

Directors' Remuneration Report



"I am delighted to present the 2024 Directors' Remuneration Report which highlights the link between business strategy, performance and pay."

Angie Risley

Chair of the Remuneration Committee

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On behalf of the Board, I am delighted to present the Directors' Remuneration Report for the financial year ended 31 December 2024. In this report, I set out how we are incorporating the expectations of our employees, our shareholders and our wider stakeholders into our approach to executive pay, both for the year in review and as we look ahead to 2025 and beyond.

2024 business performance context

Driven by our ambitious growth algorithm, business performance was excellent across all KPIs during 2024. We grew Global RevPAR by 3.0% and net system size by 4.3%, while operating profit from reportable segments^a increased by 10.3% to \$1,124m.

From an investor perspective, we have seen substantial growth in shareholder value. A total proposed dividend for the year of 167.6c and the completion of a share buyback programme during 2024 of \$800m will result in \$1bn being returned to shareholders in respect of 2024. A further \$900m buyback programme has been approved for 2025.

Overview of 2024 remuneration outcomes

The incentive plan outcomes for 2024 reflect our strong business performance over the short and long term:

- The achievement on Annual Performance Plan (APP) metrics (operating profit from reportable segments, room openings and room signings) resulted in awards for Executive Directors of 63% of maximum, reflecting the above target performance of the business.
- The vesting outcome of the 2022–24 Long Term Incentive Plan (LTIP) award was 85% of maximum. The business continued to deliver against ambitious absolute cash flow targets, generated net system size growth (NSSG) above the median of our most direct peers and achieved upper quartile relative Total Shareholder Return (TSR).
- The Remuneration Committee (Committee) reviewed the formulaic performance outcomes in line with the framework for assessing discretion. The Room openings and Room signings targets for the APP were

increased during the year, and, as last year, a minor adjustment was made to the LTIP to reflect IHG's decision to cease operations in Russia. For more information see pages 145 and 146.

The increase in the CEO's total single figure of remuneration between 2023 and 2024 is primarily due to a higher LTIP value for 2024 relative to 2023. This is the result of higher share price appreciation and stronger performance, with a higher associated vesting outcome.

The Committee agreed a 4% salary increase for Michael Glover for 2024 in line with that for the global corporate workforce. While originally it was intended that Elie Maalouf would not receive a salary increase for 2024, his performance was identified as being particularly strong. It also became apparent during the review carried out during the year that our CEO's total pay was substantially behind peers. The Committee therefore approved a 4% salary increase with effect from 1 July 2024, which is aligned with the increase for the broader corporate employee base for 2024. This decision was discussed with some of our major shareholders.

Review of remuneration

We have undertaken a significant review of remuneration arrangements for the Executive Directors and other key senior roles during the last year, as well as reviewing pay for the wider workforce, focusing on further strengthening the link between pay and performance (see pages 159 to 166 for further detail). This review has culminated in the development of the first Directors' Remuneration Policy during my tenure as Chair of the Committee.

The Board's view is that performance of the Executive Directors has been very strong over the last year, as reflected in corporate performance. In this context, an early review of remuneration ahead of the scheduled timing in 2026 was considered a priority to help secure the talent that has proven to be highly effective in evolving and delivering strategic priorities and in the creation of shareholder value. In addition, a new policy will ensure the long term succession imperative.

We have undertaken a detailed process during which we have analysed our inflows and outflows of senior talent,

a. Definitions for Non-GAAP revenue and operating profit measures can be found on pages 103 to 108. Reconciliations of these measures to the most directly comparable line items within the Group Financial Statements can be found on pages 266 to 272.

carried out a full assessment of this market from which we attract talent from and lose talent to, and sought to more closely align Executive Director pay elements with our strategy, the competitive market for talent and the structure for the wider workforce.

We have undertaken several rounds of shareholder consultation, and listened carefully to the feedback. I would like to thank all the shareholders and the proxy bodies I have met for their time, their support and for their valuable insights which have directly shaped our proposals.

Remuneration review timing

While the triennial review of the Directors' Remuneration Policy is not due until 2026, we are keen to secure support for a revised policy at the 2025 AGM for the following reasons:

- We are increasingly experiencing senior talent retention issues and want to secure the retention and incentivisation of Elie Maalouf and Michael Glover at the earliest opportunity as the leaders who have driven the success of the business to date, and whose performance has been exceptional. The Board is confident that Elie and Michael are the right people to deliver on our ambitious growth strategy.
- Putting in place a revised policy now provides a robust framework for retention of senior talent and the succession pipeline for these Executive Director roles.
- With a new policy being put in place in 2025, it will be at least 2030 before the Executive Directors receive any value from new share awards granted in 2025 given a five-year term to release, subject to performance.

Board changes

As previously reported, Sir Ron Kalifa joined the Board on 1 January 2024. Daniela Barone Soares stepped down from the Board on 31 December 2024. Fees and benefits were payable to Daniela up to the date of stepping down with no further payments being made, in line with the approved policy.

Wider workforce remuneration and employee engagement

In 2024, the average budget for salary increases was 4% for our UK and US corporate workforce. The overall average budget for 2025 increases will be 3% for our UK and US corporate workforce.

For the UK leased hotel estate, in agreement with the owner, budgeted 2024 salary increases ranged from 3% to 13% with higher increases applicable for frontline workers. Budgeted 2025 salary increases range from 2% to 9%.

The Real Living Wage will be applied for 12 months from April 2025, as a minimum, for all staff in line with the Real Living Wage Foundation level; zero-hour contracts are not utilised in the UK leased estate. Between 2023 and 2025, entry level salaries in our UK leased hotel estate increased by 15% relative to 7% budgeted increases for our corporate population including senior management.

An additional £8m was made available to the budgeted amount for the personal performance element of our 2024 Annual Performance Plan to increase bonus amounts for our strongest performers below Executive Committee level.

For corporate colleagues, in 2024 we enhanced employee benefits for IHG hotel stays, as well as providing three additional days of leave.

We were pleased to see our overall employee engagement scores remain resilient at 87%, which once again saw IHG accredited as a Mercer Global Best Employer.

IHG was named in the Fortune 100 Best Companies to Work For 2024. We are also pleased to see that our Gender Pay Gap continues to improve, with our median Gender Pay gap in the UK decreasing by 22 percentage points since 2017.

I have had the opportunity to participate in an employee engagement session in 2024 alongside Duriya Farooqui and other Non-Executive Directors as part of our Voice of the Employee sessions (further details of which can be found on page 135). I would like to thank all colleagues involved in these sessions for their time and feedback.

Remuneration for 2025

Executive Directors' salaries will increase by 3% with effect from 1 April 2025, aligned with the UK and US corporate workforce. The CEO's salary was reviewed as part of the policy review. Conditional upon approval of the revised policy at the 2025 AGM, the CEO's base salary will instead be increased by 6.8% rather than 3%. The Committee believes that the proposed increase is fair, necessary in the wider market and business context which has been exceptionally strong, and consistent with practice for corporate employees below Board level.

The APP measures for 2025 will be the same as those for 2024, namely operating profit from reportable segments (70%), room signings and room openings (15% each).

Measures for the 2025–27 LTIP cycle are relative Total Shareholder Return (20%); relative net system size growth (25%); cash flow (20%); adjusted earnings per share (EPS) (25%); and carbon and people metrics (10%). These are the same categories used for the 2024–26 cycle, with increased weighting on EPS and relative net system size growth by 5% each and reduced weighting on carbon and people metrics by 10%. We also increased the level of stretch in the EPS targets (see page 157 for further detail). This is the outcome of a review of LTIP measures in the context of our strategic priorities including our growth algorithm. It was concluded that the weightings of the EPS and relative net system size growth measures should be increased to support the achievement of this.

Subject to approval of the policy, Restricted Stock Unit (RSU) awards will be granted to Executive Directors which will vest subject to meeting an underpin. Further details are set out on page 156.

About this report

This report is longer in length to recognise the important narrative regarding the policy proposals. The Directors' Remuneration Report (pages 138 to 166) will be put to an advisory vote and the Directors' Remuneration Policy (pages 167 to 175) will be put to a binding vote by shareholders at the May 2025 AGM.

Angie Risley

Chair of the Remuneration Committee
17 February 2025

Directors' Remuneration Report continued

Remuneration at a glance

Key

Within the Directors' Remuneration Report, we have used colour coding to denote different elements of remuneration as follows:

- Salary

■ Benefits

■ Pension benefit

■ Long Term Incentive Plan (LTIP) – performance-based shares

■ Annual Performance Plan (APP) (up to 70% paid in cash with a minimum of 30% deferred into shares)

■ Long Term Incentive Plan (LTIP) – restricted stock units

☐ Shareholding

Audited information

Content contained within a tinted panel highlighted with an 'Audited' tab indicates that all the information within the panel is audited.

Executive Director remuneration in 2024

Elie Maalouf Chief Executive Officer
Value (£000)



Michael Glover Chief Financial Officer
Value (£000)

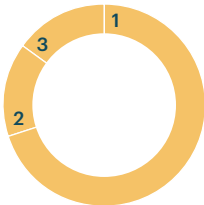


How we performed in 2024

APP

63.0%

2024 APP achievement (% of maximum)



- 1 Operating profit from reportable segments: 70%
- 2 Room signings: 15%
- 3 Room openings: 15%

- Overall achievement between target and maximum.
- Very strong signings performance towards the maximum.

Operating profit from reportable segments^a (\$m)

Actual 1,135 (59.4% of maximum)		
Threshold	Target	Maximum
1,042	1,120	1,198

Room signings (k rooms)

Actual 106.2 (82.7% of maximum)		
Threshold	Target	Maximum
89.8	99.7	109.7

Room openings (k rooms)

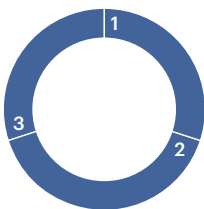
Actual 59.1 (60.2% of maximum)		
Threshold	Target	Maximum
52.1	57.9	63.7

a. Definitions for Non-GAAP revenue and operating profit measures can be found on pages 103 to 108. Reconciliations of these measures to the most directly comparable line items within the Group Financial Statements can be found on pages 266 to 272.

LTIP

84.7%

2022/24 LTIP achievement (% of maximum)



- 1 Total Shareholder Return: 30%
- 2 Net system size growth: 40%
- 3 Absolute cash flow: 30%

- Overall achievement between target and maximum.
- Exceptional cash flow and relative TSR performance above maximum targets set.
- Strong relative NSSG above median.

Relative Total Shareholder Return (%)

Actual 101.9% (100% of maximum)		
Threshold	Maximum	
46.5%	86.5%	

Relative net system size growth (%)

Actual 4.2% (61.7% of maximum)		
Threshold	Maximum	
3.1%	5.2%	

Absolute cash flow (\$bn)

Actual 3.02 (100% of maximum)		
Threshold	Maximum	
1.58	2.11	

Aligning variable elements of remuneration to strategy in 2024

What we do

Provide True Hospitality for Good

Why we do it

To be the hotel company of choice for guests and owners

How we make it happen



**Relentless focus
on growth**



**Brands guests
and owners love**



**Leading
commercial engine**



**Care for our people,
communities and planet**

Element	Measures and weightings	Link to strategy	Explanation
Annual Performance Plan (APP)	Operating profit from reportable segments (70%)	  	– The strength and breadth of our portfolio, tailored services and solutions, as well as our technology and platforms drive consumer preference, owner returns and rooms growth; all contributing to our revenues and profit. – Openings and signings are two of our key drivers of system size and central to our strategy of accelerating the growth of our brands in high-value markets. – The underlying performance of the business will be reviewed in considering the potential application of discretion to formulaic outcomes of the APP measures.
	Room signings (15%)	 	
	Room openings (15%)	  	
Long Term Incentive Plan (LTIP)	Relative Total Shareholder Return (20%)	  	– Our strategy is intended to deliver unmatched guest experiences and unrivalled owner returns for our stakeholders, including competitive total shareholder returns. – Our strategy is to accelerate the growth of our brands in high-value markets by using our global scale and expertise so it is important that this forms a key element of our management team's LTIP. – Enhancing our customer and owner offer and accelerating the growth of our brands in high-value markets drives sustained growth in cash flows and profits over the long term, which can be reinvested in our business and returned to shareholders. – Measures aligned to our people and planet business priorities are included in our LTIP targets. – EPS provides a measure of the efficiency of the capital structure, as well as promoting further alignment with shareholder experience and value.
	Relative net system size growth (20%)		
	Absolute cash flow (20%)	  	
	Carbon and people (20%)	   	
	Adjusted earnings per share (20%)	  	

Directors' Remuneration Report continued

Remuneration at IHG – the wider context

How our reward practices are aligned across all levels of the organisation

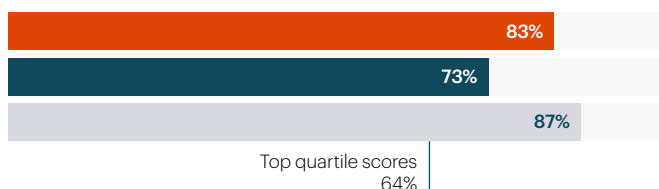
Our approach to fairness in reward is an important aspect of our overall reward philosophy and is designed to attract, retain, motivate and engage talent at all levels of the business. It is supported by a robust governance approach that ensures our reward and recognition practices are fair and consistent across our employee population, as well as an alignment between the wider direct workforce and executive remuneration. We regularly review our approach externally, ensuring we are competitive in the different markets in which we operate and meet the needs of employees by offering market-driven reward packages.

Element	Executive Directors	Senior management	All employees	Details
Fixed				
Salary	●	●	●	- Managers put at the heart of the salary review process, allowing them to use discretion. - Managers reminded of importance of making fair reward decisions consistent with our Code of Conduct to ensure employees are fairly rewarded according to their contribution, skills and experience.
Benefits	●	●	●	- Corporate colleagues allocated IHG One Rewards Gold Elite Status. - Employee Room Rate programme enhanced – increasing booking window, and number and type of rooms. - Alignment of healthcare across the UK corporate population. - All UK corporate colleagues are covered for Life Insurance, Income Protection and Critical Illness. - We offer US colleagues a streamlined selection of health and welfare plan designs and providers. - We provide both financial and protection benefits to our colleagues through a life and Accidental Death & Dismemberment insurance coverage.
Pension	●	●	●	- UK and US pension benefits competitive against the market. - Contribution rate for UK corporate, and eligible UK hotel employees, is aligned with 2:1 matching ratio up to 6% of salary from employees and 12% from the Company. - Salary sacrifice available and life cover of 4x base salary for UK pension plan participants.
Variable				
APP	●	●	●	- Corporate performance metrics are aligned across corporate colleagues, Executive Directors and Executive Committee (EC). - Bonus deferral for three years in operation for senior management. - Weightings of metrics for all corporate colleagues below EC level are aligned and higher awards can be earned through an employee's individual performance and contribution to the Company. £8m funding was made available in addition to the budgeted amount for the personal performance element of our 2024 Annual Performance Plan to increase bonus amounts for our strongest performers.
LTIP	●	●		Certain senior/mid-management and specialist roles are eligible to participate in the Long Term Incentive Plan, under which performance-based awards vest after three years.
RSU		●		- Certain senior/mid-management and specialist roles are eligible to receive an RSU award, which vests after three years. 659 colleagues were in receipt of an RSU award for the 2024–26 cycle. - At certain job levels, we run an annual nomination process whereby 30% of the population can be nominated to receive an RSU award based on their performance. - Executive Directors do not currently receive RSU awards, but it is proposed that they will from 2025 onwards under the new Directors' Remuneration Policy. - RSU awards are not subject to performance conditions but still align employee interests with those of shareholders.
Long Service Awards	●	●	●	- All of the corporate workforce, including Executive Directors, are eligible to receive a Long Term Service Award, of varying value, once the employee reaches certain service milestones. - In 2024, 870 corporate colleagues and 814 hotel colleagues globally received cash long-term service awards.
Colleague Share Plan			●	- Available to around 99% of our corporate colleagues below the senior/mid-management level, with eligibility opened to colleagues in Spain and Portugal for the first time in 2025. - IHG matches the shares purchased by colleagues on a one-for-one basis. - The registration for the 2025 plan was open to eligible colleagues in Q4 2024 and the take-up rate is 39.6%. - The 2023 plan's matching shares vested in January 2025 with more than 28,300 shares vesting between 2,296 employees, worth almost £3m. - Colleagues receive dividends and voting rights on purchased shares.
Bravo Recognition plan			●	- Colleagues below senior/mid-management level can be nominated for a cash award through our Bravo recognition scheme for going above and beyond in their roles whilst displaying exceptional IHG behaviours. 12,579 one-off cash awards were made to corporate colleagues and 16,268 cash awards were made to hotel colleagues globally during 2024.

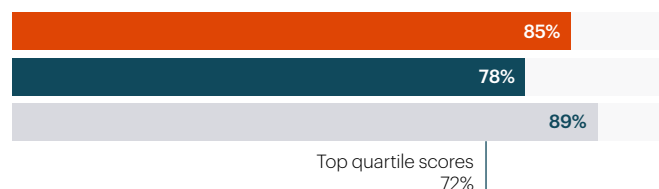
Employee engagement on pay

We have several forums for employees to express their opinions on pay. These include employee resource groups (ERGs) and direct engagement with Non-Executive Directors. In 2024, the Chair of the Remuneration Committee met colleagues to understand their views on Executive Director and their own pay. Our employee engagement survey, Colleague HeartBeat, allows employees to give their views on working at IHG. The 2024 employee engagement scores for participating managed and leased hotel and reservations employees and general managers on the questions relating to reward and recognition exceeded our survey provider's top quartile benchmark.

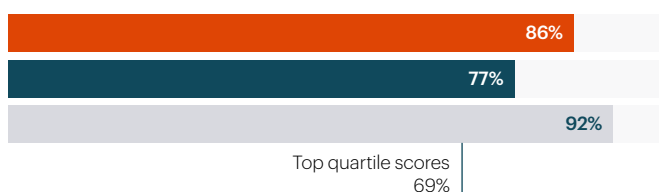
Paid fairly



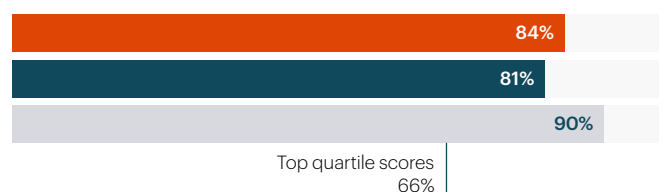
Benefit plan meets needs



Appropriate recognition



Performance impacts pay



■ Hotels ■ Reservations ■ General Managers

Wellbeing

We continue to promote myWellbeing – a framework to support employees across their health, lifestyle and workplace. The myWellbeing suite of resources, which includes an employee Wellbeing Handbook and guidelines for people managers, has been designed to provide a holistic wellbeing offering. Employees also have access to a global Employee Assistance Programme, which offers counselling, practical guidance on topics such as legal, financial and work matters, and additional health and wellbeing resources.

We have also continued to champion initiatives such as Focused Fridays, where we limit scheduling meetings, and recharge days, where corporate colleagues can spend the day doing whatever they need to unwind. In 2024, all corporate colleagues were given three recharge days to spend as they please, on top of any contracted annual leave they are eligible to receive.

Leased hotel employees

As previously reported, following the acquisition of a number of UK hotels in 2019, employing entities for the estate's hotels were transferred to IHG. Employment terms, including remuneration and benefits, largely remained in place on their pre-acquisition basis.

As with the model for leased hotels generally, IHG provides hotel management support to the owners of leased hotels in the UK and globally, and makes recommendations on matters, including pay, based on market insight, third-party surveys and experience. Decisions on implementing pay changes are ultimately determined by the hotel estate owner in the context of their own commercial position and equities across the wider portfolio.

- Salary increases for 2024 ranged from 3% to 13% and for 2025 range from 2% to 9%, with higher increases applicable for frontline employees.
- The Real Living Wage will continue to be applied as a minimum for all staff in line with the Real Living Wage Foundation level. Zero-hour contracts are not utilised in the UK leased estate.
- Hotel colleagues receive similar benefits to corporate employees, including enrolment into a workplace pension, employee room rates, Employee Assistance Programme, Bravo recognition programme, retail discount vouchers, the myWellbeing programme and refer-a-friend bonus. Frontline colleagues can also receive incentives and performance-driven bonuses, and eligible managers receive an annual performance bonus.

- Between 2023 and 2025, entry level salaries in our UK leased hotel estate increased by 15% relative to 7% budgeted increases for our corporate population including senior management.

Championing a culture where everyone can thrive

One of our 2030 commitments is to drive gender balance and a doubling of under-represented groups across our leadership, and we are building on the significant progress we have made over the past decade towards achieving gender balance, with 36% of our leaders (VP and above) being female compared to our ambition of 39% by 2025, and a gender-balanced employee population, of which 52% is female. We are delighted to be rated second on the Financial Times Diversity Leaders list in 2024. We have reduced our median Gender Pay Gap in the UK by 22 percentage points since 2017, our first year of reporting.

Our latest Gender Pay report is available on IHG's website at ihgplc.com/en/responsible-business/reporting under Reporting.

Directors' Remuneration Report continued

Annual Report on Remuneration

The Annual Report on Remuneration explains how the Directors' Remuneration Policy was implemented in 2024, the remuneration earned by the Executive Directors and how the Directors' Remuneration Policy will be implemented in 2025.

Audited

Single total figure of remuneration – Executive Directors

Executive Director	Year	Fixed pay				Variable			Other £000	Total £000
		Salary £000	Benefits £000	Pension benefit £000	Subtotal £000	APP £000	LTIP £000 ^a	Subtotal £000		
Elie Maalouf	2024	1,010	427	121	1,557	1,298	4,670	5,968	–	7,525
	2023	849	203	133	1,185	1,403	1,570	2,973	84	4,242
Michael Glover ^b	2024	639	86	77	801	813	1,614	2,426	150	3,377
	2023	487	47	58	592	797	391	1,188	150	1,930

a. LTIP figures for 2023 relate to the 2021–23 LTIP cycle and have been restated using the actual share price of £83.52 on the date of vesting. Figures for 2024 relate to the value of shares for the 2022–24 cycle using the Q4 2024 average closing share price of £92.31.

b. Michael Glover's 2024 LTIP figure, inclusive of RSU awards, is for the full 2022–24 LTIP cycle. His 2022–24 RSU award and a portion of his 2022–24 LTIP award were granted in May 2022 prior to becoming an Executive Director. The same performance conditions applied to the LTIP award as they did for Executive Directors. The RSU awards for 2022–24 were not subject to any performance conditions.

Notes to the single total figure table

Fixed pay

Salary: salary paid for the year. Salary increases of 4% for 2024 were in line with those for the wider corporate workforce, with Elie Maalouf's salary increasing from £990,000 to £1,029,600 with effect from 1 July 2024 and Michael Glover's salary increasing from £620,000 to £644,800 with effect from 1 April 2024.

Benefits: for Executive Directors, this includes, but is not limited to, taxable benefits such as company car allowance and healthcare.

Elie Maalouf receives an RPI-linked monthly net housing allowance of £11,200 as at September 2024 (increased by RPI of 3.4%; gross value for reporting purposes of £20,400 per month) towards UK housing costs to facilitate him to carry out his UK-based role whilst maintaining his US home and IHG's significant US business, government and industry interests.

Other benefits provided include travel costs and allowances (£61,000 for Elie Maalouf; £17,000 for Michael Glover), tax return assistance (£39,000 for Elie

Maalouf; £30,000 for Michael Glover) and healthcare provision (£59,000 for Elie Maalouf; £32,000 for Michael Glover). It has been agreed that Elie Maalouf would settle any employee tax due in respect of travel within the UK with effect from the beginning of the 2024/25 tax year.

Life assurance at four times base salary, critical illness and income protection cover were provided for all Executive Directors, which is aligned to all other UK corporate colleagues who participate in the UK pension plan.

Pension benefit: for current Executive Directors, in line with the policy, represents cash allowances of 12% of salary paid in lieu of pension contributions. This is in line with the maximum level available to all other participants in the UK pension plan.

Other

Michael Glover received a gross payment of £150,000 in 2023 and in 2024 as time-limited one-off payments to cover relocation and associated costs. A final payment of £100,000 is due to be made in early 2025 on the second anniversary of his appointment as CFO.

Variable pay

APP (maximum 70% cash and minimum 30% deferred shares subject to meeting minimum shareholding requirement).

Operation

Disclosed award levels are determined based on salary as at 31 December 2024 and on a straight-line basis between threshold and target, and target and maximum.

The target award was 100% of salary and the maximum award was 200% of salary.

Any payment made under the APP is subject to minimum levels of performance under the operating profit from reportable segments metric, with the room signings and room opening measures subject to a financial gate:

- if operating profit performance is below 85% of target, there would be no payout under these measures; and
- if operating profit performance is between 85% of target and threshold, payout for these measures would be reduced by 50%.

Audited

APP outcome for 2024

The performance measures and outcomes of the 2024 APP were as follows:

Performance measure	Weighting	Targets (straight-line payout between)			Performance achieved	Achievement
		Threshold (0% payout)	Target (50% payout)	Maximum (100% payout)		
Operating profit from reportable segments ^a	70%	\$1,042m	\$1,120m	\$1,198m	\$1,135m	118.8%
Room signings (k rooms)	15%	89.8	99.7	109.7	106.2	165.3%
Room openings (k rooms)	15%	52.1	57.9	63.7	59.1	120.5%
Total weighted achievement (% of target)						126.0%
Total weighted achievement (% of maximum)						63.0%
Total achievement (% of salary)						126.0%

a. Definitions for Non-GAAP revenue and operating profit measures can be found on pages 103 to 108. Reconciliations of these measures to the most directly comparable line items within the Group Financial Statements can be found on pages 266 to 272.

Adjustments to room openings and room signings targets

The room openings and room signings targets were increased by 5,700 rooms during the year, following levels of in-year deal activity in excess of original expectations at the point that the targets were set. Operating profit performance was above threshold and therefore the financial gate was met for the room signings and room opening measures. The Committee also reviewed the overall performance of the Executive Directors and of the business including relative to peers, and was satisfied that no further adjustments needed to be applied to the formulaic outcomes of the APP measures.

Elie Maalouf and Michael Glover have both met their shareholding requirement and therefore 30% of APP earned for 2024 will be deferred into shares for three years. The only condition attached to deferred shares is continued service.

The resulting amounts earned were as follows:

Executive Director	Total amount earned (£000)	Of which paid in cash (£000)	Of which deferred in shares (£000)
Elie Maalouf	£1,298	£909	£389
Michael Glover	£813	£569	£244

In determining operating profit from reportable segments for APP purposes, budgeted exchange rates for the year are used to ensure like-for-like comparison with the APP target set at the start of the year.

Operating profit from reportable segments (at actual exchange rates) (see page 209)	\$1,124m
Operating profit from reportable segments (at 2024 budget exchange rates)	\$1,135m
Difference due to exchange rates	\$11m

LTIP 2022–24

LTIP outcome for 2022–24 cycle

The following table shows the 2022–24 LTIP performance measures and weightings, the threshold and maximum targets and actual achievement, based on the formulaic outcomes against the three-year targets set in 2022.

Performance measure and weighting	Performance targets			Achievement (% of maximum for measure)	Weighted achievement (% of maximum award)
	Threshold (20% vesting)	Maximum (100% vesting)	Performance result		
Total shareholder return (30%): Three-year growth relative to competitors ^a	46.5% (Median)	86.5% (Upper quartile)	101.9% (Above upper quartile)	100%	30.0%
Relative net system size growth (NSSG) with ROCE underpin (40%): Three-year growth relative to competitors ^b	4th rank (3.1% growth)	1st rank (5.2% growth)	2nd rank (4.2% growth)	61.7%	24.7%
Absolute cash flow (30%):	1.58bn USD	2.11bn USD	3.02bn USD	100%	30.0%
Total % of maximum opportunity vesting					84.7%

a. TSR comparators for the 2022–24 cycle are Accor S.A., Choice Hotels International Inc., Hilton Worldwide Holdings Inc., Hyatt Hotels Corporation, Marriott International Inc., Melia Hotels International S.A., NH Hotels Group, and Wyndham Hotels & Resorts Inc.

b. NSSG comparators for the 2022–24 cycle are Accor S.A., Choice Hotels International Inc., Hilton Worldwide Holdings Inc., Jin Jiang International Holdings Company Limited, Marriott International Inc. and Wyndham Hotels & Resorts Inc.

The Committee considered performance against the Return on Capital Employed (ROCE) underpin attached to the NSSG measure. The underpin level of 20% was met, with the average ROCE over the performance period being 29.8%.

Directors' Remuneration Report continued

Annual Report on Remuneration continued

Audited

Adjustments to absolute cash flow target

Over the performance period of the 2022–24 LTIP award, there have been events that have impacted IHG's cash flow that were unquantified or unforeseen when the original targets were set. The table below shows the reconciliation between reported cash flow and the outcome for the 2022–24 LTIP. This includes adjustments agreed by the Committee to exclude the impact of the exit from Russia, as described on page 128 of the 2022 Directors' Remuneration Report, and which are consistent with those applied for the 2021–23 LTIP award. These adjustments had no effect on the vesting outcome.

Reconciliation	Cash flow \$bn
Reported cash flow from operations	3.33
Net cash from investing activities	(0.31)
Reported outcome per definition	3.02
Other adjustments (including exclusion of Russian operations)	0.00
Adjusted outcome	3.02

Adjustment to NSSG target

As noted above, IHG announced the decision to cease all operations in Russia. Net system size growth performance for IHG and all companies in the peer set for this relative measure has therefore been adjusted to remove the Russia system size from all companies for all years. These events were not budgeted for at the time of setting the 2022–24 targets, and the Committee, in its judgment, considered it was appropriate to adjust for them on the basis that LTIP participants should not be disincentivised from making decisions that are in the long-term interest of shareholders.

No other discretion was applied in determining the vesting level of the 2022–24 LTIP award.

LTIP 2022–24 vesting

The award granted under the 2022–24 cycle will vest on 19 February 2025 based on achievement against targets measured over three years to 31 December 2024. The individual outcomes for this cycle are shown below.

The daily average closing share price over the final quarter of 2024 was 9,231p. This share price was used to calculate the total value of award and the value of award attributable to share price appreciation.

Executive Director	Number of shares granted	% of maximum award vested	Outcome (number of shares vesting)	Total value of award £000	Value of award attributable to share price appreciation £000
Elie Maalouf ^a	59,730	84.7%	50,590	4,670	2,082
Michael Glover – LTIP ^b	16,538	84.7%	14,007	1,293	544
Michael Glover – RSU ^c	3,474	100.0%	3,474	321	152

a. Includes 40,101 shares granted on 13 May 2022 with a grant price of 4,842p and a top up of 19,629 shares granted on 13 May 2024 with a grant price of 5,674p. Shares are subject to a two year holding period.

b. Includes 3,860 shares granted on 13 May 2022 with a grant price of 4,842p and a top up of 12,678 shares granted on 13 May 2024 with a grant price of 5,501p. Vested shares from the 2024 grant are subject to a two year holding period.

c. RSU award for 2022–24 cycle received prior to appointment to the Board with a grant price of 4,842p. This award is subject to continued service only.

Audited

Scheme interests awarded during 2024

Annual Performance Plan (APP) – 2023

Half of the bonus earned in respect of the 2023 APP was deferred into shares, with no further conditions save continued service. An average of the closing mid-market share price for the three days following the publication of 2023 results was used to determine the number of shares to be awarded. Details of the resulting shares granted were as follows:

Executive Director	Type of award	Award date	Number of shares granted	Market price per share at grant £	Face value of award at grant £000	Vesting date
Elie Maalouf	Conditional shares	28 February 2024	8,088	86.27	698	1 March 2027
Michael Glover ^a	Conditional shares	28 February 2024	4,817	86.27	416	1 March 2027

a. 4,619 shares relate to Michael Glover's role as an Executive Director; the other 198 shares relate to the amount received for his previous role.

Long Term Incentive Plan (LTIP) – 2024–26 cycle

During 2024, awards were granted over shares with a maximum value of 500% of salary for the CEO and 300% of salary for the CFO using an average of the closing mid-market share price for the five days prior to grant. These are in the form of conditional awards over Company shares and do not carry the right to dividends or dividend equivalents during the vesting period. The vesting date for the award is the day after the announcement of our financial year 2026 Preliminary Results in February 2027. These awards will vest to the extent that performance targets are met and will then be held in a nominee account for a further two years in accordance with the post-vest holding requirement, transferring to the award holder in February 2029.

Executive Director	Type of award	Award date	Performance period	Basis of award	Maximum shares awarded	Market price per share at grant £	Face value of award at grant £000
Elie Maalouf	Conditional shares	13 May 2024	1 January 2024 to 31 December 2026	500% of salary	63,137	78.40	4,950
Michael Glover	Conditional shares	13 May 2024	1 January 2024 to 31 December 2026	300% of salary	24,673	78.40	1,934

The performance measures for the 2024–26 LTIP cycle are as outlined below. NSSG is a relative measure and is measured to 30 September 2026, rather than 31 December 2026, due to the timing at which competitor data is published.

Measure and weighting	Threshold target (20% vesting)	Maximum target (100% vesting)
Relative TSR (20%) ^a	Median	Upper quartile
Relative NSSG (20%) ^b	Ranked 4th	Ranked 1st
Absolute cash flow (20%)	2.395bn USD	3.421bn USD
Adjusted EPS (20%)	5% absolute CAGR	12% absolute CAGR
Carbon and people (20%) – split between four equally weighted measures		
Adoption of five existing energy conservation measures (ECMs)	80% of hotels	100% of hotels
Low/zero carbon hotels open or under construction	10 hotels	15 hotels
Improvement in 'Inclusion Index' scores for ethnically diverse corporate colleagues compared to all US and UK hotel and corporate colleagues	7% below total population	In line with total population
Talent interventions ^c	30% of talent promoted	50% of talent promoted

Straight-line vesting occurs between threshold and maximum target.

- a. Comparator companies for TSR are Accor S.A., Choice Hotels International Inc., Dalata Hotel Group PLC, H World Group Limited, Hilton Worldwide Holdings Inc., Hyatt Hotels Corporation, Indian Hotels Company Limited, Jin Jiang International Holdings Company Limited, Marriott International Inc., Melia Hotels International S.A., Minor International, Scandic Hotels Group AB, Shangri-La Hotel Public Company Limited, Whitbread PLC and Wyndham Hotels & Resorts Inc.
- b. Comparator companies for NSSG are Marriott International Inc., Hilton Worldwide Holdings Inc., Accor S.A., Jin Jiang International Holdings Company Limited, Wyndham Hotels & Resorts Inc. and Choice Hotels International Inc.
- c. Threshold vesting will occur if 30% of talent who took part in the programmes between 2022 and 2024 have been promoted by 31 December 2026 and maximum vesting will occur if 50% of talent who took part in the programmes have been promoted by 31 December 2026.

Directors' Remuneration Report continued

Annual Report on Remuneration continued

Audited

LTIP – pro-rated awards

During 2024, pro-rated awards were granted to Executive Directors under the 2022–24 LTIP cycle equivalent in value to the quantum of award applying at the time of their respective promotions, pro-rated for the proportion of the performance period served in the promoted role. The share price used to determine the number of shares under award is based on the average of the closing mid-market share price for the five days prior to the point at which the awards would ordinarily have been granted following promotion, which was 10 May 2023 for Michael Glover and 8 August 2023 for Elie Maalouf. These pro-rated awards are consistent with the approved Directors' Remuneration Policy and historical practice for senior executives who join the Company or are promoted during LTIP cycles.

The pro-rated awards are in the form of conditional awards over Company shares and do not carry the right to dividends or dividend equivalents during the vesting period. The vesting date for the awards is the day after the announcement of our financial year 2024 Preliminary Results in February 2025. These awards will vest to the extent that performance targets are met and will then be held in a nominee account for a further two years, transferring to the Executive Directors in February 2027 following the two-year post-vest holding period.

The performance measures for the 2022–24 LTIP cycle are as outlined on page 145.

Executive Director	Type of award	Award date	Performance period	Basis of award	Maximum shares awarded	Share price used to determine award size £	Face value of award at grant £000
Elie Maalouf	Conditional shares	13 May 2024	1 January 2022 to 31 December 2024	Pro-rated top up to 500% of salary	19,629	56.74	1,114
Michael Glover	Conditional shares	13 May 2024	1 January 2022 to 31 December 2024	Pro-rated top up to 275% of salary ^a	12,678	55.01	697

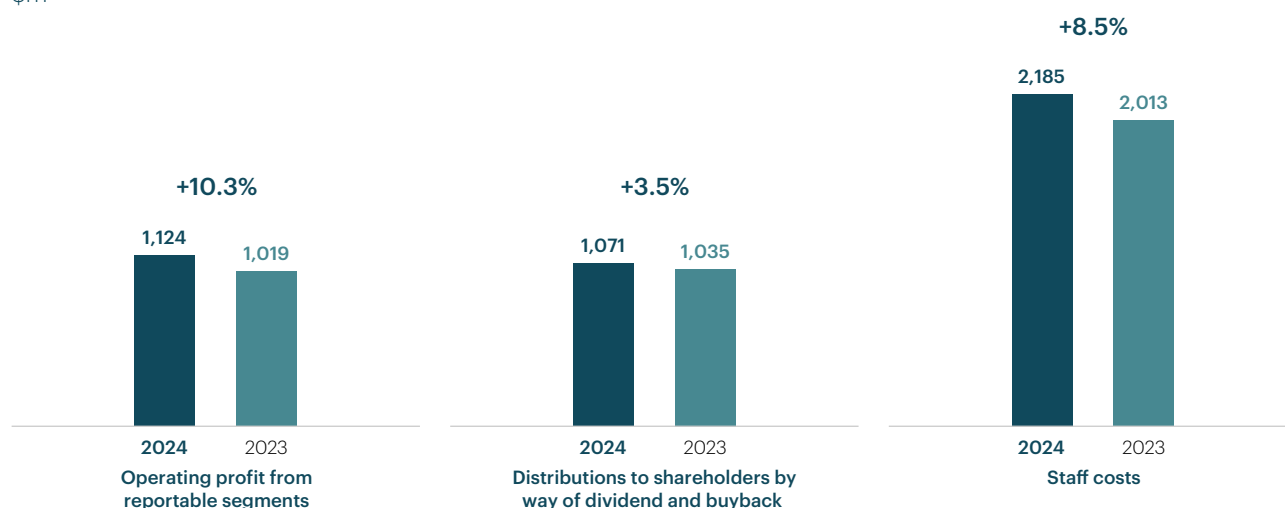
a. Pro-rated award includes shares under entitlement to awards in the 2021–23 cycle, whose performance period had already concluded at the time the pro-rated award was granted.

Relative importance of spend on pay

The chart below sets out the actual expenditure of the Group on remuneration and distributions to shareholders in 2023 and 2024. Operating profit from reportable segments^a is also included as this is a significant constituent of the APP.

Expenditure of the Group on remuneration and distributions to shareholders in 2023 and 2024

\$m



a. Definitions for Non-GAAP revenue and operating profit measures can be found on pages 103 to 108. Reconciliations of these measures to the most directly comparable line items within the Group Financial Statements can be found on pages 266 to 272.

Audited

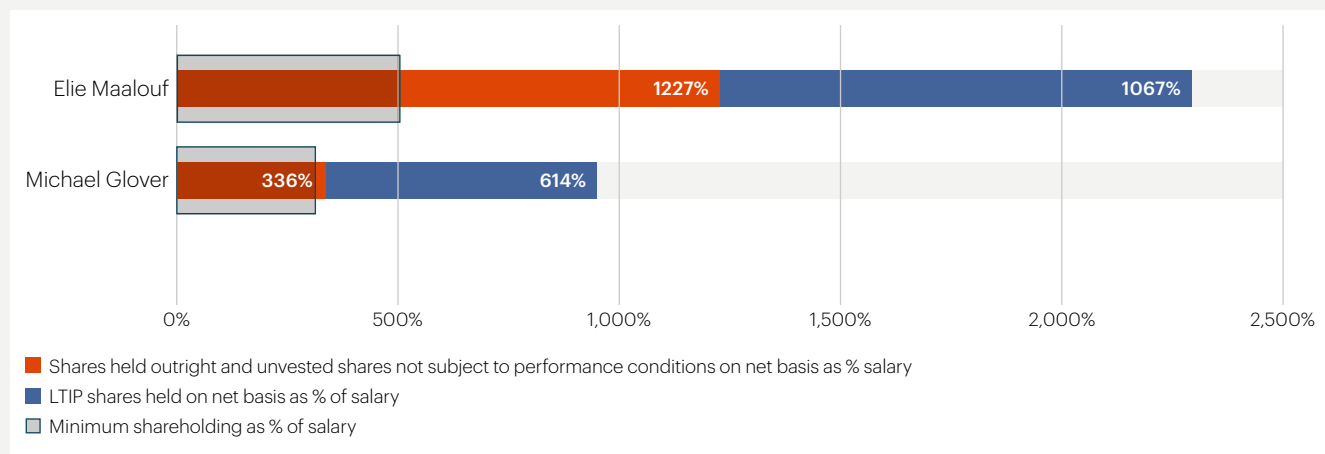
Executive Directors' shareholdings and share interests

■ Executive Director shareholding requirement

The shareholding requirement under the Directors' Remuneration Policy in force at the end of 2024 is 500% of salary for the Chief Executive Officer and any US-based Executive Directors, and 300% for other Executive Directors. Executive Directors are expected to hold all net shares earned until the previous shareholding requirement is achieved (300% for the CEO and any US-based Executive Directors, and 200% for other Executive Directors) and at least 50% of all subsequent net shares earned until the current shareholding requirement is met. The number of shares held outright includes all Directors' beneficial interests and those held by their spouses and other connected persons. It also includes the net value of unvested shares that are not subject to any further performance conditions or underpins.

The minimum shareholding requirement applies for two years post-cessation of employment.

As part of this requirement, shares have been granted and all unvested awards are held in a nominee account, with Executive Directors required to electronically sign an agreement to the terms of the grant, including the post-employment shareholding requirement.



The respective shareholding requirements have been met by Elie Maalouf and Michael Glover as at 31 December 2024.

Shareholdings as a percentage of salary are calculated using the 31 December 2024 closing share price of 9,954p. A combined tax and social security rate of 47% is used for both Michael Glover and Elie Maalouf.

Current Directors' share interests

The APP deferred share awards are subject to continued service only and are not subject to additional performance conditions. Details on the performance conditions to which the unvested LTIP awards are subject can be found on pages 145 and 147 of this report, and on page 132 of the 2023 Directors' Remuneration Report.

There have been no changes in the shareholding interests of the Executive Directors since the end of the financial year up to the publication of this report.

Shares and awards held by Executive Directors at 31 December 2024

Executive Director	Number of shares held outright, including those subject to post-vest holding		APP deferred share awards		LTIP share awards (unvested)		Total number of shares and awards held	
	2024	2023	2024	2023	2024	2023	2024	2023
Elie Maalouf	109,462	99,265	32,921	24,833	208,149	157,908	350,532	282,006
Michael Glover	15,675	13,307	8,064	3,247	78,497 ^a	47,152	102,236	63,706

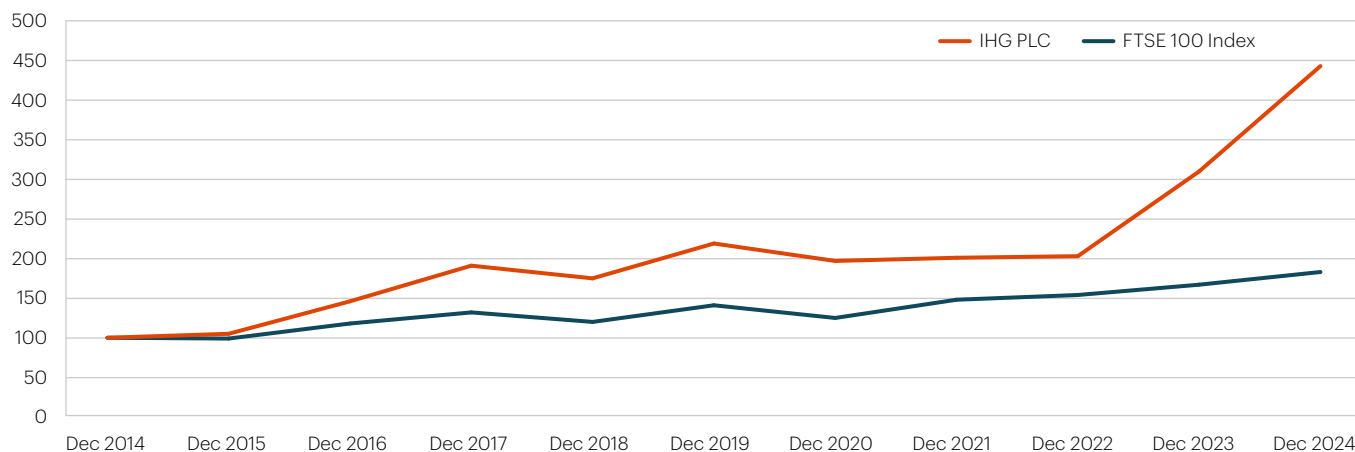
a. Includes 3,474 RSU shares granted prior to appointment to the Board, with the balance of 75,023 shares being LTIP shares subject to performance conditions.

Directors' Remuneration Report continued

Annual Report on Remuneration continued

Relative performance graph

The graph below shows the Company's TSR performance from 31 December 2014 to 31 December 2024, compared with the TSR performance achieved by the FTSE 100 over the same period. The Company is a constituent of the FTSE 100 and therefore this index is considered relevant for comparison purposes.



History of Chief Executive Officer's remuneration

The table below shows the CEO's total remuneration and incentive outcomes for the 10 years to 31 December 2024.

	CEO	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Single figure of remuneration (£000)	Elie Maalouf	-	-	-	-	-	-	-	-	4,242	7,525
	Keith Barr	-	-	2,161	3,143	3,376	1,484	3,199	4,273	4,173	-
	Richard Solomons	3,197	3,662	2,207	-	-	-	-	-	-	-
Annual incentive earned (% of maximum)	Elie Maalouf	-	-	-	-	-	-	-	-	81.8	63.0
	Keith Barr	-	-	69.7	84.1	58.7	0	100.0	95.7	81.8	-
	Richard Solomons	75.0	63.9	66.8	-	-	-	-	-	-	-
LTIP earned (% of maximum)	Elie Maalouf	-	-	-	-	-	-	-	-	57.8	84.7
	Keith Barr	-	-	46.1	45.4	78.9	30.6	20.0	52.1	57.8	-
	Richard Solomons	50.0	49.4	46.1	-	-	-	-	-	-	-

Audited

Payments to past Directors

Sir Ian Prosser, who retired as Director on 31 December 2003, had an ongoing healthcare benefit of £2,312.89 during the year.

Keith Barr stepped down from the Board of IHG on 30 June 2023 with 'good leaver' status. His 2022-24 LTIP award will vest in line with the incumbent Executive Directors at a vesting level of 84.7%, with a value of £3,383,000 based on an award of 43,268 shares after pro-rating for service completed. The amount attributable to share price appreciation is £1,608,000.

Payments for loss of office

No payments for loss of office were made to Executive Directors during the year to 31 December 2024.

Pension entitlements

No Executive Director is entitled to any Defined Benefit pension or related benefit from IHG.

CEO pay ratio

Pay ratios will differ significantly between companies, even within the same industry, depending on demographics and business models. The Group's UK employee demographic, which primarily consisted of largely professional, management and senior corporate roles, changed in 2019 with the addition of a number of hotel employing entities, comprising the UK leased estate, which includes a large proportion of part-time and flexible-working support and service roles. Consistent with past disclosures, we show the ratio both including and excluding the UK hotel employing entities.

Financial year ended 31 December	Method	Full population			Population excluding hotel employing entities		
		25th	Median	75th	25th	Median	75th
2024	Option C	215:1	160:1	90:1	112:1	87:1	56:1
2023	Option C	242:1	156:1	78:1	94:1	71:1	46:1
2022	Option C	193:1	113:1	67:1	71:1	56:1	35:1
2021	Option C	163:1	65:1	41:1	59:1	42:1	27:1
2020	Option C	89:1	44:1	25:1	35:1	26:1	18:1
2019	Option C	180:1	122:1	59:1	71:1	49:1	32:1
2018	Option C	–	–	–	72:1	48:1	29:1

The 2018–2023 figures have been restated to reflect the value of the CEO's LTIP awards on the date of actual vesting rather than the estimated values used in the respective years' reports.

What drives the difference in pay between our CEO and other employees?

Pay ratios reflect how remuneration arrangements differ as responsibility increases for more senior roles within the organisation, for example:

- A greater proportion of performance-related variable pay and share-based incentives apply for the more senior executives, including Executive Directors, who will have a greater degree of influence over performance outcomes.
- Role-specific incentive plans apply in certain areas such as corporate reservations, sales, hotel development and general managers of IHG managed, owned, leased and managed lease hotels. The target and maximum amounts that can be earned under these plans are typically a higher percentage of base salary for more senior employees, which in turn affect the pay ratio.
- Incentive plans for other corporate employees are typically primarily based on a combination of individual performance and the Group's operating profit from reportable segments.

The increase in ratio since 2020, reflects the strong performance of the business and the resulting increases in variable pay outcomes. Overall, on this basis, the Company believes that the median pay ratio for the relevant financial year is consistent with the pay, reward and progression for the Company's UK employees taken as a whole.

Calculation methodology and supporting information

Option C has been selected for the identification of the percentile employees. IHG prefer to use this method as we are able to produce the most accurate total remuneration figure for all UK employees on a basis comparable with the statutory reporting for Executive Directors using the most recently available data at the time of producing the Annual Report. Specifically, this involves:

- compiling all monthly payroll data for all UK employees from 1 January to 31 December 2024 detailing complete variable and fixed remuneration, including pension and taxable benefits such as company car allowance and healthcare; and

- valuing APP for the corporate workforce based on actual 2024 company performance metrics, with target outcome for the personal performance metric, as actual outcomes for this element of the award are not known at the time of writing this report, so that it reflects as much of the same input as for the CEO data as possible at the time of calculation. In practice, personal performance outcomes are subject to manager discretion and can be flexed between 0% and 200% of target.

Option C requires three UK employees to be identified as the equivalent of the 25th, 50th and 75th percentile. Having identified these employees based on the population as at 31 December 2024, the remuneration for 2024 is calculated on the same basis as the CEO single total figure of remuneration.

The pay arrangements for the six employees – three from the full population and three from the population excluding hotel employing entities – were reviewed alongside those for the employees ranked immediately above and below them to confirm that they were representative of pay levels at these quartiles. The 2024 salary and total pay for the individuals identified at the lower, median and upper quartiles are set out below:

Year		25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
Financial year ended 31 December 2024 – Full population	Salary £	32,196	41,524	64,740
	Total remuneration £	34,938	47,116	83,303
Financial year ended 31 December 2024 – Excluding hotel employing entities	Salary £	51,313	67,425	96,444
	Total remuneration £	67,040	86,823	134,117

Directors' Remuneration Report continued

Annual Report on Remuneration continued

Audited

Single total figure of remuneration: Non-Executive Directors

Non-Executive Director	Date of original appointment	Additional/ Committee appointments	Fees £000		Taxable benefits £000		Total Rounded to the nearest £000	
			2024	2023	2024	2023	2024	2023
Deanna Oppenheimer	1 June 2022	N R	494	475	56	33	550	508
Graham Allan	1 September 2020	A N RB SID	140	132	2	4	142	136
Daniela Barone Soares	1 March 2021	R RB	87	84	10	5	97	89
Arthur de Haast	1 January 2020	A RB	87	84	5	6	92	90
Duriya Farooqui	7 December 2020	VoE A RB	93	84	17	15	110	99
Byron Grote	1 July 2022	A N R	116	107	4	5	120	112
Sir Ron Kalifa	1 January 2024		87	–	4	–	91	–
Angie Risley	1 September 2023	R RB	116	28	20	6	136	34
Sharon Rothstein	1 June 2020	A RB	87	84	21	8	108	92

+ See page 118 for Board and Committee membership key and attendance.

Benefits: For Non-Executive Directors, benefits include taxable travel and accommodation expenses to attend Board meetings away from the designated home location. Under UK income tax legislation, the non-UK based Non-Executive Directors are not subject to tax on some travel expenses; this is reflected in the taxable benefits for Deanna Oppenheimer, Duriya Farooqui and Sharon Rothstein.

Non-Executive Directors' shareholdings at 31 December 2024

Non-Executive Director	2024	2023
Deanna Oppenheimer ^a	7,000	5,000
Graham Allan	600	600
Daniela Barone Soares	150	478
Arthur de Haast	1,000	1,000
Duriya Farooqui ^a	200	200
Byron Grote ^a	6,800	5,300
Sir Ron Kalifa	679	–
Angie Risley	848	848
Sharon Rothstein ^a	2,000	2,000

a. Shares held in the form of American Depositary Receipts (ADRs).

There have been no changes in the shareholdings from the end of the financial year to the publication of this report for Non-Executive Directors who have remained in role.

Non-Executive Director fees for 2025

The fees for Non-Executive Directors are reviewed and agreed annually in line with the policy. Increases for 2025 are in line with those for the wider UK and US corporate workforce budget. The resulting fee levels that will be effective from 1 January 2025 will be as follows, with each element independently rounded to the nearest £1,000:

Role	Increase	Annual fee	
		2025 £000	2024 £000
Chair of the Board	3%	509	494
Non-Executive Director	3%	90	87
Additional fees			
Chair of Audit Committee	3%	30	29
Chair of Remuneration Committee	3%	30	29
Chair of Responsible Business Committee	3%	16	15
Senior Independent Director	3%	39	38
Voice of the Employee role	3%	10	10

Annual percentage change in remuneration of Directors compared to employees

The table below shows the percentage change in each Director's remuneration compared to that of an average employee between the financial years ended 31 December 2019 to 31 December 2024.

The 2024 remuneration figures for the Directors are taken from the data used to compile the single total figure of remuneration tables shown on pages 144 and 152, prior to any rounding. No employees are directly employed by the Group's Parent Company, so the average employee data is based on the same UK corporate employee population as that on which the CEO pay ratio is calculated.

All corporate employees have the same corporate performance metrics for the APP as the Executive Directors; however, for corporate employees below Executive Committee level, the weightings of these metrics differ and measures include an individual performance element, the results of which are not available at the time of reporting. For average employee data, we assume that target performance is achieved. Non-Executive Directors are not eligible to participate in any variable remuneration plans.

	Salary					APP					Taxable benefits				
	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024
Executive Director															
Elie Maalouf	-15%	22%	4%	21%	19%	-100%	100%	-1%	-15%	-8%	-9%	91%	12%	247%	111%
Michael Glover	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Executive Director															
Deanna Oppenheimer	-	-	-	-	4%	N/A	N/A	N/A	N/A	N/A	-	-	-	-	69%
Graham Allan	-	-	49%	13%	6%	N/A	N/A	N/A	N/A	N/A	-	-	684%	108%	-36%
Daniela Barone Soarees	-	-	-	3%	4%	N/A	N/A	N/A	N/A	N/A	-	-	-	16%	90%
Arthur de Haast	-	18%	4%	3%	4%	N/A	N/A	N/A	N/A	N/A	-	-1%	1706%	28%	-16%
Duriya Farooqui	-	-	4%	3%	11%	N/A	N/A	N/A	N/A	N/A	-	-	100%	10%	15%
Byron Grote	-	-	-	-	9%	N/A	N/A	N/A	N/A	N/A	-	-	-	-	-26%
Sir Ron Kalifa	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	-	-	-	-	-
Angie Risley	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	-	-	-	-	-
Sharon Rothstein	-	-	4%	3%	4%	N/A	N/A	N/A	N/A	N/A	-	-	100%	-10%	159%
Average employee	-6%	3%	14%	8%	5%	-100%	100%	-6%	-9%	-5%	-9%	-11%	5%	20%	15%

Notes

- No data has been reported for Michael Glover, Sir Ron Kalifa and Angie Risley as they joined the Board during 2023 or 2024 and therefore only part-year data is available, which does not enable a full year-on-year comparison with 2024.
- The Remuneration Committee approved an additional fee of £10,000 for the Voice of the Employee Non-Executive Director role for Duriya Farooqui with effect from 1 June 2024.
- Byron Grote was appointed Chair of the Audit Committee with effect from 1 March 2023.
- Elie Maalouf took on the role of Group CEO on 1 July 2023 and therefore his percentage change between 2023 and 2024 reflects a period during 2023 in his previous CEO, Americas role.

Directors' Remuneration Report continued

Annual Report on Remuneration continued

Committee areas of focus in 2024

- Approval of the 2023 Directors' Remuneration Report.
- Review and approval of 2023 remuneration outcomes and 2024 incentive plan structures and targets.
- In-year Company and relative performance tracking.
- Wider workforce remuneration matters.
- Review and tender of Remuneration Committee advisers.
- Review of the Directors' Remuneration Policy.
- Shareholder engagement process.
- Review of Committee Terms of Reference.

Key objectives and summary of responsibilities

The Remuneration Committee approves, on behalf of the Board, all aspects of remuneration for the Executive Directors, the Executive Committee and the Chair of the Board, and also approves the strategy, direction and policy for the remuneration of the senior executives who have a significant influence over the Group's ability to meet its strategic objectives. Additionally, the Committee reviews wider workforce pay policies and practice to ensure alignment with strategy, values and behaviours and takes this into account when setting Executive Director remuneration. The Committee's role and responsibilities are set out in its Terms of Reference (ToR), which are reviewed annually and approved by the Board.

 The ToR are available on IHG's website at ihgplc.com/investors under Corporate governance.

Membership and attendance at meetings

The members of the Committee during 2024 were Angie Risley (Chair), Deanna Oppenheimer, Daniela Barone Soares, Bryon Grote and Ron Kalifa. Details of the attendance at Committee meetings are set out on page 118.

During 2024, the Committee was supported internally by the Company Chair, the Group's CEO and CFO, the General Counsel and Company Secretary, and senior members of the Human Resources and Reward teams as necessary. All attend by invitation to provide further background information and context to assist the Committee in its duties. They are not present for any discussions that relate directly to their own remuneration or where their attendance would not otherwise be appropriate.

Reporting to the Board

The Committee Chair updates the Board on all key issues raised at Committee meetings. Papers and minutes for each meeting are also circulated to all Board members for review and comment.

Non-Executive Directors' letters of appointment and notice periods

Non-Executive Directors have letters of appointment, which are available upon request from the Company Secretary's office.

Deanna Oppenheimer, Non-Executive Chair, is subject to 12 months' notice and is in compliance with Provision 19 of the UK Corporate Governance Code. No other Non-Executive Directors are subject to notice periods; all Non-Executive Directors are subject to an annual re-election by shareholders at the AGM.

Effectiveness of the Committee

The effectiveness of the Committee is monitored and assessed regularly by the Chair of the Committee and the Chair of the Board.

Remuneration advisers

IHG appointed Willis Towers Watson (WTW) to act as independent adviser to the Committee in 2024, following a competitive tender process undertaken by the Committee. Deloitte LLP continued to act as independent adviser to the Committee until August 2024, at which point WTW commenced work for the Committee.

Both WTW and Deloitte are members of the Remuneration Consultants Group and, as such, operate under the code of conduct in relation to executive remuneration consulting in the UK. The Committee is therefore satisfied that the advice received from its advisers is objective and independent.

Fees of £163,850 were paid to Deloitte and fees of £164,871 were paid to WTW in respect of the advice provided to the Committee in relation to Director remuneration in 2024. The fees included significant input into the review of the Directors' Remuneration Policy during the year. Fees were charged at a combination of fixed amounts for specific items of work and hourly rates.

Approach to target setting

Targets are set by the Committee, taking into account IHG's growth ambitions and long-range business plan as approved by the Board, market expectations and the circumstances and relative performance at the time. The committee sets stretching targets for senior executives that will reflect successful outcomes for the business based on its strategic and financial objectives for the period.

Absolute targets may be set relative to budget and/or by reference to prior results, generally containing a performance range with additional stretch to incentivise outperformance and minimum performance levels for payout.

Relative targets are set against an appropriate comparator group of companies for the relevant measure, for example, relative NSSG in the LTIP was set against our six largest competitors with more than 500,000 rooms, to reflect our strategy of accelerating the growth of our brands in high-value markets.

Performance will be reviewed throughout the period in which it is applicable for, and, if any amendments are required, this will be disclosed in the Directors' Remuneration Report for the year in which the amendment has been agreed.

Alignment with Provision 40 of the UK Corporate Governance Code

The Committee has considered the remuneration policy and practices in the context of Provision 40 of the 2018 UK Corporate Governance Code:

Principle	IHG's approach
Clarity	– Through the combination of short- and long-term incentive plan measures, the Directors' Remuneration Policy is structured to support financial objectives and the strategic priorities of the business that deliver shareholder returns and long-term value creation. – Further alignment with shareholder interests is driven by the significant proportion of share-based incentives and Executive Director shareholding requirements. – Our reward policies are aligned throughout the organisation and include a proportion of performance-related reward, driving engagement for the whole of the workforce. – We always seek to report our Directors' Remuneration Policy and performance-related remuneration measures, targets and outcomes in a clear, transparent and balanced way, with relevant and timely communication with all of our stakeholders, including shareholders.
Simplicity	– Our remuneration structure comprises straightforward and well-understood components. – The purpose, structure and strategic alignment of each element is clearly laid out in the Directors' Remuneration Policy.
Predictability	– The range of possible values of rewards for Executive Directors is clearly disclosed in graphical form at the time of approving the Directors' Remuneration Policy.
Risk	– Our Directors' Remuneration Policy contains a number of elements to ensure that it drives the right behaviours to incentivise the Executive Directors to deliver long-term sustainable growth and shareholder returns and to reward them appropriately: – the maximum short- and long-term incentive awards are capped as a percentage of salary; – the Committee has clear policies on discretion, linked to specific measures where necessary, to override formulaic outcomes; – there are clear and comprehensive malus and clawback provisions; and – significant shareholding requirements apply for Executive Directors, including the deferral of at least 30% to 50% of bonus in shares; a two-year post-vest holding period for long-term incentive shares and minimum shareholding requirements both during and after employment.
Proportionality	– Individual rewards are aligned to the delivery of strategic business objectives. – The Committee sets robust and stretching targets to ensure that there is a clear link between the performance of the Group and the awards made to Executive Directors and others.
Alignment to culture	– IHG has a clear purpose and well-established values and behaviours. The alignment between remuneration incentives and our strategy and the KPIs that underpin the delivery of our strategy, is outlined in the Annual Report on Remuneration. – Other elements of reward align employees with strong performance, our values and our behaviours, including salary reviews and, across the wider workforce, the short-term incentive plan and our global recognition scheme.

Directors' Remuneration Report continued

Annual Report on Remuneration continued

Board changes

Sir Ron Kalifa joined the Board on 1 January 2024. Details of his appointment were previously reported in IHG's Annual Report and Form 20-F 2023.

Daniela Barone Soares stepped down from the Board on 31 December 2024. Fees and benefits were payable to Daniela in respect of her role and responsibilities up to the date of stepping down with no further payments being made, in line with the approved Directors' Remuneration Policy.

Wider workforce remuneration and employee engagement

As outlined on page 142, IHG operates an aligned approach to remuneration throughout the organisation. During the year, the Committee reviewed aspects of the Company's wider workforce remuneration approach as part of its regular meeting agenda.

The Company engaged with the workforce through its employee engagement survey, which covers a number of areas, including pay and benefits competitiveness and wellness. Our overall employee engagement remained at 87% for 2024, placing IHG in the top quartile of employers for engagement and we were named as a Mercer Global Best Employer.

During 2024, the Chair of the Committee joined IHG's designated Non-Executive Director responsible for workforce engagement in a Voice of the Employee session. These sessions are held throughout the year to engage directly with members of IHG's corporate and hotel workforce, with the aim of collating and sharing such feedback with the Board for consideration in its decision-making. No concerns were raised regarding Executive Director remuneration or how it aligns with the wider IHG remuneration principles.

Service contracts and notice periods for Executive Directors

The Committee's policy is for all Executive Directors to have service contracts with a notice period of 12 months from the Company and a notice period of 6 months for the employee. On an exceptional basis to complete an external recruitment successfully, a longer initial notice period reducing to 12 months may be used. This is in accordance with the UK Corporate Governance Code.

All Executive Directors' appointments and subsequent re-appointments to the Board are subject to election and annual re-election by shareholders at the AGM.

Details of current Executive Directors' contracts are available on request from the Company Secretary's office. The respective dates of appointment and notice periods are shown below:

Executive Director	Date of original appointment to the Board	Notice period
Elie Maalouf	1 January 2018	12 months
Michael Glover	20 March 2023	12 months

Voting on remuneration at the Company's AGM

The outcomes of the latest remuneration votes are shown below:

AGM	Votes for	Votes against	Abstentions
Directors' Remuneration Report (advisory vote): 3 May 2024	129,044,097 (94.49%)	7,530,850 (5.51%)	172,918
Directors' Remuneration Policy (binding vote): 5 May 2023	103,155,928 (74.85%)	34,661,408 (25.15%)	2,043,591

Implementation of Directors' Remuneration Policy in 2025

This section explains how certain elements of the policy will be applied in 2025.

Salary: Executive Directors

Directors' salaries are agreed annually in line with the policy. The following salaries are proposed to apply with effect from 1 April 2025:

Executive Director	Increase %	2025 £	2024 £
Elie Maalouf	6.8	1,100,000	1,029,600
Michael Glover	3.0	664,350	644,800

Salaries for both Executive Directors will increase by 3% in line with the budget for the wider UK and US corporate workforce. The higher salary increase of 6.8% for Elie Maalouf has been determined in conjunction with the review of the Directors' Remuneration Policy and is conditional upon receiving shareholder approval for the revised policy at the 2025 AGM.

RSU 2025

Subject to approval of the revised policy, RSU awards will be granted to Executive Directors in 2025. The following underpin will apply:

- Vesting of restricted shares will be contingent on the satisfaction of a discretionary underpin which will be assessed by the Committee prior to vesting. The Committee will consider the extent to which the Executive Directors have effectively delivered IHG's strategy across the vesting period, as well as any factors that have resulted in serious reputational damage or significant financial loss to the Company.
- In making its assessment, the Committee will take into account the experience of stakeholders including our shareholders, owners and guests. Following the vesting date for each award cycle, the Committee will disclose its considerations in assessing the underpin in the relevant Directors' Remuneration Report.

Implementation of Directors' Remuneration Policy in 2025 continued

APP 2025 and LTIP 2025–27 performance measures and targets

APP

The APP measures for 2025 will be operating profit from reportable segments (70%), room signings and room openings (15% each). These measures and weightings are unchanged on those for 2024, and align with our strategic priorities.

The following table sets out the measures, definitions and weightings for the 2025 APP. Details of the targets are sensitive and will be disclosed alongside the performance achieved in the 2025 Directors' Remuneration Report.

Measure	Definition	Weighting
Operating profit from reportable segments	A measure of IHG's operating profit from reportable segments for the year	70%
Room signings	Absolute number of new room signings	15%
Room openings	Absolute number of new room openings	15%

LTIP

Measures for the 2025–27 cycle are relative Total Shareholder Return (20%); relative net system size growth (25%); cash flow (20%); adjusted earnings per share (EPS) (25%); and carbon and people metrics (10%). These are the same categories of metric used for the 2024–26 cycle.

We have undertaken a review of the LTIP measures in the context of our strategic priorities including our growth algorithm. It was concluded that the weightings of the EPS and relative net system size growth measures should be increased to support the achievement of this, with a corresponding reduction to the weighting for carbon and people measures.

The rationale for the inclusion of each of the LTIP metrics is as follows:

- Relative Total Shareholder Return reflects our aim to deliver competitive shareholder returns as well as aligning the interests of Executive Directors with those of shareholders.
- Net system size growth (NSSG) relative to our closest competitors reflects our industry-leading growth in our scale ambition.

- Cash flow as a metric measures our ability to deliver consistent, sustained growth in cash flows and profits over the long-term.
- Carbon and people metrics have been simplified for 2025 with two key measures aligned to our growth strategy: Adoption of Energy Conservation Measures (ECMs) in owned, leased, managed and managed lease hotels, and Talent Interventions. Aligned to our decarbonisation strategy, the carbon measure is focused on supporting owners to reduce energy costs and drive better hotel performance via adoption of ECMs. The people measure relates to our primary hotel leadership programme, Journey to GM, to focus attention on developing high quality talent to fuel our long-term growth.
- EPS is a key business metric, prominent in company results reporting and commonly used for valuation purposes. It provides a measure of the efficiency of the capital structure, in that returns of capital can be captured within EPS performance, as well as promoting further alignment with shareholder experience.

How are performance targets set?

The targets for the 2025–27 LTIP have been set by the Committee, taking into account IHG's long-range business plan, market expectations and the circumstances and relative performance with the aim of setting stretching targets for senior executives which will reflect successful outcomes for the business based on its long-term strategic objectives.

Aligned with the medium to long-term aspirations of our growth algorithm and with EPS consensus forecasts at the time that the Committee set them, the EPS targets for the 2025–27 cycle have been increased relative to the 2024–26 targets. As well as increasing the threshold target by 1% from 5% to 6% per annum, the maximum target has been increased by 2% from 12% to 14% per annum. This reflects our growth ambitions at the maximum end, with a range to allow for cyclicity of the business and with the intention that, in the absence of a substantial change in circumstances, the range should be enduring over time. Alongside the higher LTIP quantum proposed under the revised policy, this revised maximum target requires our earnings to increase by almost 50% over the performance period for full vesting, and is considered by the Committee to be particularly challenging when compared to those of other FTSE businesses.

Adjusted EPS targets incorporate assumed share buybacks as part of our ongoing shareholder return programme, so the Committee would not expect to adjust performance outcomes at the end of the performance period for buybacks made during the cycle.

Threshold performance will result in 20% vesting, maximum performance will result in 100% vesting, with straight-line vesting in between threshold and maximum.

The details of the targets for the 2025–27 LTIP cycle are set out in the table on the following page.

Directors' Remuneration Report continued

Annual Report on Remuneration continued

Measure	Definition	Weighting	Targets
Relative Total Shareholder Return (TSR)	IHG's performance against a comparator group of global hotel companies against which TSR outcomes are measured: Accor S.A., Choice Hotels International Inc., Dalata Hotel Group PLC, H World Group Limited, Hilton Worldwide Holdings Inc., Hyatt Hotels Corporation, Indian Hotels Company Limited, Jin Jiang International Holdings Company Limited, Marriott International Inc., Melia Hotels International S.A., Minor International, Scandic Hotels Group AB, Shangri-La Hotel Public Company Limited, Whitbread PLC and Wyndham Hotels & Resorts Inc.	20%	Threshold: Median of comparator group Maximum: Upper quartile of comparator group
Relative net system size growth	IHG's aggregated compound annual growth rate (CAGR) against our six largest competitors with more than 500,000 rooms: Marriott International Inc., Hilton Worldwide Holdings Inc., Accor S.A., Jin Jiang International Holdings Company Limited, Wyndham Hotels & Resorts Inc. and Choice Hotels International Inc. Targets will be set based on increased room count that is consistent with the relevant company's business plan objectives and practice as at the start of the LTIP cycle.	25%	Threshold: Fourth ranked competitor excluding IHG Maximum: First ranked competitor excluding IHG
Absolute cash flow	Cumulative annual cash generation over the three-year performance period. Absolute cash flow includes reported cash flow from operations and net cash from investing activities.	20%	Threshold: \$2.595bn Maximum: \$3.993bn
Carbon and people	1. Planet Adoption of a set of Energy Conservation Measures (ECMs) across the owned, leased, managed and managed lease (CMH) hotels. 2. Talent interventions Impact of our Journey to GM (J2GM) talent programme.	10% (5% each)	1. Threshold: Weighted average increase in adoption of the five ECMs at CMH hotels of 9% points Maximum: Weighted average increase in adoption of the five ECMs at CMH hotels of 25% points 2. Threshold: 30% of talent who took part in the J2GM programme commencing between 2023 and 2025 have been promoted by 31 December 2027 Maximum: 50% of talent who took part in the J2GM programme commencing between 2023 and 2025 have been promoted by 31 December 2027
Adjusted earnings per share (EPS)	Absolute compound annual growth rate (CAGR).	25%	Threshold: 6% per annum adjusted EPS CAGR Maximum: 14% per annum adjusted EPS CAGR

Angie Risley
Chair of the Remuneration Committee
17 February 2025

Introduction to 2025 Directors' Remuneration Policy

Review process

The following section provides a summary of the process that has been carried out to review the Directors' Remuneration Policy, including the business context, principles that we have applied, the findings of the review and the resulting proposals that we are tabling as part of a revised Directors' Remuneration Policy at the 2025 AGM.

We also detail the engagement that we have carried out with our investors, and the changes that we have made to the original proposals as we have listened to shareholders in a two-way engagement process.

Principles

The Committee has followed a data-driven review, underpinned by the following set of principles, to guide the design of a revised approach to senior remuneration that will drive focused execution of strategic priorities and alignment of executive and shareholder interests, at the same time as mitigating retention risks identified by our talent flow analysis:

Principle 1

Reinforce IHG's **pay for performance** culture for the senior executive talent cadre, with reward that is commensurate with the long-term value created for shareholders.

Principle 2

Provide clarity to both internal and external stakeholders on IHG's **desired long-term market positioning** of executive talent pay relative to a stable set of peer organisations.

Principle 3

Establish a pay policy that is **competitive against IHG's primary talent and business performance competitors**, including predominantly US-listed global hotel peers.

Principle 4

Ensure **alignment of approach** to executive remuneration design across the whole executive team where restricted shares are an established lever used to align individuals with shareholders.

Principle 5

Ensure alignment of approach to executive remuneration principles and structure, where relevant, across the wider corporate workforce.

Business and performance context

IHG is a truly global business with an increasingly significant US focus, in terms of geographic spread and investor base. In particular:

- With IHG branded hotels in more than 100 countries; our US presence is significant, with around 50% of our total gross revenues and over 70% of our EBIT from reportable segments being generated by the Americas region.
- From a system size perspective, the US is by far our single largest market, at around half of our system size, compared to the UK comprising around 5%.
- Across our shareholder base, around 42% of IHG's equity ownership is now based in North America compared to 29% in 2018.
- Our key competitors are almost exclusively US-based and listed – Marriott, Hilton, Hyatt, Wyndham and Choice – with Accor being the only major international competitor listed outside the US.

The business performance has been strong, with share price returns beating market indices and peers (see chart below):

- On an absolute basis, the share price has more than doubled since the start of 2023. Over this same period,

our share price increased by 100% above the FTSE 100 index and more than 50% above the S&P 500 index. IHG's share price growth was also in the upper quartile of global peers. Since 30 April 2020, our share price increased by 176%.

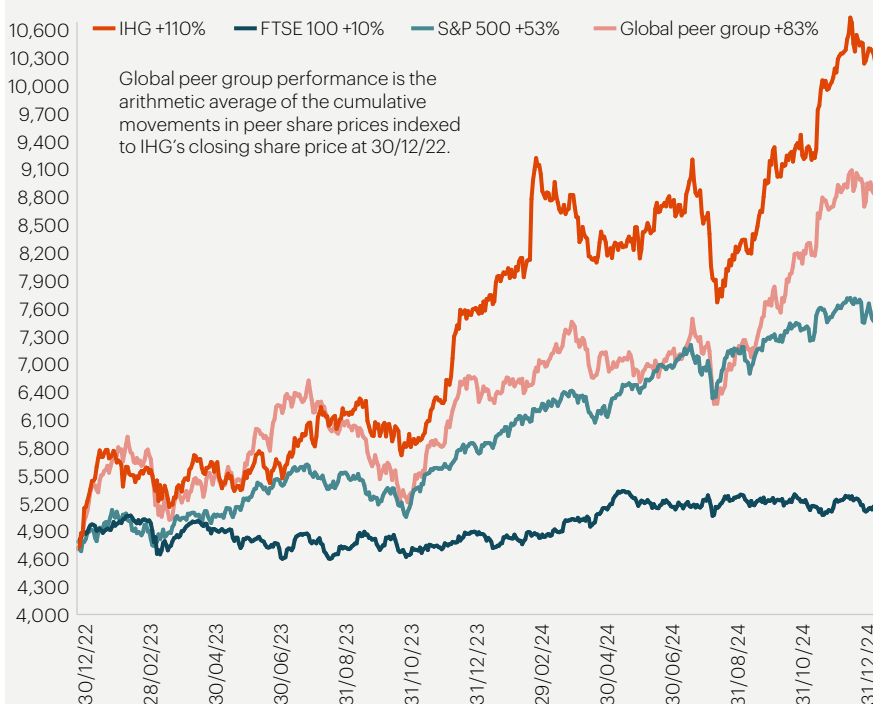
Across a range of financial measures, we have demonstrated a clear track record of performance through to 2019 and a robust recovery following Covid-19 with clear potential to further grow earnings and dividends (see table on the next page).

In terms of performance to date:

- 2024 operating profit from reportable segments^a (\$1,124m) was up 10% on 2023 and 30% ahead of pre-Covid-19 levels.
- Strong growth in revenue combined with a disciplined approach to cost management resulted in an improvement in fee margin^a from 49.5% in 2021 to 61.2% in 2024.
- As a result of strong cash management, a share buyback programme to return \$750m of surplus capital was completed in 2023 with a further \$800m programme completed in 2024.

a. Definitions for Non-GAAP revenue and operating profit measures can be found on pages 103 to 108 of the Annual Report and Form 20-F 2024. Reconciliations of these measures to the most directly comparable line items within the Group Financial Statements can be found on pages 266 to 272.

2023-to-present share price performance of IHG versus market indices
(price, pence)



Directors' Remuneration Report continued

Introduction to 2025 Directors' Remuneration Policy continued

Measure	IHG's strong track record through to 2019	IHG's strong recovery 2023 vs 2019	IHG's strong performance 2024 vs 2023	IHG's strong potential looking ahead over the medium term
RevPAR	+3.9% p.a.	+11% ahead	+3.0%	High single digit % CAGR in fee revenue through combination of RevPAR and system growth
Net system size growth	+3.2% p.a.	System size +7% larger	+4.3%	
Fee margin expansion^a	+130bps p.a.	+520bps higher	+190bps	+100–150bps p.a. from operating leverage, plus potential for additional improvements
Cash conversion	>100%	>100%	94% for year	~100% adjusted earnings into adjusted free cash flow
Ordinary dividends	+11.0% CAGR	+21% higher	+10%	Continue sustainably growing
Total capital returned to shareholders	\$13.7bn	Further \$1.7bn returned	>\$1.0bn in year	Continue returning capital, whilst targeting financial leverage 2.5–3.0x
Adjusted Earnings Per Share growth^a	+11.4% CAGR	+24% higher	+15%	+12–15% CAGR

a. Definitions for Non-GAAP revenue and operating profit measures can be found on pages 103 to 108 of the Annual Report and Form 20-F 2024. Reconciliations of these measures to the most directly comparable line items within the Group Financial Statements can be found on pages 266 to 272.

– We have key risks to our talent and succession pipeline evidenced by talent flows, and pay challenges from competitive pressure, being primarily derived from US markets:

- Analysis shows that we primarily recruit senior talent from, and lose talent to, global hotel organisations in North America and Asia. Based on data for the top five job levels at IHG over a five year period, we have a higher talent outflow (543 people) compared to inflow (237 people) which indicates that we have issues with talent attraction and retention at senior levels (see diagram below).
- Packages have needed to be offered to attract senior executives that are higher than those for existing employees in response to a challenging market, with particular pressure for US employees. We have also lost a number of senior executives, in many cases where our remuneration was lower than that being offered. In some cases we have needed to increase salary, bonus, LTIP and provide significant retention awards to key US individuals in response to competitor offers.

- We have a pay compression issue for IHG's senior team being closer to the CEO's remuneration than the market – e.g. the highest paid IHG role below Board is paid 47% of the CEO's remuneration, whereas it is more typical in the market for a wider gap at 32%. The smaller gap for IHG compared to market further highlights the extent of the gap of our CEO's remuneration to the market. The proposed changes to the policy will help to address this structural issue.
- The majority of our talent pool for succession to the Executive Committee (EC) and Board is US-based and we compete for talent at all levels with global US-based hotels and other major US employers. Following the departure of our previous CEO and CFO in 2023, we have hired US-based individuals into these roles. Six of the 10 EC roles have changed in the last 18 months, with five of those new individuals being US-based, and more than 50% of our employees in the two levels below EC being US-based. The Committee believes that it would struggle to recruit talent of the calibre required using the existing remuneration policy.

– Our executive remuneration levels are below those of our major hotel competitors, and our quantum and structures have been aligned with majority UK practice, which puts our executives at a relative disadvantage compared with international peers:

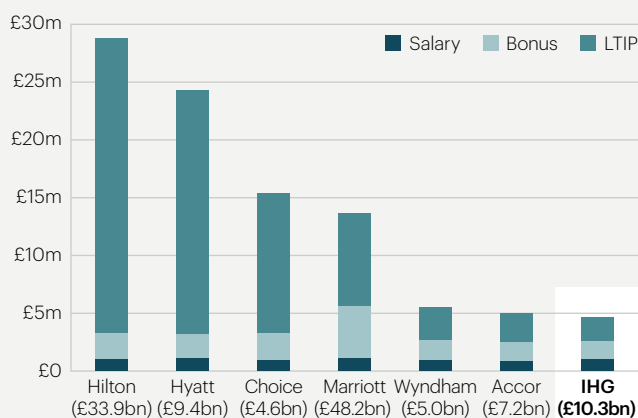
- The actual remuneration of our Executive Directors for 2023 was towards or at the bottom ranking of our most comparable international hotel peers (see charts on page 161).
- Hyatt and Choice granted additional one-off awards to their CEOs in the last two years with fair values of \$6m and \$30m respectively. Many hotel peers, including Choice, Hilton, Hyatt and Wyndham made favourable adjustments to awards during Covid-19, which would not usually be made in a UK environment.
- Our US peers incorporate practices such as time-vesting equity and a lower proportion of long-term incentives being performance-based, no holding periods and cash bonuses without deferral. These features enhance the perceived value of packages in peers, relative to majority and corporate governance best practice in the UK.

	Marriott International	Hilton Hotels & Resorts	Accor	Radisson	Shangri-La Hotels & Resorts	Hyatt	Four Seasons	Jumeirah Hotels & Resorts	Mandarin Oriental Hotel Group
IHG hires from... (237 total)	34	19	11	3	4	–	–	3	–
IHG loses to... (543 total):	50	22	29	15	6	7	5	–	4
									

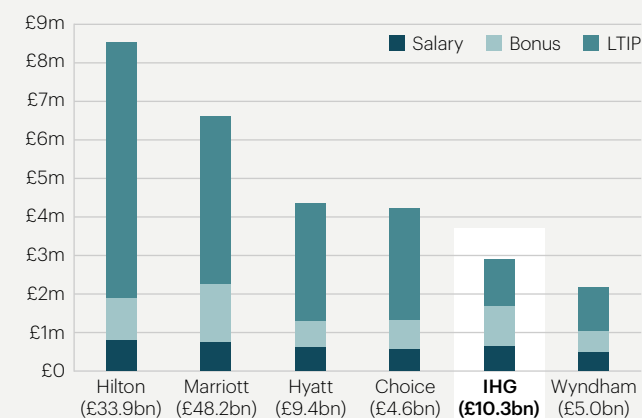
■ TSR peers

CEO – remuneration for latest reported financial year

(three month average market capitalisation to 31 December 2023)

**CFO – remuneration for latest reported financial year**

(three month average market capitalisation to 31 December 2023)

**Development of global peer group**

The Committee went through a lengthy and robust process of considering and formulating an appropriate peer group for Executive Director pay purposes, and held a number of additional meetings in order to test and refine the approach. As a result of this process, we have formed a single global peer group for benchmarking which is data driven and comprised of companies with which we compete for senior talent, in terms of those in the top five levels of the business we attract from and lose to, looking over a five year period.

The peer group that resulted from this process includes our closest hotel peers, and wider travel & leisure sector and adjacent strategic businesses where we have talent flows. In addition to these two sectoral and talent factors, we included companies in the peer group only if they either have a significant consumer element to their business operations or significant presence in Atlanta (or both). This geographic filter reflects our significant operations in Atlanta as well as the US being the most significant talent market for IHG.

We have digital and payment system parallels in our business model with the strategic business peers, the success of which is driven by the booking platform. In the context of these similarities, these hospitality and consumer businesses are also observed to draw on the same talent pool as the hotel peers given the skills required to successfully lead value creation for these companies.

We acknowledge and understand an alternative perspective that the UK market remains the most relevant comparison point. Given the nature of our business and evidence from talent flows, the Board strongly believes that this global peer group is most appropriate for benchmarking.

The median market capitalisation of the resulting group was aligned with our size at the time of developing the peer set. Based on a three-month average to 31 December 2024, eight of the peers are smaller than IHG and eight are larger than IHG by market capitalisation. We excluded some major Atlanta-based businesses identified in the talent flow analysis on the basis that their market capitalisation was significantly higher than IHG's.

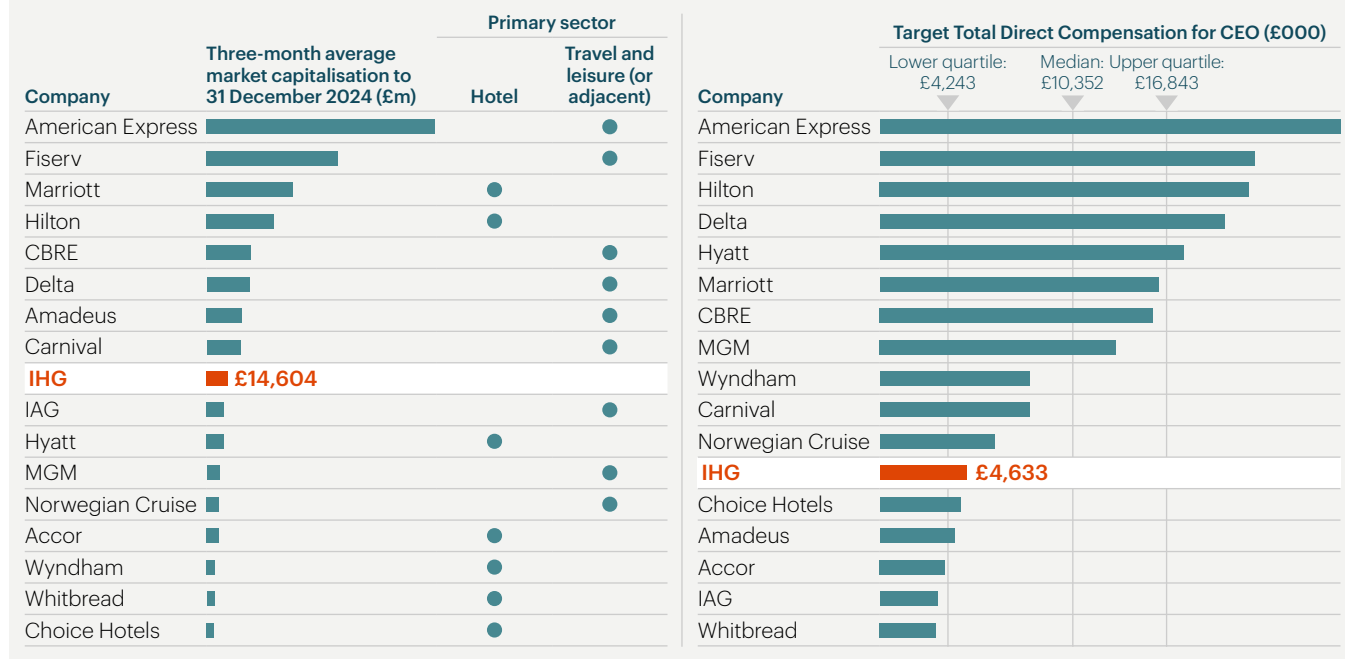
There is overlap between the benchmarking and TSR peer groups as they both include the same group of major hotel industry peers, but they are not identical as they have each been developed for their own purpose. The TSR peer group is derived from a marketable, liquid comparator set based on available global investments in our sector, whereas the benchmarking peer group is reflective of our talent flow analysis. The relative net system size growth measure peer group is also focused on the same core hotel competitor group. The Committee strongly believes each of these peer groups is appropriate for its purpose and all are strategically aligned.

Directors' Remuneration Report continued

Introduction to 2025 Directors' Remuneration Policy continued

Global peer group summary

While IHG's market capitalisation is at the median of the peer group, the CEO's compensation is around the lower quartile.



Name	Base salary (£000)	Target bonus (% of base salary)	Target total cash (£000)	LTI expected value (% of base salary) ^a	LTI maximum value (% of base salary) ^b	Target total direct compensation (£000)	Maximum total direct compensation (£000) ^c
IHG – CEO	1,030	100%	2,060	250%	500%	4,633	8,237
Peer group – Upper quartile	1,110	200%	3,151	1,311%	3,412%	16,843	39,820
Peer group – Median	1,011	177%	2,655	519%	951%	10,352	18,758
Peer group – Lower quartile	905	137%	2,004	223%	540%	4,243	8,583

a. The expected value of long-term incentives (LTI) represents the fair/expected value of an award as at the date of grant, taking into account the specific characteristics of the vehicle awarded (for example, share price volatility, dividend yield) and any applicable performance vesting conditions. The reported expected value represents the sum of the values of all types of LTI award made to an individual in the year, including performance/restricted shares, stock options, deferred bonus matching shares and long-term cash bonuses. For UK organisations, target LTI (Performance Share Plan) is half of the maximum.

b. For organisations that did not disclose their maximum LTI award, it is assumed that: stock option target is 20% of maximum, performance shares/cash target is 50% of maximum, and restricted shares target is 100% of maximum.

c. For organisations that did not disclose their maximum bonus, it is assumed that their target is 60% of maximum.

Results of benchmarking exercise

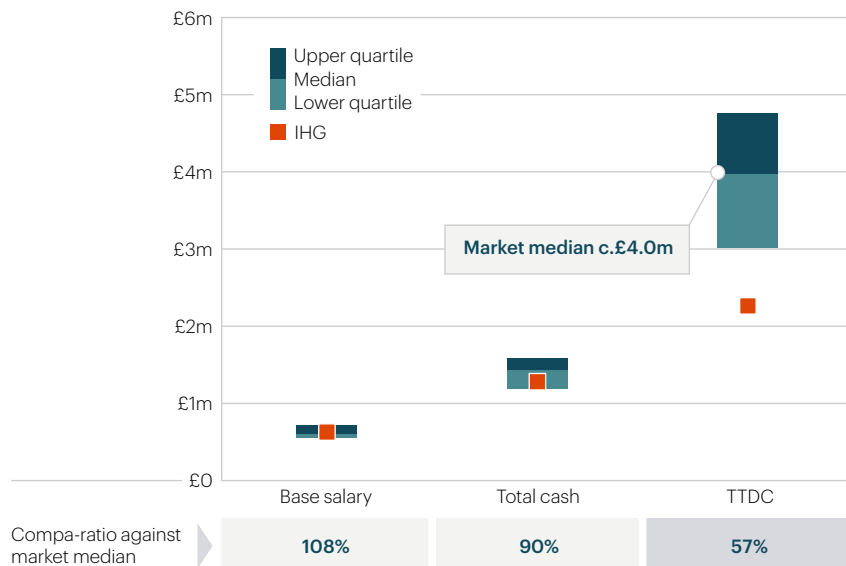
In the business context and with the talent issues in the previous section identified, a benchmarking analysis was carried out to understand in detail the position of our Executive Director remuneration against the global peer group and to support the review. This highlighted the following:

- A non-performance based share element is prevalent practice for CEOs amongst the peers, with 75% of the group having two or more long-term incentive elements.
- While the base salary of the IHG CEO is broadly aligned with the median of the peer group, the total target direct compensation (base salary, on-target bonus and the expected value of long-term incentives) for the CEO of around £4.6m is just above the lower quartile, or around 45% of the median (£10.4m).
- Overall, there is therefore a significant gap to median, with bonus and long-term incentive quantum being the main factors for this gap.
- For reference, including pensions and benefits in the benchmarking analysis, the CEO's total remuneration (£5.0m) is around 46% of the peer group median (£10.7m).
- For the CFO, there is a similar competitiveness challenge. In this case the CFO's target remuneration (£2.3m) is around 57% of the peer group median (£4.0m).

CEO – Target total direct compensation (TTDC) positioning against global peer group



CFO – Target total direct compensation (TTDC) positioning against global peer group



Directors' Remuneration Report continued

Introduction to 2025 Directors' Remuneration Policy continued

Proposals and rationale

The following changes are proposed to address these findings, in accordance with the agreed principles of the review.

Element	CEO: Current	CEO: Proposed	CFO: Current	CFO: Proposed
Salary (% increase)	£1,029,600	£1,100,000 (6.8%)	£644,800	£664,350 (3%)
Bonus maximum (% of salary)	200%	300%	200%	250%
– Bonus target (% of salary)	100%	150%	100%	125%
LTIP maximum award (% of salary)	500%	800%	300%	500%
– LTIP target award (% of salary)	250%	400%	150%	250%
Restricted stock unit (RSU) award (% of salary)*	n/a	150%	n/a	100%
Target total direct compensation	£4,633,000	£8,800,000	£2,258,000	£3,820,000
Minimum shareholding requirement (% of salary)*	500%	1,000%	300%	400%
Total variable pay (% of salary)	Target: 350% Maximum: 700%	Target: 700% Maximum: 1,250%	Target: 250% Maximum: 500%	Target: 475% Maximum: 850%

*The original proposals have been revised by the Committee in response to investor engagement. The overall result is a reduction in the positioning against the peer group median from 100% to 85% for CEO and from 100% to 96% for the CFO, primarily due to a reduction in the originally proposed quantum of RSU awards. See the section in relation to shareholder consultation on the following page for further details.

The Committee understands and acknowledges that the adjustments proposed together represent a substantial change to remuneration levels, particularly the long-term incentive elements. This reflects the scale of the issue identified and the intent to robustly and directly address this talent retention and succession challenge. The Committee also understands the usual UK market expectation that where restricted shares are introduced, this is by way of substitution for performance-based awards using a discount factor of 50%. Given the aim of addressing the differentials between the CEO's and CFO's pay to the peer group, this approach was judged not to be appropriate.

Pensions and benefits

Other than the adjustments to salary, there are no proposed changes to the other elements of fixed pay. The approach to pensions and benefits will continue to apply, in particular with pension provision being aligned with that for the corporate workforce.

Other features of the policy

Other features of the policy that will apply are set out below. Many of these conditions are not common practice within the global peer group, but have been retained to align with UK corporate governance best practice.

Underpin on RSU awards (3 year vesting period)

Vesting of restricted shares will be contingent on the satisfaction of a discretionary underpin which will be assessed by the Committee prior to vesting. The Committee will consider the extent to which the Executive Directors have effectively delivered IHG's strategy across the vesting period, as well as any factors that have resulted in serious reputational damage or significant financial loss to the Company.

In making its assessment, the Committee will take into account the experience of stakeholders including our shareholders, owners and guests. Following the vesting date for each award cycle, the Committee will disclose its considerations in assessing the underpin in the relevant Directors' Remuneration Report.

This is the underpin that has been discussed with shareholders and which will be applied to RSU awards granted as part of a rigorous decision-making process. Any changes to this underpin for future cycles would only be made after prior consultation with shareholders.

Minimum shareholding requirement (CEO: 1,000% of salary, CFO: 400% of salary)

Ordinarily a shareholding of 700% of salary for CEO and 300% of salary for CFO should be built up over five years. The balance of the total shareholding requirement of 1,000% of salary for CEO and 400% of salary for CFO should be reached over a further period agreed with the Chair of the Board.

Other conditions that continue to apply:

Bonus deferral: At least 30% of bonus earned will be deferred into shares for three years if the minimum shareholding requirement has been met, with at least 50% being deferred otherwise.

Post-vesting holding period: A two year holding period will apply for all LTIP and RSU shares after vesting.

Post-cessation shareholding requirement: The full minimum shareholding requirement continues to remain in force for two years following cessation as an Executive Director.

Malus and clawback: Recovery arrangements will continue to apply.

The rationale for these changes to remuneration is as follows:

- Overall the proposals ensure that remuneration is aligned with the growth aspirations and shareholder value, as the delivery of increased remuneration is primarily through long-term share-based elements in the form of performance shares and restricted shares.
- Positioning of Executive Director total target remuneration will be more closely in alignment with the median of the global peer group than is currently the case.
- The increase to the CEO's salary is a modest adjustment (6.8%), which minimises the impact on our cost base and reflects the current market position. This increase is in line with actual salary increases received by our strongest performing UK and US employees whose pay was below market levels, over the last three years.
- Other increases are to variable elements, thus driving short- and long-term performance.
- A hybrid structure aligns IHG to international market practice and the peer group pay mix. A restricted share element is a 'balancing' element into the total package, acknowledging that key drivers of sustainable business growth have complex co-dependencies under a managed and franchised business model in a cyclical sector.
- The structure is consistent with the long-term incentive structure for senior individuals below Board, as restricted shares are used for the Executive Committee and are the principal or sole tool below this level. Restricted shares have been part of below-Executive Director remuneration packages for nine years and have been effective in aligning interests of senior executives with shareholder value.
- The restricted share underpin ensures that the Committee will allow vesting of RSU awards only if delivery of the strategy is on track. It will assess this in a robust manner prior to approving the vesting of RSU awards by looking at the key growth algorithm metrics, which are already reflected in incentive KPIs, as well as other relevant factors at the time, such as reputation. These factors will be considered by the Committee through the lens of IHG stakeholders including shareholders.

Shareholder consultation

We have carried out an in-depth consultation process, meeting nearly 60% of our shareholder register and proxy bodies between November 2024 and February 2025.

This consultation exercise has been extremely valuable to us in shaping our proposals. The vast majority of shareholders we have spoken to were very supportive of the evidence for change and the rationale for the proposals. Some important questions were raised in relation to specific areas during consultation, mainly related to the long-term incentive elements of the package rather than salary and bonus levels. The Committee has reflected on the feedback and, while overall the original proposals were considered fit for purpose, in order to respond appropriately to shareholders' views, the Committee agreed that it was appropriate to make adjustments. Shareholders were very generous in providing additional comments and advice as we refined and tested these adjustments. This process resulted in the following:

- Reduction in the originally proposed annual quantum of RSU award, from 300% of salary to 150% for the CEO and from 150% of salary to 100% for the CFO, in response to particular questions on the balance between LTIP and RSU, and overall quantum. This change means the proportion of the CEO's total long-term incentive that has performance targets is 84%;
- Strengthening the RSU underpin, in particular to specifically include effective delivery of IHG's strategy over the vesting period; and
- Increase in the size of the shareholding requirement for the CEO from an original proposal of 700% of salary to 1,000%. The resulting requirement exceeds the combined quantum of LTIP and RSU awards and is significant as it doubles the current CEO requirement of 500% of salary.

While the current Executive Directors already meet the revised shareholding requirements, or are expected to during 2025, a new incumbent may require a long time to reach them, and therefore we have included flexibility to achieve the full requirement over a period longer than five years.

I hope that these changes demonstrate our willingness to listen but also to respond to shareholders. While the Committee's view was that median peer group positioning was strategically the right competitive position against the market, taking into account the business case for change, the resulting proposals reflect the feedback from some shareholders by reducing the overall positioning to a lower level of around 85% of median for the CEO and 96% of median for the CFO. This positioning also responds to questions on the inclusion of companies with a range of market capitalisations in the peer group, while the Committee continues to strongly believe that the peer group is appropriate based on the talent context.

Broader workforce considerations

As outlined on page 142 of the Annual Report and Form 20-F 2024, IHG operates an aligned approach to remuneration throughout the organisation.

In line with the UK Corporate Governance Code, the Committee reviews pay and employment conditions beyond those of the Executive Committee and takes this into consideration when establishing and implementing policy for Executive Directors. The Committee reviews aspects of the Company's wider workforce remuneration approach as part of its regular meeting agenda.

We remain committed to paying our employees fairly with respect to their relative responsibilities both internally and externally. Throughout the Group, base salary and benefit levels are set in accordance with prevailing market conditions, policies, practice and relevant regulations in the countries in which employees are based. Differences between Executive Director pay policy and that of other employees reflect the position and responsibilities of the individuals, as well as corporate governance practices in respect of Executive Director remuneration.

Directors' Remuneration Report continued

Introduction to 2025 Directors' Remuneration Policy continued

Our approach to remuneration is structurally consistent across the corporate population. For example, the same APP corporate performance targets apply to Executive Directors and all levels of the corporate population, and the same LTIP performance measures apply to eligible colleagues below Executive Director level. Executive Directors and other senior management receive a greater proportion of total remuneration in the form of long-term incentives. At Executive Committee level, RSU awards are used alongside performance-related LTIP awards, with the balance of RSU awards increasing below Executive Committee level so that RSU awards are the primary long-term incentive vehicle for those eligible colleagues below the Executive Committee.

Some of the key ways in which we invest in the reward arrangements for our employees are:

- **Bonus funding:** We regularly provide additional bonus funding to enable managers to reward the best performers in our business, and did this again for 2024;
- **Peer group:** We use a consistent approach to benchmarking pay across the organisation, including reviewing the global peer group for the most senior population below Board. Given the global peer group has been composed on the basis of our talent flows and succession pipeline, it is also being used as a reference point in assessing the pay of the next levels of senior executives where appropriate. While the analysis illustrates that competitive pay issues exist primarily at the Executive Director level, the pay of other senior executives will be considered in the context of the peer group alongside other factors including role location, market risk and succession;
- **Salary rises:** For the UK leased hotel estate, budgeted salary rises have typically been higher than those for the corporate workforce, with higher increases for frontline workers. The Real Living Wage has been applied as a minimum for all staff in line with the Real Living Wage Foundation level.

Pay ratios

As part of the review of the policy, the Committee also examined an analysis of the ratios of CEO to workforce pay, using the global peer group as a comparison point for consistency. While acknowledging that reporting requirements differ across geographies, and therefore an exact like-for-like comparison is not possible, the Committee believed it to be important to examine the relativity of pay levels across our peers as a context for the changes to the policy.

The analysis showed that the median 50th percentile CEO pay ratio in 2023 was 355:1 within the global peer group, compared to IHG's 50th percentile CEO pay ratio for 2023 of 62:1 (UK corporate employees only) and 136:1 (UK corporate and hotel employees).

Following the proposed policy changes, IHG's projected 50th percentile CEO-to-workforce ratio, based on the new policy and 2024 actual workforce pay, are 101:1 (UK corporate employees only) and 187:1 (UK corporate and hotel employees). These revised ratios remain significantly below the 2023 global peer group median of 355:1. Therefore, the Committee believes the revised policy results in reasonable remuneration levels when viewed from a broader employee perspective.

Target setting

The Committee will continue to ensure that there is significant stretch in targets, requiring upper quartile relative performance for maximum outcomes and with company targets being driven by our growth algorithm. We have increased the stretch in the EPS targets for 2025 to reflect our ambitious plans.

The Committee's continued focus on setting stretching targets is demonstrated by historical outcomes. Despite the outstanding performance achieved, both strategic and financial in terms of outcomes for shareholders, the average incentive outcomes over the last 10 years have been around 50% of maximum for LTIP (varying from 20% to 85%) and around 70% of maximum for bonus (varying from 0% to 100% – with only one occurrence at 0% and one at 100%), or around 60% of maximum overall. See the Directors' Remuneration Reports for details of year by year incentive outcomes.

Next steps

The current policy was approved in 2023, and it was supported by 74.85% of our register, including 22 out of our top 25 shareholders. I have subsequently flagged in follow-up shareholder discussions and in the 2023 Directors' Remuneration Report that further changes would need to be considered in order to help protect our Executive Director retention, succession and talent pipeline. As mentioned above, shareholders have been very supportive in these discussions. Given Executive Director performance has been very strong over the last year, as reflected in our results, a review of remuneration after two years, rather than waiting for the scheduled triennial review in 2026, was considered a priority to help secure the talent that has proven to be highly effective in evolving and delivering strategic priorities and creation of shareholder value.

The Committee is confident that our revised policy will best support the business to address the key risks identified, drive long-term sustainable growth and deliver value for our shareholders. Furthermore, it will strengthen our competitiveness in an increasingly global talent market and allow us to better align remuneration levels and structure with our global peers whilst still reflecting the best practice features expected within the UK environment.

The whole Board is cognisant that the revised remuneration packages required to achieve these goals represent a significant change to the current arrangements, which reflects the scale of the issue we are facing. These proposals have the full support of IHG's Chair and Board. We will continue to monitor remuneration policy over the coming years and engage with shareholders.

The support of shareholders has been incredibly valuable through this process, and I would like to extend a massive thank you for your engagement and support. I am keen to maintain an open dialogue with shareholders and I am grateful for the active engagement of many of our major shareholders to date, in particular those who I met several times in formulating the policy which is now presented for approval.

Angie Risley

Chair of the Remuneration Committee
17 February 2025