

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 18). KPIs are reviewed annually by senior management 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

As we continue to focus on delivering high-quality growth as in prior years, Directors' remuneration for 2023 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 116 to 140.

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Annual Performance Plan

- 70% was linked to operating profit from reportable segments^a
- 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

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Long Term Incentive Plan

- 30% was linked to Total Shareholder Return
- 40% was linked to relative net system size growth
- 30% was linked to cash flow generation

Link to our strategy

Our four strategic priorities are core to our success and represented as follows:



Relentless focus on growth



Brands guests and owners love



Leading commercial engine



Care for our people, communities and planet

KPIs

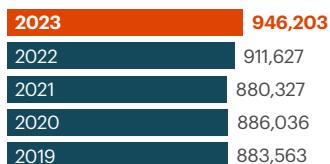
Net rooms supply

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 18).

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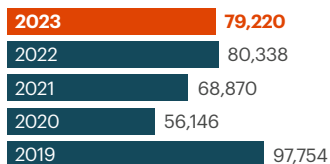
Signings

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 18).

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2023 status and 2024 priorities

2023 status

Gross system growth of 5.3%, with net system size growth of 3.8%, as removals rate returned to historical average of 1.5%. Total rooms supply 946,203 at 31 December 2023.

Signings of 79,220 rooms (556 hotels) represented a 1.4% decline on the prior year which included 18,467 rooms (48 hotels) under the Iberostar Beachfront Resorts brand. Total pipeline of 296,954 rooms increased by 5.5% compared to 2022, with more than 40% under construction.

- Further growth of the Holiday Inn Brand Family with 18,274 rooms opened and 30,062 rooms signed, representing nearly 40% of our rooms signings.
- Expansion of our Luxury & Lifestyle portfolio with 9,033 rooms opened and a further 18,319 rooms signed.
- 5,098 rooms opened for Iberostar Beachfront Resorts with a further 1,424 rooms signed.
- Continued growth of our recently launched brands with:
 - voco growing to 62 hotels open and a further 74 properties in the pipeline across 38 countries.
 - 16 Atwell Suites signed, taking the pipeline to 41 properties.
 - Vignette Collection growing to 29 hotels secured since its launch in 2021.
 - avid hotels adding eight openings and 23 signings taking the estate to 67 hotels open with a further 141 in the pipeline.
 - The launch of Garner, our new midscale conversion brand, with seven properties signed and the first two hotels open.

2024 priorities

- Continue to focus on delivering strong net system size growth, with well-invested brands in the largest markets and segments.
- Further scale of avid hotels, Atwell Suites and Garner.
- Continue to expand voco and Vignette Collection globally.
- Grow the footprint of our Luxury & Lifestyle brands, including branded residences.
- Continue to explore further opportunities for growth through other commercial agreements.

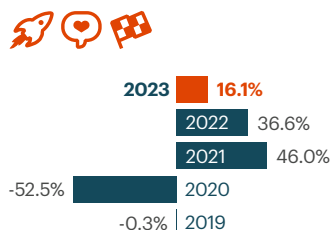
^a Use of Non-GAAP measures: In addition to performance measures directly observable in the Group Financial Statements (IFRS measures), additional financial measures (described as Non-GAAP) are presented that are used internally by management as key measures to assess performance. Non-GAAP measures are either not defined under IFRS or are adjusted IFRS figures. Further explanation in relation to these measures can be found on pages 84 to 88, and reconciliations to IFRS figures, where they have been adjusted, are on pages 226 to 231.

KPIs

Global RevPAR growth

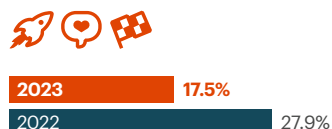
Revenue per available room: rooms revenue divided by the number of room nights that are available.

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). Definition of this key performance measure can be found on page 84.

**Growth in underlying fee revenues^{a,b}**

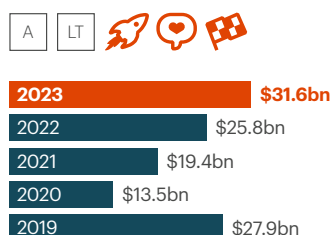
Group revenue from reportable segments excluding revenue from insurance activities, revenue from owned, leased and managed lease hotels, significant liquidated damages and current year acquisitions, stated at constant currency.

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**

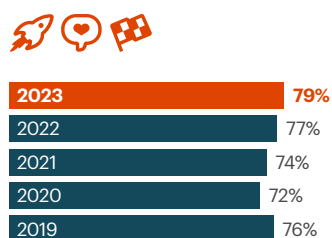
Total rooms revenue from franchised hotels and total hotel revenue from managed, exclusive partner and owned, leased and managed lease hotels. Other than for owned, leased and managed lease hotels, it is not revenue wholly attributable to IHG, as it is mainly derived from hotels owned by third parties.

The growth in gross revenue from IHG's System illustrates the value of our overall System to our owners (see page 11). Definition of this key performance measure can be found on page 84.

**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 One 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 26).



2023 status and 2024 priorities

2023 status

- Strong trading in 2023 resulted in RevPAR improving year-on-year across all regions with levels exceeding pre-pandemic peaks in all quarters of the year. This was driven by continued strength in leisure and the further return of corporate and group bookings.
- Throughout 2023 we have remained committed to supporting our owners to optimise returns as we:
 - Increased IHG One Rewards member enrolments and direct bookings following the investments made in our loyalty programme in the prior year, enabling our owners to benefit from strong member engagement.
 - Further 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 centralised RFP processes, with more than 3,000 hotels now using the service.
 - Continued to focus on quality, design and innovation to meet evolving needs of guests and drive guest satisfaction while optimising for owner returns.
 - Provided owners with end-to-end support to shorten the time taken for renovations and openings with our Hotel Purchasing Services, and achieved up to 30% savings across various goods and services categories.
 - Reduced owner costs through collective purchasing with our Group Purchasing Organization agreements across more than 100,000 items.
 - Utilised data-driven, targeted campaigns and offers to appeal to our largest, fastest-growing and highest-value segments.
- Enterprise contribution improved to 79% in 2023, with increased adoption and performance of the IHG mobile app since its redesign in 2022. Online conversion rate continued to improve from investments in improving the online guest experience. GDS also increased as corporate demand continued to recover.
- Increased IHG One Rewards member enrolments year-on-year following the transformation of the loyalty programme in 2022. Reward Nights exceeded 2019 levels driving returns for owners, particularly through dynamic pricing.
- Re-launched US co-brand credit cards driving an increase in new accounts by over 60% and double digit percentage spend growth year-on-year, further driving owner returns and customer satisfaction.

2024 priorities

- Continue to use data-driven insights, including mobile and AI, to enhance and personalise the guest experience, and to build on revenue-enhancing tools that drive returns for our owners.
- Leverage our GRS capabilities to generate stay enhancements through the cross-sell of extras through for guest stays, maximising revenue generation to owners by leveraging the unique attributes of their inventory.
- Continue to develop our digital-first approach, leveraging cloud-based technology to help owners and hotel colleagues better understand and drive the business.
- Further expand and strengthen our IHG Hotels & Resorts masterbrand to better promote our portfolio of brands.
- Continue to scale and invest in IHG One Rewards to support the growth and engagement of loyalty members.
- Increase contribution from IHG One Rewards members by driving direct booking through our mobile and web channels.
- Further rollout of new cloud-based Revenue Management System (RMS), enabling data and forecasting insights to owners.
- Commence work on the next-generation Property Management System (PMS) offering owners a single platform across properties to enable efficient enhancements.

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^b Re-presented to reflect the adoption of IFRS 17 'Insurance Contracts'. The 2019 and 2020 figures have not been restated and therefore the 2019, 2020 and 2021 growth figures are excluded from the comparison.

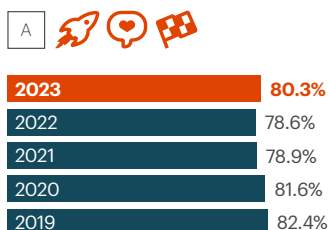
Key performance indicators (KPIs) continued

KPIs

Guest Love

IHG's guest satisfaction measurement indicator.

Guest satisfaction is fundamental to our continued success and is a key measure to monitor our ability to deliver an experience that meets and exceeds guests' expectations (see page 22 for details).



2023 status and 2024 priorities

2023 status

- Guest satisfaction of 80.3% improved compared to 2022 reflecting increases in quality and consistency across the guest experience.
- Externally measured Guest Satisfaction Index (GSI) achieved a score over 100, outperforming our competitors, as we focus on guest experience improvements.
- Continued plans to ensure a consistent high-quality experience for each of our brands, including enhancements in food & beverage, hotel condition and service.
- Evolved our mobile app and digital booking to help enhance guest experience.

2024 priorities

- Enhance the guest journey and strengthen brands while maintaining a focus on quality and consistency across all aspects, including loyalty recognition, digital experience, food & beverage, service, and property condition.
- Leverage tools such as training and data insights to further increase performance across our estate.

Fee margin^{a,b}

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, insurance activities 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).



2023 status

- Fee margin grew by 340bps to 59.3%, driven by continued strength in trading in EMEA and Greater China.

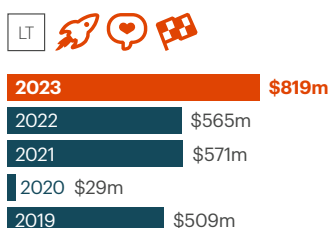
2024 priorities

- Maintain our cost and efficiency focus.
- Leverage technology applications and process enhancements to achieve operational efficiencies.
- Continue to reinvest in the business to drive growth and further expand margin over the long term.

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 12). It is a key component in measuring the ongoing viability of our business (see page 50).



2023 status

- Adjusted free cash flow increased by \$254m to \$819m due to growth in operating profit from reportable segments^a and an improvement in the System Fund and reimbursable result, partly offset by increased contract acquisition costs, higher tax payments and lower working capital cash inflow. Closing liquidity was \$2,572m.

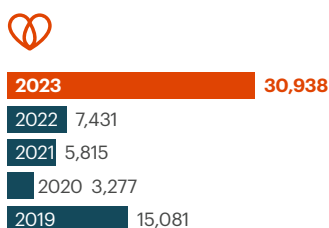
2024 priorities

- Continue to deliver consistent, sustained growth in cash flow.
- Timely management of capital deployment in line with business priorities.

IHG[®] Academy

Number of people participating in one of our in person IHG Academy programmes and the number of registered users on the IHG Skills Academy platform.

Sustained participation indicates the strength of our progress in creating career building opportunities and engagement with the communities in which we operate (see page 12).



2023 status

- Refreshed the wider IHG Academy offering to hotel and corporate functions.
- Increased internships and work experience placements across hotels and corporate functions, utilising both in-house experiences and virtual solutions.
- Expanded our IHG Skills Academy registrations by over 500%.
- Implemented a new IHG Skills Academy interface to improve user experience.
- Added additional language translations to IHG Skills Academy to increase global reach.

2024 priorities

- Launch refreshed IHG Academy offering to hotel and corporate functions to activate within their local communities.
- Introduce updated tracking tool to hotels and upgrade IHG Academy global metrics dashboard.
- Raise awareness of all IHG Academy offerings to increase skills training opportunities and maximise IHG Academy participants.

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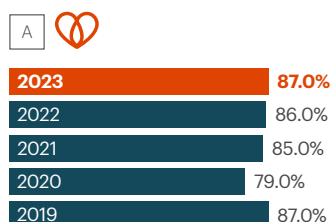
^b 2022 and 2021 fee margin re-presented to reflect the adoption of IFRS 17 'Insurance Contracts' in 2023. The 2019 and 2020 figures have not been restated and are therefore excluded from the comparison.

KPIs

Employee engagement survey scores

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

We measure employee engagement to monitor risks relating to talent (see page 46) and to help us understand the issues that are relevant to our people as we build a diverse and inclusive culture (see page 29).

**2023 status and 2024 priorities****2023 status**

- The score of 87% improved on the prior year and was 10% higher than external benchmarks.
- Prioritised employee development and retention activities:
 - Focused on launching the ‘squiggly career’ concept and an interactive critical experiences framework that helps employees explore the different career journeys available within IHG corporate.
 - Evolved our leadership development programme content to include further support for people leaders on how to develop their teams through focused career conversations, performance check-ins and providing timely feedback.
 - Launched a new corporate onboarding programme to help our new starters in four pilot locations learn the business and network with people across teams.
- Continuing to focus on employee wellbeing, including piloting a mental health first aider programme in the UK, highlighting and investing in our Employee Assistance Programme, and celebrating key calendar events such as World Mental Health Day.
- Delivered on diversity, equity and inclusion (DE&I) initiatives:
 - Continuing to expand our Employee Resource Group (ERG) membership and presence globally.
 - Celebrated key calendar events such as International Women’s Day, Pride and International Day of Persons with Disabilities.
 - Launched new inclusive hiring practices to help increase our representation of diverse leaders across our senior leadership population.
- Launched Leading for Growth Executive Development Programme, designed specifically for those at VP level and above to help stimulate thinking around how we lead today along with exploring future development.

2024 priorities

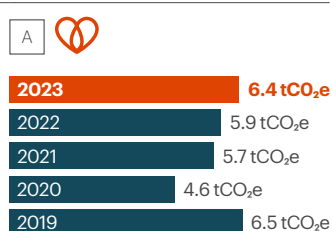
- Continue to foster an inclusive culture and further raise our representation of diverse leaders across our senior leadership.
- Increase support for employees to plan their development internally.
- Continue to develop our people leadership capability through learning, communications, events and toolkits.
- Scale our corporate onboarding programme to all corporate locations.
- Continued focus on our L&L capability and talent.
- Integrate more of the L&L hotel estate into our HR platforms.

Absolute carbon footprint

Total GHG emissions (Tonnes of CO₂e), calculated using the market-based methodology to take account of renewable energy. For more information on our carbon footprint methodology see page 239.

Our global target is to reduce absolute Scope 1, 2 and Scope 3 (FERA and franchised hotels energy) GHG emissions 46% by 2030 from a 2019 baseline year.

This target has been validated by the SBTi as being consistent with climate science to limit global temperature rise to 1.5°C above pre-industrial levels. To ensure progress against this target, we work with our hotels to drive energy efficiency and carbon reductions across our estate.

**2023 status**

- While there was an increase year-on-year in 2023 due to the recovery in occupancy and growth in the size of the estate, we continued to drive energy efficiency with a 3.8% reduction in carbon emissions per occupied room from 2019 and a 1.9% absolute reduction against the baseline.
- Continued rollout of ECMs across existing estate hotels and new-builds, focused on those measures with a ROI of less than 5 years, supported by brand standards and reflected in corporate remuneration targets.
- Ongoing access to training, tools and resources to help hotels maximise their energy efficiency, including resources in the US for owners to identify tax and other financial incentives to help fund energy efficiency investments.
- Expanded US owner access to renewable electricity through our community solar programme.

2024 priorities

- Continue to rollout our decarbonisation roadmap focusing on energy-efficiency measures in the existing estate, transitioning to renewable energy and developing new-build hotels operating with very low/zero carbon emissions. See pages 56 to 58 for more information on our transition plan.
- Developing a programme to accelerate the number of new-build hotels that are energy-efficient, have no fossil fuels combusted on-site and are fully powered by renewable energy where available.