page 60.

Total gross revenue is revenue not wholly attributable to IHG, however, management believes this measure is meaningful to investors and other stakeholders as it provides a measure of System performance, giving an indication of the strength of IHG's brands and the combined impact of IHG's growth strategy and RevPAR performance.

Total gross revenue refers to revenue which IHG has a role in driving and from which IHG derives an income stream. IHG's business model is described on pages 10 to 13. Total gross revenue comprises:

- total rooms revenue from franchised hotels;
- total hotel revenue from managed hotels including food and beverage, meetings and other revenues and reflects the value IHG drives to managed hotel owners by optimising the performance of their hotels; and
- total hotel revenue from owned, leased and managed lease hotels.

Other than total hotel revenue from owned, leased and managed lease hotels, total gross hotel revenue is not revenue attributable to IHG as these managed and franchised hotels are owned by third parties.

Revenue and operating profit measures

The reconciliation of the most directly comparable line item within the Group Financial Statements (i.e. total revenue and operating profit, accordingly) to the non-IFRS revenue and operating profit measures is included on pages 218 to 223.

Revenue and operating profit from (1) fee business and (2) owned, leased and managed lease hotels, are described as 'revenue from reportable segments' and 'operating profit from reportable segments', respectively, within note 2 to the Group Financial Statements. These measures are presented for each of the Group's regions.

Management believes revenue and operating profit from reportable segments is meaningful to investors and other stakeholders as it excludes the following elements and reflects how management monitors the business:

- System Fund – the Fund is not managed to generate a profit or loss for IHG over the longer term, but is managed for the benefit of the hotels within the IHG System. As described within the Group's accounting policies (page 149), the System Fund is operated to collect and administer cash assessments from hotel owners for the specific purpose of use in marketing, the Guest Reservation System and hotel loyalty programme.

Performance continued

Key performance measures continued

Measure	Commentary
Revenue and operating profit measures continued	<ul style="list-style-type: none"> Revenues related to the reimbursement of costs – as described within the Group's accounting policies (page 149), there is a cost equal to these revenues so there is no profit impact. Cost reimbursements are not applicable to all hotels and growth in these revenues is not reflective of growth in the performance of the Group. As such, management do not include these revenues in their analysis of results. Exceptional items – these are identified by virtue of either their size, nature, or incidence and can include, but are not restricted to, gains and losses on the disposal of assets, impairment charges and reversals, the costs of individually significant legal cases or commercial disputes and reorganisation costs. As each item is different in nature and scope, there will be little continuity in the detailed composition and size of the reported amounts which affect performance in successive periods. Separate disclosure of these amounts facilitates the understanding of performance including and excluding such items. The Group's accounting policy for exceptional items and further detail of those items presented as such are included in the Group Financial Statements (see pages 152 and 165 to 167). <p>In further discussing the Group's performance in respect of revenue and operating profit, additional non-IFRS measures are used and explained further below:</p> <ul style="list-style-type: none"> Underlying revenue; Underlying operating profit; Underlying fee revenue; and Fee margin. <p>Operating profit measures are, by their nature, before interest and tax. Management believes such measures are useful for investors and other stakeholders when comparing performance across different companies as interest and tax can vary widely across different industries or among companies within the same industry. For example, interest expense can be highly dependent on a company's capital structure, debt levels and credit ratings. In addition, the tax positions of companies can vary because of their differing abilities to take advantage of tax benefits and because of the tax policies of the various jurisdictions in which they operate.</p> <p>Although management believes these measures are useful to investors and other stakeholders in assessing the Group's ongoing financial performance and provide improved comparability between periods, there are limitations in their use as compared to measures of financial performance under IFRS. As such, they should not be considered in isolation or viewed as a substitute for IFRS measures. In addition, these measures may not necessarily be comparable to other similarly titled measures of other companies due to potential inconsistencies in the methods of calculation.</p>
Underlying revenue and underlying operating profit	<p>These measures adjust revenue from reportable segments and operating profit from reportable segments, respectively, to exclude revenue and operating profit generated by owned, leased and managed lease hotels which have been disposed, and significant liquidated damages, which are not comparable year-on-year and are not indicative of the Group's ongoing profitability. The revenue and operating profit of current year acquisitions are also excluded as these obscure underlying business results and trends when comparing to the prior year. In addition, in order to remove the impact of fluctuations in foreign exchange, which would distort the comparability of the Group's operating performance, prior year measures are restated at constant currency using current year exchange rates.</p> <p>Management believes these are meaningful to investors and other stakeholders to better understand comparable year-on-year trading and enable assessment of the underlying trends in the Group's financial performance.</p>
Underlying fee revenue growth	<p>Underlying fee revenue is used to calculate underlying fee revenue growth. Underlying fee revenue is calculated on the same basis as underlying revenue as described above but for the fee business only.</p> <p>Management believes underlying fee revenue is meaningful to investors and other stakeholders as an indicator of IHG's ability to grow the core fee-based business, aligned to IHG's asset-light strategy.</p>

Measure	Commentary
Fee margin <div> <div>A</div> <div>KPI</div> </div>	<p>Fee margin is presented at actual exchange rates and is a measure of the profit arising from fee revenue. Fee margin is calculated by dividing 'fee operating profit' by 'fee revenue'. Fee revenue and fee operating profit are calculated from revenue from reportable segments and operating profit from reportable segments, as defined above, adjusted to exclude revenue and operating profit from the Group's owned, leased and managed lease hotels and significant liquidated damages.</p> <p>In addition, fee margin is adjusted for the results of the Group's captive insurance company, where premiums are intended to match the expected claims over the longer term (see page 186 in the Group Financial Statements), and as such these amounts are adjusted from the fee margin to better depict the profitability of the fee business.</p> <p>Management believes fee margin is meaningful to investors and other stakeholders as an indicator of the sustainable long-term growth in the profitability of IHG's core fee-based business, as the scale of IHG's operations increases with growth in IHG's System size.</p>
Adjusted interest Financial income and financial expenses as recorded in the Group Financial Statements is reconciled to adjusted interest on page 223.	<p>Adjusted interest is presented before exceptional items and excludes the following items of interest which are recorded within the System Fund:</p> <ul style="list-style-type: none"> • IHG records an interest charge on the outstanding cash balance relating to the IHG Rewards programme. These interest payments are recognised as interest income for the Fund and interest expense for IHG. • The System Fund also benefits from the capitalisation of interest related to the development of the next-generation Guest Reservation System. • Other components of System Fund interest income and expense, including lease interest expense and interest income on overdue receivables. <p>As the Fund is included on the Group income statement, these amounts are included in the reported net Group financial expenses, reducing the Group's effective interest cost. Given results related to the System Fund are excluded from adjusted measures used by management, these are excluded from adjusted interest and adjusted earnings per ordinary share (see below).</p> <p>Management believes adjusted interest is a meaningful measure for investors and other stakeholders as it provides an indication of the comparable year-on-year expense associated with financing the business including the interest on any balance held on behalf of the System Fund.</p>
Tax excluding the impact of exceptional items and System Fund A reconciliation of the tax charge as recorded in the Group Financial Statements to tax excluding the impact of exceptional items and System Fund can be found in note 8 to the Group Financial Statements on page 169.	<p>As outlined above, exceptional items can vary year-on-year and, where subject to tax at a different rate than the Group as a whole, they can impact the current year's tax charge. The System Fund is not managed to a profit or loss for IHG over the longer term and is, in general, not subject to tax either.</p> <p>Management believes removing these provides a better view of the Group's underlying tax rate on ordinary operations and aids comparability year-on-year, thus providing a more meaningful understanding of the Group's ongoing tax charge.</p>
Adjusted earnings per ordinary share Basic earnings per ordinary share as recorded in the Group Financial Statements is reconciled to adjusted earnings per ordinary share in note 10 to the Group Financial Statements on page 174.	<p>Adjusted earnings per ordinary share adjusts the profit available for equity holders used in the calculation of basic earnings per share to remove System Fund revenue and expenses, the items of interest related to the System Fund as excluded in adjusted interest (above), change in fair value of contingent purchase consideration, exceptional items, and the related tax impacts of such adjustments.</p> <p>Management believes that adjusted earnings per share is a meaningful measure for investors and other stakeholders as it provides a more comparable earnings per share measure aligned with how management monitors the business.</p>
Net debt Net debt is included in note 23 to the Group Financial Statements.	<p>Net debt is used in the monitoring of the Group's liquidity and capital structure and is used by management in the calculation of the key ratios attached to the Group's bank covenants and with the objective of maintaining an investment grade credit rating (see page 12 for further discussion). Net debt is used by investors and other stakeholders to evaluate the financial strength of the business.</p> <p>Net debt comprises loans and other borrowings, lease liabilities, the exchange element of the fair value of derivatives hedging debt values, less cash and cash equivalents.</p>

Performance continued

Key performance measures continued

Measure	Commentary
Adjusted EBITDA Operating profit recorded in the Group Financial Statements is reconciled to adjusted EBITDA on page 223.	<p>One of the key measures used by the Group in monitoring its debt and capital structure is the net debt: adjusted EBITDA ratio, which is managed with the objective of maintaining an investment grade credit rating. The Group has a stated aim of maintaining this ratio at 2.5-3.0x. Adjusted EBITDA is defined as operating profit, excluding System Fund revenues and expenses, exceptional items and depreciation and amortisation.</p> <p>Adjusted EBITDA is useful to investors and other stakeholders for comparing the performance of different companies as depreciation, amortisation and exceptional items are eliminated. It can also be used as an approximation of operational cash flow generation. This measure is relevant to the Group's banking covenants, which have been amended for test dates in 2022. Details of covenant levels and performance against these is provided in note 24 to the Group Financial Statements. The leverage ratio uses a Covenant EBITDA measure which is calculated on a 'frozen GAAP' basis, excluding the effect of IFRS 16.</p>
Gross capital expenditure, net capital expenditure, adjusted free cash flow The reconciliation of the Group's statement of cash flows (i.e. net cash from investing activities, net cash from operating activities, accordingly) to the non-IFRS capital expenditure and cash flow measures are included on page 222.	<p>These measures have limitations as they omit certain components of the overall cash flow statement. They are not intended to represent IHG's residual cash flow available for discretionary expenditures, nor do they reflect the Group's future capital commitments. These measures are used by many companies, but there can be differences in how each company defines the terms, limiting their usefulness as a comparative measure. Therefore, it is important to view these measures only as a complement to the Group statement of cash flows.</p>
Gross capital expenditure	<p>Gross capital expenditure represents the consolidated capital expenditure of IHG inclusive of System Fund capital investments (see page 13 for a description of System Fund capital investments and recent examples).</p> <p>Gross capital expenditure is defined as net cash from investing activities, adjusted to include contract acquisition costs (key money). In order to demonstrate the capital outflow of the Group, cash flows arising from any disposals or distributions from associates and joint ventures are excluded. The measure also excludes any material investments made in acquiring businesses, including any subsequent payments of deferred or contingent purchase consideration included within investing activities, which represent ongoing payments for acquisitions.</p> <p>Gross capital expenditure is reported as either maintenance, recyclable, or System Fund. This disaggregation provides useful information as it enables users to distinguish between:</p> <ul style="list-style-type: none"> • System Fund capital investments which are strategic investments to drive growth at hotel level; • Recyclable investments (such as investments in associates and joint ventures), which are intended to be recoverable in the medium term and are to drive the growth of the Group's brands and expansion in priority markets; and • Maintenance capital expenditure (including contract acquisition costs), which represents a permanent cash outflow. <p>Management believes gross capital expenditure is a useful measure as it illustrates how the Group continues to invest in the business to drive growth. It also allows for comparison year-on-year.</p>

Measure	Commentary
Net capital expenditure	<p>Net capital expenditure provides an indicator of the capital intensity of IHG's business model. Net capital expenditure is derived from net cash from investing activities, adjusted to include contract acquisition costs (net of repayments) and to exclude any material investments made in acquiring businesses, including any subsequent payments of deferred or contingent purchase consideration included within investing activities, which represent ongoing payments for acquisitions. Net capital expenditure includes the inflows arising from any disposal receipts, or distributions from associates and joint ventures.</p> <p>In addition, System Fund depreciation and amortisation relating to property, plant and equipment and intangible assets, respectively, is added back, reducing the overall cash outflow. This reflects the way in which System Funded capital investments are recharged to the System Fund, over the life of the asset (see page 13).</p> <p>Management believes net capital expenditure is a useful measure as it illustrates the net capital investment by IHG, after taking into account capital recycling through asset disposal and the funding of strategic investments by the System Fund. It provides investors and other stakeholders with visibility of the cash flows which are allocated to long-term investments to drive the Group's strategy.</p>
Adjusted free cash flow <div>LT</div> <div>KPI</div>	<p>Adjusted free cash flow is net cash from operating activities adjusted for: (1) the inclusion of the cash outflow arising from the purchase of shares by employee share trusts reflecting the requirement to satisfy incentive schemes which are linked to operating performance; (2) the inclusion of maintenance capital expenditure (excluding contract acquisition costs); (3) the inclusion of the principal element of lease payments; and (4) the exclusion of payments of deferred or contingent purchase consideration included within net cash from operating activities.</p> <p>Management believes adjusted free cash flow is a useful measure for investors and other stakeholders, as it represents the cash available to invest back into the business to drive future growth and pay the ordinary dividend, with any surplus being available for additional returns to shareholders.</p>

 The performance review should be read in conjunction with the Non-GAAP reconciliations on pages 218 to 223 and the Glossary on pages 255 to 256.