

Notice of Annual General Meeting of InterContinental Hotels Group PLC

to be held at:

Crowne Plaza Gerrards Cross, Oxford Road, Beaconsfield,
Buckinghamshire HP9 2XE

with a live webcast accessed at <https://web.lumiagm.com/188-191-281>
at 11.00 am on Friday 5 May 2023

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Please read the accompanying Chair's letter carefully, as it contains important information on the arrangements for this year's Annual General Meeting ('AGM').

If you are in any doubt as to what action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000 (as amended) immediately.

If you have sold or otherwise transferred all your shares in InterContinental Hotels Group PLC (the 'Company'), please pass this document and the accompanying Form of Proxy to the stockbroker, bank or other agent through whom you made the sale or transfer for forwarding on to the purchaser or transferee.

Shareholders who are not able to attend the AGM in person can be represented by the Chair of the meeting acting as proxy. Shareholders may also view the AGM via live webcast accessed at <https://web.lumiagm.com/188-191-281>, further details on how to access the webcast are included below and a user guide is also included as Appendix 1 to this Notice of AGM.

A Form of Proxy for the AGM is enclosed and, to be valid, should be completed, signed and returned so as to reach the Company's Registrar, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA by no later than 11.00 am on Wednesday 3 May 2023 (or, if the AGM is adjourned, 48 hours before the time of the adjourned AGM (excluding any UK non-working days)). Completion and return of the Form of Proxy will not prevent you from attending the AGM and voting in person, if you so wish.

Electronic Proxy Appointment is available for this AGM. This facility enables shareholders to lodge their proxy appointment by electronic means through the Registrar's website at www.sharevote.co.uk or, for those who hold their shares in CREST, through the CREST electronic proxy appointment service. Further details are set out in the notes to this document.

Votes will be taken by poll. The results of the polls will be announced as soon as practicable and will appear on the Company's website at www.ihgplc.com/investors under Shareholder centre in the AGMs and meetings section.

Accessing the AGM Webcast

Lumi AGM can be accessed online using most well-known internet browsers such as Edge, Chrome, Firefox and Safari on a PC, laptop or internet-enabled device such as a tablet or smartphone. If you wish to access the AGM webcast using this method, please go to <https://web.lumiagm.com/188-191-281> on the day.

Logging In

On accessing the AGM website, you may be asked to enter a Meeting ID which is **188-191-281**.

You will then be prompted to enter your unique Shareholder Reference Number (SRN) and PIN which is the first two and last two digits of your SRN. These can be found printed on your Form of Proxy. Access to the meeting webcast via the website will be available from 10:00 am on Friday 5 May 2023.

Broadcast

The meeting will be broadcast with presentation slides. Once logged in, and at the commencement of the meeting, you will be able to listen to the proceedings of the meeting on your device, as well as being able to see the slides of the meeting which will include the resolutions to be put forward to the meeting, these slides will progress automatically as the meeting progresses.

Questions

There will be no live facility for shareholders viewing the webcast to ask questions during the AGM. Shareholders who are not able to attend the meeting in person and who have any questions relating to the business of the AGM are able to submit them in advance to the Company by email to companysecretariat@ihg.com, including your SRN (shown on your Form of Proxy). It is requested that questions be submitted by 5pm on Tuesday 2 May 2023.

Requirements

An active internet connection is required at all times in order to allow you to view the webcast. It is the user's responsibility to ensure you remain connected for the duration of the meeting.

Duly appointed proxies and corporate representatives

To receive your unique SRN and PIN, please contact the Company's registrar, Equiniti, by emailing: hybrid.help@equiniti.com. To avoid any delays accessing the meeting, contact should be made at least 24 hours prior to the meeting date and time.

Mailboxes are monitored 9.00 am to 5.00 pm Monday to Friday (excluding public holidays in England & Wales).

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting ('AGM') of InterContinental Hotels Group PLC (the 'Company') will be held at Crowne Plaza Gerrards Cross, Oxford Road, Beaconsfield, Buckinghamshire HP9 2XE with a live webcast accessed at <https://web.lumiagm.com/188-191-281> on Friday 5 May 2023 at 11.00 am, or at any adjournment thereof, for the following purposes:

Resolutions

To consider and, if thought fit, to pass the following resolutions, of which numbers 1 to 10 will be proposed as ordinary resolutions and numbers 11 to 14 as special resolutions. Explanations of certain resolutions are given on pages 4 to 6 of this Notice of AGM.

1. Report and Accounts 2022

THAT the Company's annual accounts, Strategic Report and the reports of the Directors and the Auditor for the year ended 31 December 2022 be received.

2. Directors' Remuneration Policy

THAT the Directors' Remuneration Policy set out in Appendix 2 to this Notice of AGM (which, when taken together with the Annual Report on Directors' Remuneration set out on pages 114 to 136 of the Company's Annual Report and Form 20-F 2022, constitute the directors' remuneration report), be approved, such Directors' Remuneration Policy to take effect from the date of its adoption.

3. Directors' Remuneration Report 2022

THAT the Annual Report on Directors' Remuneration for the year ended 31 December 2022, set out on pages 114 to 136 of the Company's Annual Report and Form 20-F 2022 (which, when taken together with the Directors' Remuneration Policy set out in Appendix 2 to this Notice of AGM, comprise the directors' remuneration report), be received and approved.

4. Declaration of final dividend

THAT a final dividend on the ordinary shares of 20³⁴⁰/₃₉₉ pence each in the capital of the Company ('ordinary share(s)') be declared payable on 16 May 2023 to shareholders on the register of members at the close of business on 31 March 2023.

5. Election and re-election of Directors

As separate resolutions, THAT (a) Michael Glover, (b) Byron Grote and (c) Deanna Oppenheimer be elected as Directors of the Company; and (d) Graham Allan, (e) Keith Barr, (f) Daniela Barone Soares, (g) Arthur de Haast, (h) Duriya Farooqui, (i) Jo Harlow, (j) Elie Maalouf and (k) Sharon Rothstein be re-elected as Directors of the Company.

6. Reappointment of Auditor

THAT PricewaterhouseCoopers LLP be reappointed as the Auditor of the Company to hold office until the conclusion of the next General Meeting at which accounts are laid before the Company.

7. Remuneration of Auditor

THAT the Audit Committee of the Board be authorised to determine the Auditor's remuneration.

8. Political donations

i THAT the Company, and those companies which are subsidiaries of the Company at any time during the period for which this resolution has effect, be authorised for the purposes of Part 14 of the Companies Act 2006 (the '2006 Act'), during the period from the date of the passing of this resolution until the conclusion of the Company's AGM in 2024 or the close of business on 1 July 2024, whichever is the earlier:

- (a) to make political donations to political parties and/or independent election candidates, not exceeding £100,000 in total;
- (b) to make political donations to political organisations other than political parties, not exceeding £100,000 in total; and
- (c) to incur political expenditure, not exceeding £100,000 in total;

provided that the aggregate amount of any such donations and expenditure made by the Company or any subsidiary shall not exceed £100,000;

- ii THAT all existing authorisations and approvals relating to political donations or expenditure are hereby revoked without prejudice to any donation made or expenditure incurred prior to the date hereof pursuant to such authorisations or approvals; and
- iii THAT words and expressions defined for the purposes of the 2006 Act shall have the same meaning for the purposes of this resolution.

9. Adoption of new Deferred Award Plan rules

THAT the Company adopt the InterContinental Hotels Group PLC Deferred Award Plan ('DAP') rules ('DAP Rules') in the form produced to the AGM and initialled by the Chair of the AGM for the purposes of identification, the principal terms of which are summarised in Appendix 3 to this Notice of AGM, and that the Directors be authorised:

- i to establish such further schedules to the DAP Rules for the benefit of employees of the Company and/or its subsidiaries who are located outside of the United Kingdom, with such modifications as may be necessary or desirable to take account of applicable exchange control, tax legislation or local securities laws in the relevant jurisdiction, provided that any ordinary shares of the Company made available under such plans shall be treated as counting against any individual or overall limits contained in the DAP Rules; and
- ii to do all other acts and things as they may, in their absolute discretion, consider appropriate to implement the DAP.

Notice of Annual General Meeting continued

10. Allotment of shares

- i THAT the Directors be and are hereby generally and unconditionally authorised pursuant to, and in accordance with, Section 551 of the 2006 Act to exercise all powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company:
 - (a) up to an aggregate nominal amount of £12,174,486; and
 - (b) comprising equity securities, as defined in Section 560 of the 2006 Act, up to an aggregate nominal amount of £12,174,486 (including within such limit, the nominal value of any shares issued or rights granted under paragraph (a) above) in connection with an offer to:
 - (1) holders of ordinary shares in the Company in proportion, as nearly as may be practicable, to their existing holdings; and
 - (2) holders of other equity securities as required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities;and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, shares represented by depositary receipts, legal, regulatory or practical problems under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory or any other matter whatsoever.

This authority shall hereby take effect from the date of the passing of this resolution until the conclusion of the Company's AGM in 2024, or the close of business on 1 July 2024, whichever is the earlier, provided that, in each case, the Company may, before this authority expires, make offers and enter into agreements which would, or might, require shares in the Company to be allotted or rights to subscribe for or convert any security into shares to be granted after this authority expires and the Directors may allot shares in the Company or grant rights under any such offer or agreement as if this authority had not expired;

- ii THAT subject to paragraph 10(iii) below, all existing authorities given to the Directors pursuant to Section 551 of the 2006 Act by way of the ordinary resolution of the Company passed on Friday 6 May 2022 be revoked by this resolution; and
- iii THAT paragraph 10(ii) above shall be without prejudice to the continuing authority of the Directors to allot shares or grant rights to subscribe for, or convert any security into, shares pursuant to an offer or agreement made by the Company before the expiry of the authority pursuant to which such offer or agreement was made.

11. Disapplication of pre-emption rights

- THAT, subject to the passing of Resolution 10 above, and in place of the power given to them pursuant to the special resolution of the Company passed on Friday 6 May 2022, the Directors be generally empowered pursuant to section 570 and section 573 of the 2006 Act to allot equity securities (as defined in the 2006 Act) for cash pursuant to the authority given by Resolution 10 as if section 561(1) of the 2006 Act did not apply to any such allotment or sale. This power:
- i shall be limited to the allotment of equity securities in connection with an offer of equity securities to or in favour of:
 - (a) holders of ordinary shares in the Company in proportion, as nearly as may be practicable, to their existing holdings; and
 - (b) holders of other equity securities, as required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities;and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, shares represented by depositary receipts, legal, regulatory or practical problems under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory or any other matter whatsoever; and
 - ii in the case of the authority given under resolution 10(i)(a) shall be limited to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph 11(i) above and paragraph 11(iii) below) up to an aggregate nominal amount of £3,652,346; and
 - iii when any allotment of equity securities is or has been made pursuant to paragraph 11(ii) above, shall be limited to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph 11(i) or paragraph 11(ii) above) up to a nominal amount equal to 20% of any allotment of equity securities or sale of treasury shares from time to time under paragraph 11(ii) above, such authority to be used only for the purposes of making a follow-on offer which the Board of the Company determines to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice; and
 - iv expires (unless previously renewed, varied or revoked by the Company in a general meeting) at the end of the next AGM of the Company (or, if earlier, at the close of business on 1 July 2024), but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired; and
 - v applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(3) of the 2006 Act as if in the first paragraph of this resolution the words 'pursuant to the authority given by Resolution 10' above were omitted.

12. Further disapplication of pre-emption rights

THAT subject to the passing of Resolution 10 and in addition to any authority granted under Resolution 11, the Board be generally empowered pursuant to section 570 and section 573 of the 2006 Act, to allot equity securities (as defined in the 2006 Act) for cash pursuant to the authority given by Resolution 10 as if section 561 of the 2006 Act did not apply to any such allotment. This power:

- i in the case of authority given under resolution 10(i)(a), shall be limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £3,652,346, provided that the allotment is for the purposes of financing (or refinancing, if the authority is to be used within twelve months of the original transaction) a transaction which the Board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice of AGM; and
- ii when an allotment of equity securities is or has been made pursuant to paragraph 12(i) above, shall be limited to the allotment of equity securities up to an aggregate nominal amount equal to 20% of any allotment of equity securities from time to time under paragraph 12(i) above, provided that any allotment pursuant to this paragraph 12(ii) is for the purposes of a follow-on offer which the Board of the Company determines to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice; and
- iii expires (unless previously renewed, varied or revoked by the Company in a general meeting) at the end of the next AGM of the Company (or, if earlier, at the close of business on 1 July 2024), but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired; and
- iv applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(3) of the 2006 Act as if in the first paragraph of this resolution the words 'pursuant to the authority given by Resolution 10' were omitted.

13. Authority to purchase own shares

THAT the Company be and is hereby generally and unconditionally authorised for the purpose of Section 701 of the 2006 Act to make market purchases (within the meaning of Section 693(4) of the 2006 Act) of its ordinary shares on such terms and in such manner as the Directors think fit provided that:

- i the maximum aggregate number of ordinary shares hereby authorised to be purchased is 17,515,456;
- ii the minimum price (exclusive of expenses) which may be paid for each ordinary share is 20³⁴⁰/₃₉₉ pence per share, being the nominal value of an ordinary share;
- iii the maximum price (exclusive of all expenses) which may be paid for each ordinary share is an amount equal to the higher of:
 - (a) 105% of the average of the middle-market quotations of an ordinary share of the Company, as applicable, as derived from the trading venue where the purchase is carried out for the five business days immediately preceding the day on which such share is contracted to be purchased; and
 - (b) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venue where the purchase is carried out; and
- iv the authority hereby conferred shall take effect on the date of the passing of this resolution and shall expire on the conclusion of the Company's AGM in 2024, or at the close of business on 1 July 2024, whichever is the earlier (except in relation to the purchase of ordinary shares the contract for which was concluded before such date and which is executed wholly or partly after such date), unless such authority is renewed prior to such time.

14. Notice of General Meetings

THAT a General Meeting of the Company, other than an AGM, may be called on not less than 14 clear days' notice during the period from the date of the passing of this resolution to the date upon which the Company's AGM in 2024 concludes.

By order of the Board

Nicolette Henfrey
Company Secretary
23 March 2023

Registered in England and Wales

Registered Number:
5134420

Registered Office:
1 Windsor Dials
Arthur Road
Windsor
Berkshire SL4 1RS

Explanation of business

Supporting information on the election and re-election of Directors and an explanation of some of the technical items of business are presented below.

Resolutions 1 to 10 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 11 to 14 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Resolution 2 Directors' Remuneration Policy

It is mandatory for all listed companies to seek binding shareholder approval to their directors' remuneration policy at least once every three years. The Remuneration Policy was last approved by a shareholder vote at the AGM in 2020.

The Remuneration Policy is binding in nature, which means that once the Remuneration Policy commences, all payment by the Company to current, former or future Directors (including termination payments) must be made in accordance with the Remuneration Policy unless separately approved by a shareholder resolution. If Resolution 2 is passed, the Directors' Remuneration Policy will take effect from the date of its adoption. A new remuneration policy will be put to the shareholders again no later than the AGM in 2026.

If the Remuneration Policy is not approved for any reason, the Company will, if and to the extent permitted by the 2006 Act, continue to make payments to Directors in accordance with existing contractual arrangements and the remuneration policy approved by shareholders in 2020 would continue to apply. In that instance, the Company would seek shareholder approval for a revised policy as soon as reasonably practicable. Full details of the Directors' Remuneration Policy are set out in Appendix 2 to this Notice of AGM.

Resolution 3 Directors' Remuneration Report 2022

The Annual Report on Directors' Remuneration set out on pages 114 to 136 of the Company's Annual Report and Form 20-F for the year ended 31 December 2022 sets out how the Directors' Remuneration Policy was implemented in 2022 and the resulting payments each of the Executive Directors received. The vote on the Directors' Remuneration Report is an annual requirement of the 2006 Act.

In accordance with the 2006 Act, the vote on the Directors' Remuneration Report is advisory in nature, which means that payments made or promised to Directors will not have to be repaid, reduced or withheld in the event that this resolution is not passed. The Company's Auditor, PricewaterhouseCoopers LLP, has audited those parts of the Directors' Remuneration Report that are required to be audited.

Resolution 4 Declaration of final dividend

The Board has proposed a final dividend of 94.5 cents per ordinary share. A final dividend can only be paid after the shareholders have approved it. If approved, the final dividend of 94.5 cents per ordinary share will be paid on 16 May 2023 to shareholders on the register at the close of business on 31 March 2023. The Pounds Sterling amount of the final dividend will be announced on 26 April 2023, calculated based on the average of the market exchange rates for the three working days commencing 21 April 2023, using WM/Reuters closing midpoint spot rate as at 4.00pm.

Resolutions 5(a) to 5(k) Election and re-election of Directors

The Company's Articles of Association require annual retirement and re-election of Directors at the AGM.

Deanna Oppenheimer was appointed to the Board as a Non-Executive Director with effect from 1 June 2022 and became Non-Executive Chair effective 1 September 2022, following Patrick Cescau's retirement.

Byron Grote was also appointed to the Board as Non-Executive Director with effect from 1 July 2022 and became Chair of the Audit Committee effective 1 March 2023 following Ian Dyson's retirement.

The Company also announced in December 2022 the appointment of Michael Glover as Executive Director and the Company's Chief Financial Officer with effect from 20 March 2023.

Deanna, Byron and Michael are therefore seeking formal election for the first time.

In reviewing the recommendations of the Nomination Committee concerning the appointments of both Deanna and Byron as Non-Executive Directors, the Board concluded that they are independent in character and judgment and that their skills and experience would benefit the Board. In considering the Nomination Committee's recommendation to appoint Michael as Executive Director and Chief Financial Officer, the Board took into account Michael's breadth of financial knowledge, global expertise and commitment to the Company's purpose and values in his 18 years' service with the Group.

Accordingly, the Board unanimously recommends the election of each of Deanna, Byron and Michael.

All other Directors are retiring and seeking re-election at this AGM.

Following internal performance assessments of the Directors, the Board has concluded that each of the Directors proposed to be re-elected continues to contribute effectively and to demonstrate commitment to their respective roles, including devoting the necessary time.

Accordingly, the contribution of each Director seeking re-election is considered to be important to the Company's long-term sustainable success.

Each election and re-election will be put as a separate resolution. The Board believes that the proposed composition of the Board provides an appropriate balance of Executive Directors and independent Non-Executive Directors who collectively have the appropriate balance of skills, experience, independence, knowledge and diversity to enable the Board to discharge its duties and responsibilities effectively.

The Board as a whole is fully committed to the successful development of the business, to meeting the Company's strategic objectives and to the delivery of shareholder value.

Biographies of all current Directors (except for Michael Glover, which is included below), including details of their contribution to the Board, are shown on pages 92 to 94 of the Company's Annual Report and Form 20-F for the year ended 31 December 2022. Biographies of all Directors, including Michael Glover, are also on the Company's website at www.ihgplc.com/about-us under Our leadership.

The Board recommends that all Directors seeking election or re-election continue to serve as Directors of the Company¹.

¹ Copies of contracts of service or letters of appointment for each of the Directors will be available to members for inspection at the Registered Office of the Company during normal business hours from the date of publication of this Notice of AGM until the date of the AGM and, on that day, at the place of the AGM at least 15 minutes prior to the commencement of the AGM until its conclusion.

Biography of Michael Glover, Chief Financial Officer, appointed to the Board from 20 March 2023

Skills and experience

Michael is an Accounting & Finance graduate of Baylor University and a certified public accountant. He was previously IHG's Chief Financial Officer of the Americas and Group Head of Commercial Finance, where he had group-wide responsibility for commercial finance operations, which included the global procurement, sales & marketing and technology functions, as well as IHG's System Fund. During his tenure with the business, Michael has held several roles at group and regional level, including CFO of IHG's China region from February 2013 to September 2015, at which time Michael became Group Financial Controller where he oversaw Tax, Treasury and Financial Reporting group-wide, and delivered a finance transformation programme that enabled significant simplification, automation and the transfer of work to IHG's service centre.

Before IHG, Michael worked with several large Fortune 250 companies in a wide range of roles, beginning his career at Halliburton Energy Services in 1995.

Board contribution

Michael is responsible, together with the Board, for overseeing the financial operations of the Group.

Resolution 6 Reappointment of Auditor

The Company is required to appoint an Auditor to serve for each financial year of the Company. The appointment must be made before the end of the general meeting before which the accounts are laid. Shareholder approval is now being sought to confirm the reappointment of PricewaterhouseCoopers LLP as Auditor for the Company until the conclusion of the next general meeting at which the accounts are laid before the shareholders.

Resolution 8 Political donations

It remains the policy of the Company not to make political donations under the 2006 Act. However, to avoid inadvertent infringement of the widely drafted relevant provisions of the 2006 Act, the Directors are seeking shareholders' authority for the Company and its UK subsidiaries to make political donations and to incur political expenditure, up to a maximum aggregate amount of £100,000 during the period from the date of this AGM until the conclusion of the Company's AGM in 2024 or the close of business on 1 July 2024, whichever is the earlier.

Neither the Company nor any of its subsidiaries made any political donations under the 2006 Act during the year and the Company proposes to maintain its policy of not making such payments.

Resolution 9 Adoption of new Deferred Award Plan rules

The Company currently operates the Annual Performance Plan ('APP') and Long Term Incentive Plan ('LTIP') as the Company's discretionary incentive plans, both of which are due to expire in 2024. Accordingly, the Company proposes implementing a new discretionary plan in the form of the DAP to operate in place of the APP and LTIP and Resolution 9 seeks to approve the rules of the new DAP. The DAP will provide the Company with more flexibility and the ability to streamline the current communications and plan documents. The DAP will allow the Company to grant forfeitable share awards, conditional share awards, phantom awards and options to eligible employees within the set parameters set out in the DAP rules. Awards may only be granted to Executive Directors insofar as is permitted by, and in accordance with, the Directors' Remuneration Policy.

Appendix 3 to this Notice of AGM sets out the main terms of the DAP as proposed. The full DAP Rules for Resolution 9 will be available at the AGM for at least 15 minutes prior to the AGM until its conclusion. The full DAP Rules will also be available on the National Storage Mechanism from the date of this Notice of AGM.

Resolution 10 Allotment of shares

The Investment Association's ('IA') guidelines state that IA members will permit, and treat as routine, (i) a request for authorisation to allot up to one-third of the current total issued share capital of the Company, together with the number of shares required to be allotted in respect of share incentive schemes; and (ii) a request for authorisation to allot up to a further one-third of the Company's current total issued share capital, provided that such additional allotment is only applied to fully pre-emptive issues.

The Board considers it appropriate that the Company should follow these guidelines.

Accordingly, under Resolution 10i(a), the Directors are seeking authority to allot shares and grant rights to subscribe for, or convert securities into, shares up to an aggregate nominal amount of £12,174,486 pursuant to Section 551 of the 2006 Act, which is equivalent to approximately one-third of the total issued share capital of the Company (excluding treasury shares¹) as at 23 March 2023, the latest practicable date prior to publication of this Notice of AGM ('Latest Practicable Date'). Under Resolution 10i(b), the Directors are seeking authority to allot ordinary shares in connection with a fully pre-emptive issue in favour of ordinary shareholders up to a further aggregate nominal amount of £12,174,486, which is equivalent to approximately one-third of the total issued share capital of the Company (excluding treasury shares) as at the Latest Practicable Date.

Therefore, the total authorisation sought by Resolution 10 is equal to approximately two-thirds of the total issued share capital of the Company (excluding treasury shares) as at the Latest Practicable Date.

The Directors have no present intention of exercising this authority other than in connection with the Company's share incentive schemes, but they consider it desirable to have the maximum flexibility permitted by corporate governance guidelines. If such authority is exercised, the Directors intend to follow best practice with respect to its use as recommended by the IA.

This authority will expire on the conclusion of the Company's AGM in 2024 or at the close of business on 1 July 2024, whichever is the earlier.

¹ Treasury shares are shares in the Company which are owned by the Company itself. The Company, following purchase of its own shares, is able to hold such shares in treasury instead of cancelling them. Such shares may subsequently be resold for cash, transferred to an employee share scheme or cancelled. Any shares bought back by the Company and held in treasury will not rank for dividends and will not carry any voting rights. The Company's Articles of Association provide for dealing with treasury shares, including ensuring that the sale of treasury shares by the Company is subject to the same pre-emption rights (and exceptions) as the allotment of new shares. As at the Latest Practicable Date, the Company held 7,506,782 ordinary shares as treasury shares representing approximately 4.11% of the total issued share capital.

Explanation of business continued

Resolutions 11 and 12 Disapplication of pre-emption rights

The Directors consider it desirable to have the maximum flexibility permitted by corporate governance guidelines to respond to market developments and to enable allotments to take place to finance business opportunities without making a pre-emptive offer to existing shareholders. This cannot be done under the 2006 Act unless the shareholders have first waived their pre-emption rights. Resolutions 11 and 12 ask shareholders to grant this limited waiver. The resolutions will be proposed as special resolutions.

Resolution 11 contains a three-part waiver. The first part is limited to the allotment of shares for cash on a pre-emptive basis to allow the Directors to make appropriate exclusions and other arrangements to resolve legal or practical problems which, for example, might arise in relation to overseas shareholders. The second is limited to the allotment of shares for cash up to an aggregate nominal value of £3,652,346 (which includes the sale on a non-pre-emptive basis of any shares held in treasury), which represents approximately 10% of the total issued ordinary share capital as at 23 March 2023 (the Latest Practicable Date).

The third part applies to the allotment of shares for cash for the purposes of a follow-on offer when an allotment of shares has been made under the second waiver. It is limited to the allotment of shares having an aggregate nominal value of up to 20% of the nominal value of any shares allotted under the second waiver. The follow-on offer must be determined by the directors to be of a kind contemplated by the Pre-Emption Group's 2022 Statement of Principles. The directors confirm that they will follow the shareholder protections in section 2B and the expected features of a follow-on offer in paragraph 3 of section 2B of the Pre-Emption Group's 2022 Statement of Principles.

The waiver granted by Resolution 12 is in addition to the waiver granted by Resolution 11 and itself has two parts. The first part is limited to the allotment of shares for cash up to an aggregate nominal value of £3,652,346 (which includes the sale on a non-pre-emptive basis of any shares held in treasury), which represents a further 10% (approximately) of the total issued ordinary share capital as at the Latest Practicable Date. The first part of the waiver may only be used for an allotment of shares for cash for the purposes of financing (or refinancing, if the waiver is used within twelve months of the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Pre-Emption Group's November 2022 Statement of Principles.

The second part of the waiver applies to the allotment of shares for cash for the purposes of a follow-on offer when an allotment of shares has been made under the first part of the waiver. It is limited to the allotment of shares having an aggregate nominal value of up to 20% of the nominal value of any shares allotted under the first waiver. The follow-on offer must be determined by the directors to be of a kind contemplated by the Pre-Emption Group's 2022 Statement of Principles. The directors confirm that they will follow the shareholder protections in section 2B and the expected features of a follow-on offer in paragraph 3 of section 2B of the Pre-Emption Group's 2022 Statement of Principles.

If the resolutions are passed, this authority will expire on the conclusion of the Company's AGM meeting in 2024, or at the close of business on 1 July 2024, whichever is the earlier.

Resolution 13 Authority to purchase own shares

The Company is seeking authority to make market purchases of up to 17,515,456 of its own ordinary shares (being approximately 10% of its total issued share capital (excluding treasury shares) as at the Latest Practicable Date. The maximum price (exclusive of expenses) which may be paid for each share shall be an amount equal to the higher of:

- (a) 105% of the average of the middle market quotations for an ordinary share in the Company derived from the trading venue where the purchase is carried out for the five business days immediately prior to the day on which the share is contracted to be purchased; and
- (b) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venue where the purchase is carried out.

The minimum price (exclusive of expenses) per share shall be 20³⁴⁰/₃₉₉ pence, being the nominal value of an ordinary share.

This power would be used only after careful consideration by the Directors, having taken into account market conditions prevailing at that time, the investment needs of the Company, its opportunities for expansion and its overall financial position. The Directors would exercise this authority to purchase ordinary shares only if they considered it to be in the best interests of shareholders and if the purchase could be expected to result in an increase in earnings per share. The Company may either cancel any shares it purchases under this authority or transfer them into treasury.

At the Latest Practicable Date, there were no outstanding options to subscribe for ordinary shares in the Company.

This authority will expire on the conclusion of the Company's AGM in 2024, or at close of business on 1 July 2024, whichever is the earlier.

Resolution 14 Notice of General Meetings

The 2006 Act sets the notice period required for general meetings at 21 days unless shareholders approve a shorter notice period, which cannot be less than 14 clear days. The Company is able to preserve the authority to call a General Meeting, other than an AGM, on not less than 14 clear days' notice, provided shareholders have approved this by passing a special resolution annually. Accordingly, Resolution 14 is seeking to renew the authority granted at the AGM in 2022. The Company will give due consideration as to whether to use the reduced notice period for the calling of a General Meeting, as permitted by the passing of this resolution, and will not use it as a matter of routine but only where such flexibility is necessary. If this authority is used, the Company will comply with the requirement to provide appropriate facilities for shareholders to vote by electronic means at General Meetings held on less than 21 clear days' notice.

If given, this authority will be valid until the Company's AGM in 2024, whereby a similar resolution is intended to be proposed.

The Directors believe that the adoption of all the Resolutions set out in this Notice of AGM are in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of the Resolutions, as each Director intends to do in respect of his or her own beneficial holdings.

Technical notes

- 1 A member is entitled to appoint another person, who need not be a member, as his/her proxy to exercise all or any of his/her rights to attend, speak and vote at this AGM or any adjournment thereof. A member may appoint more than one proxy in relation to the AGM, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member.
- 2 A Form of Proxy is enclosed. To be valid, the Form of Proxy must be received by the Company's Registrar, Equiniti, by no later than 11.00 am on Wednesday 3 May 2023 or, if the AGM is adjourned, 48 hours before the time of the adjourned AGM (excluding any UK non-working days). The appointment of a proxy will not prevent a member from subsequently attending, speaking and voting at the AGM in person if the member wishes to do so.
- 3 If you wish, you may register the appointment of a proxy for this AGM electronically, by logging on to the Registrar's website at www.sharevote.co.uk where details of the procedure are shown. The Voting ID, Task ID and Shareholder Reference Number shown on your Form of Proxy will be required to complete the procedure. Electronic Proxy Appointment will not be valid if received after 11.00 am on Wednesday 3 May 2023 or, if the AGM is adjourned, 48 hours before the time of the adjourned AGM (excluding any UK non-working days), and will not be accepted if found to contain a computer virus.
- 4 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for this AGM by using the procedures described in the CREST Manual available by logging in to the Euroclear website at www.euroclear.com. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order to be valid, the appropriate CREST Proxy Instruction must be transmitted so as to be received by the Company's Registrar, Equiniti (CREST participant ID RA19) by 11.00 am on Wednesday 3 May 2023 or, if the AGM is adjourned, 48 hours before the time of the adjourned AGM (excluding any UK non-working days). For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his/her CREST sponsor(s) or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members (and, where applicable, their CREST sponsors or voting system providers) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- 5 Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that if two or more representatives purport to vote in respect of the same shares: (i) if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way; and (ii) in other cases, the power is treated as not exercised.
- 6 The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with Section 146 of the 2006 Act ('Nominated Persons'). Nominated Persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy for the AGM. If Nominated Persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.
- 7 Holders of ordinary shares are entitled to attend and vote at General Meetings of the Company (including this AGM). On a vote by show of hands, every member who is present has one vote and every proxy present who has been duly appointed by a member entitled to vote has one vote, unless the proxy has been appointed by more than one member and has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution, in which case the proxy has one vote for and one vote against. On a poll vote, every member who is present in person or by proxy has one vote for every ordinary share of which he/she is the holder.
- 8 The Company, pursuant to the Uncertificated Securities Regulations 2001, specifies that only those members on the Register of Members as at 6.30pm on Wednesday 3 May 2023 or, if the AGM is adjourned, on the Register of Members at 6.30pm two days prior to the date of any adjourned AGM, shall be entitled to attend and vote at the AGM in respect of the number of shares registered in their names at that time. Changes to entries on the Register of Members after the relevant above-mentioned deadline shall be disregarded in determining the right of any person to attend and vote at the AGM.
- 9 As at the Latest Practicable Date, the Company's total issued share capital consisted of 182,661,346 ordinary shares. As at the Latest Practicable Date, the Company held 7,506,782 ordinary shares as treasury shares, representing approximately 4.11% of the Company's issued share capital as at that date. Therefore, the total number of voting rights in the Company as at the Latest Practicable Date was 175,154,564.
- 10 Under Section 319A of the 2006 Act, any member attending the AGM has the right to ask questions in relation to the business of the AGM. The Company must cause to be answered any such question relating to the business being dealt with at the AGM but no such answer need be given if (i) to do so would interfere unduly with the preparation for the AGM or involve the disclosure of confidential information; (ii) the answer has already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the AGM that the question be answered.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Technical notes continued

- 11 Under Sections 338 and 338A of the 2006 Act, members may:
- i require the Company to give to members entitled to receive notice of the AGM, notice of a resolution which may properly be moved and is intended to be moved at the meeting; and
 - ii request the Company to include in the business to be dealt with at the AGM any matter (other than a proposed resolution) which may be properly included in the business, provided that it is not defamatory, frivolous or vexatious or, in the case of a resolution only, it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise). The Company will include such matter if sufficient requests have been received by members who have at least 5% of the total voting rights or by at least 100 members who hold shares on which there has been an average sum, per member, of at least £100 paid up and submitted in the manner detailed in Sections 338 and 338A of the 2006 Act.
- 12 Members should also note that it is possible that, pursuant to requests made under Section 527 of the 2006 Act, the Company may be required to publish on a website a statement setting out any matter relating to (i) the audit of the Company's financial statements (including the Auditor's Report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an Auditor of the Company appointed since the previous meeting at which the Annual Report and Form 20-F were laid. The Company may not require the members requesting such website publication to pay its expenses in complying with Sections 527 or 528 of the 2006 Act. Where the Company is required to place a statement under Section 527 of the 2006 Act, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under Section 527 of the 2006 Act to publish on a website.
- 13 Members may not use any electronic address provided in either this Notice of AGM or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.
- 14 A copy of this Notice of AGM and other information required by Section 311A of the 2006 Act can be found at the Company's corporate website at www.ihgplc.com/investors under Shareholder centre in the AGMs and meetings section.
- 15 Certain items will not be permitted in the AGM. These include cameras, recording equipment, items of any nature with potential to cause disorder and such other items as the Chair of the AGM may specify. We reserve the right to confiscate these items for the duration of the AGM if they are used to record or otherwise disrupt the AGM.
16. The following documents will be available for inspection during normal business hours at the Company's registered office at 1 Windsor Dials, Arthur Road, Windsor, Berkshire SL4 1RS from the date of publication of this Notice of AGM until the time of the AGM and at Crowne Plaza Gerrards Cross from 15 minutes before the AGM until it ends:
- i copies of the Executive Directors' service contracts; and
 - ii copies of the letters of appointment of the Non-Executive Directors.

Appendix 1

User Guide to Accessing the IHG 2023 AGM Webcast

Accessing the AGM Webcast:
<https://web.lumiagm.com/188-191-281>
To login you must have your SRN and PIN

Your Shareholder Reference Number (SRN) and PIN, which is the first two and last two digits of your SRN, can be found printed on your Form of Proxy.

1



Open the Lumi AGM website and you may be prompted to enter the Meeting ID (188-191-281). If a shareholder attempts to login to the website before the meeting is live*, a pop-up dialogue box will appear.

* 10.00 am on 5 May 2023.

2



After entering the Meeting ID, if required, you will be prompted to enter your unique SRN and PIN.

3



When successfully authenticated, you will be taken to the Home Screen.

4



To view the meeting presentation, expand the "Broadcast Panel", located at the bottom of your device. If viewing through a browser, it will appear automatically.

This can be minimised by pressing the same button. 

Appendix 2

Letter from the Remuneration Committee Chair



“Through a comprehensive strategic review and consultation process, we have sought to ensure that our 2023 Director’s Remuneration Policy supports the continued delivery of sustainable growth and value.”

Dear Shareholder,

As Chair of the Remuneration Committee and on behalf of the Board, I am pleased to set out the background and context for our new Directors’ Remuneration Policy (‘DR Policy’) which we are submitting for binding shareholder approval at our AGM on 5 May 2023 (resolution 2).

We continue to operate an asset-light business model, predominantly franchising our brands and managing hotels on behalf of third-party hotel owners. Our broad geographic spread and weighting towards essential business and domestic leisure travel have driven competitive resilience in challenging markets. More recently, we have also made good progress in expanding our presence in the Luxury & Lifestyle segment. The Board has proposed a final 2022 dividend of 94.5¢, an increase of 10% on 2021, and resulting in a total dividend for the year of 138.4¢. Additionally, as a result of management’s strong cash management, between August 2022 and January 2023, we completed a share buyback programme to return \$500 million of surplus capital, and a further \$750 million programme has been launched for 2023.

Our sustainable growth ambitions are deeply dependent on our ability to attract and retain exceptional leaders.

Our current DR Policy expires in 2023. Therefore, during 2022, the Remuneration Committee carried out a detailed review process, involving all Non-Executive Directors of IHG, to determine the extent to which the current framework remained appropriate in the context of our business strategy, talent pipeline challenges and evolving best practice developments in the market. We are committed to regular and thorough communication with our shareholders and, in developing the DR Policy proposals, we held two rounds of open and constructive consultations with holders of around 60% of our share register, as well as the major proxy agencies. The second round of consultations concluded at the end of February 2023. Our final DR Policy incorporates feedback received and is set out in full on pages 15 to 24. I would like to thank all the shareholders who engaged with me and other members of the Committee throughout this process.

In conjunction with the binding vote on the DR Policy, we are also presenting new share plan rules for approval at this AGM (resolutions 2 and 9). The existing rules for both our Annual Performance Plan (‘APP’) and Long-Term Incentive Plan (‘LTIP’) are due to expire in 2024 and the Committee considered it appropriate to renew them a year early to coincide with the adoption of the new DR Policy. A single set of Deferred Award Plan (‘DAP’) rules have been created in relation to future long-term incentive and deferred annual incentive awards; see Appendix 3 for details.

Details of how we intend to implement the DR Policy in 2023 are described in this letter. The DR Policy and the Directors’ Remuneration Report (found on pages 114 to 136 of the 2022 Annual Report and Form 20-F) taken together comprise the directors remuneration report, which is subject to an advisory vote (resolution 3).

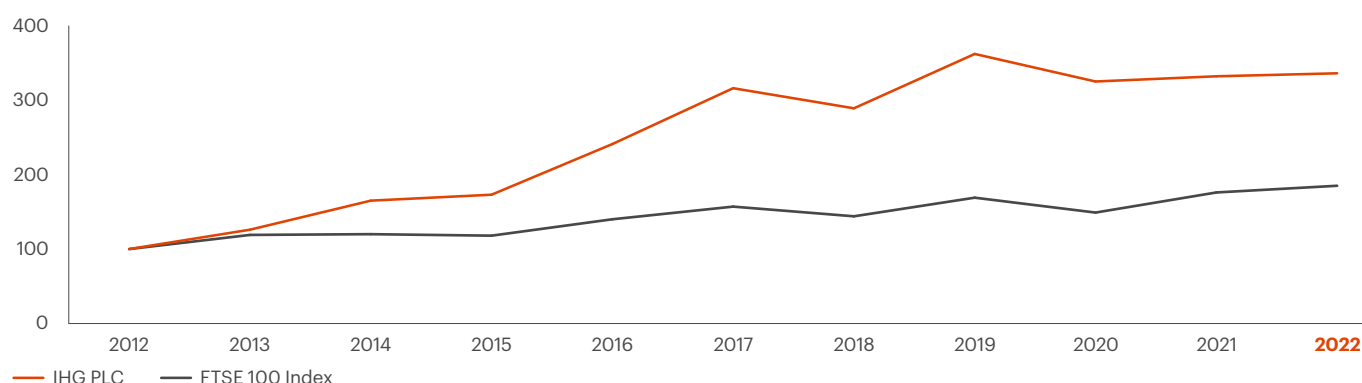
Strategic review of DR Policy

When reviewing the existing policy in the context of our strategic aims and considering the potential future framework, the Remuneration Committee identified a number of challenges which we have sought to address. These were:

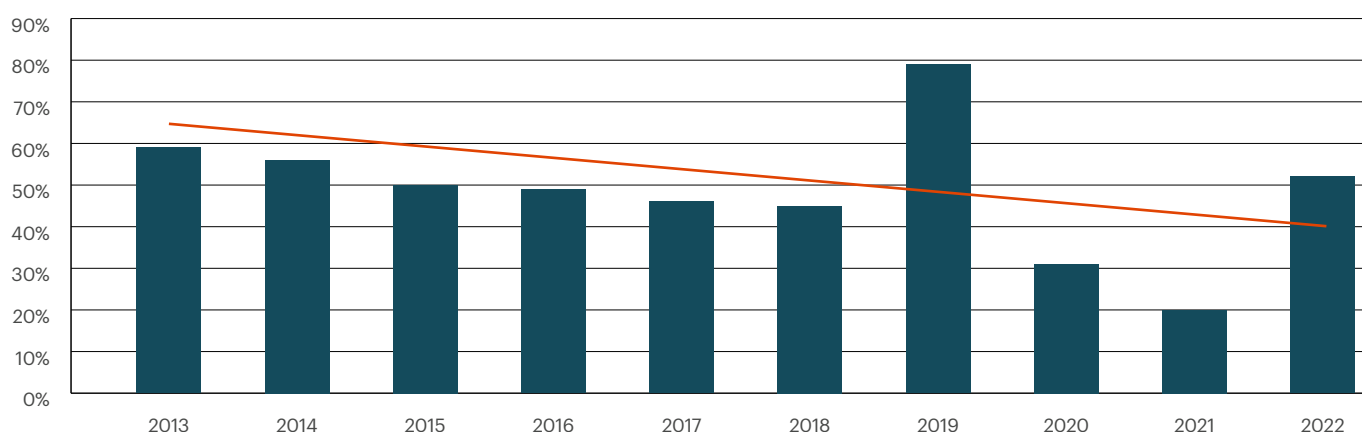
- **IHG context** – somewhat uniquely for a UK-based FTSE company, not only does the Americas region remain our largest source of revenue (61%, excluding central costs, in 2022), system size (57% in 2022) and operating profit from reportable segments (81%, excluding central costs, in 2022), but all our closest hotel peers with whom we compete for many of our senior hires are headquartered and listed in the US. This is unlike other large international FTSE companies whose competitors are typically located all around the world. The US represents 27.3% of the global hospitality market, illustrating its importance to IHG. The global percentage of rooms currently held by the top four hotel groups is Marriott International, Inc. 7.15%, Hilton Worldwide Holdings Inc. 5.39%, IHG 4.14% and Wyndham Hotels & Resorts Inc. 3.95%. These are all US-based apart from IHG, again underlying the importance of IHG’s alignment to the US hospitality and talent markets.
- **Preparing for the future** – our high-performing Executive Directors have all been in role for a number of years and the Committee needed to ensure that the new DR Policy enables us to attract successors, if necessary, during its three-year lifetime. This requirement has been subsequently highlighted by the resignation of the Chief Financial Officer and Group Head of Strategy in October 2022. It is vital to IHG’s continued future growth that the quality of talent existing in our current Executive Director team is reflected in our internal and external candidates for succession.
- Given our US focus, successor talent with US experience is key and the future success of the business relies on our ability to attract and retain the same high calibre talent to continue to build on the performance delivered by the current team. The Committee recognises that as a UK company we are not able to pay our Executive Directors at levels commensurate with our US peers, evidenced by the following:
 - long-term incentive opportunity levels for US competitor CEOs range from three to nine times the IHG CEO LTIP opportunity; and
 - where the direct reports of competitor CEOs receive a long-term incentive opportunity, it is in many cases double that of the IHG CEO.
- As well as being able to offer much higher pay opportunity levels than in the UK, the pay structures of these US-based competitor companies are often not acceptable to UK-focused investors. In recent remuneration reports we have noted that, where we have had to make increases at senior management levels below the Board to enable us to remain competitive with the US market, this has led to pay compression with more senior executive roles, impacting our ability to recruit the right calibre of leaders from outside the business to key positions. Our succession strategy historically has generally been to grow executive-level successors within the business, particularly in the US. This has become more challenging in recent years as those potential successors move to positions outside of IHG offering more attractive packages at their level and above, both in terms of structure (for example restricted stock units) and quantum.

- This context requires a strong internal succession pipeline to be in place, and promotion from within the business is often the only feasible approach for Executive Director roles. We utilise a hybrid remuneration structure of restricted stock units and performance-tested long-term incentives to attract talent below Executive Director level. Quantum compression and the inability to utilise a hybrid method for Executive Directors means we have a significant retention challenge in the pipeline for these roles. An unavoidable additional challenge is that some UK governance features, such as bonus deferral and post-vesting holding periods, do not feature in US remuneration structures, and are viewed as less attractive by US talent.
- **Long-Term Incentive Plan volatility** – IHG is a high-performing company and our total shareholder return ('TSR') has consistently outperformed the FTSE 100 in recent years (see chart below). This has not been reflected in our pay outcomes, particularly for the LTIP where vesting levels have more or less steadily declined over the past ten years. The Committee sets performance targets that it considers to be very stretching, and this, together with the sensitivity of our business to external factors, has led to a decline in vesting levels despite our strong financial and share price performance over the same time period (see chart below). Therefore, while our maximum opportunities are competitive within the FTSE 100 market, actual outcomes can be less so. In addition, the Committee considers that the current remuneration structure and blend of performance measures does not sufficiently address the external volatility in the UK stock market. The Committee considers that IHG business performance has been very strong in recent years, including successfully mitigating the extended Covid19-related challenges in China and continuing to make excellent progress in its strategic priorities such as growth in the Luxury & Lifestyle segment and in new brands. However, our TSR hotel comparator group consists predominantly of US companies, and the Committee believes strong performance is being masked by the divergence in recent times of US and UK stock market performance, driven by outflows from UK equities. It is currently expected that the TSR measure will have a zero outturn for the 2021/23 LTIP cycle regardless of the strength of IHG and management performance, and potentially also for subsequent cycles.

IHG TSR performance v FTSE 100



LTIP vesting outcomes 2013 to 2022



- **Alignment with IHG's strategy and culture** – our LTIP enables us to incentivise Executive Directors and other senior management to deliver strong performance against a range of financial and non-financial KPIs, which in turn lead to the creation of shareholder value. We set stretching internal budgets for these metrics every year and for 2023/25 have broadened the range of measures (see pages 13 and 14). The LTIP is therefore well-structured for delivering against our strategic aims; however, the inverse correlation between our strong performance and actual realised pay means there is scope for better alignment of our incentives with our 'pay for performance' culture.

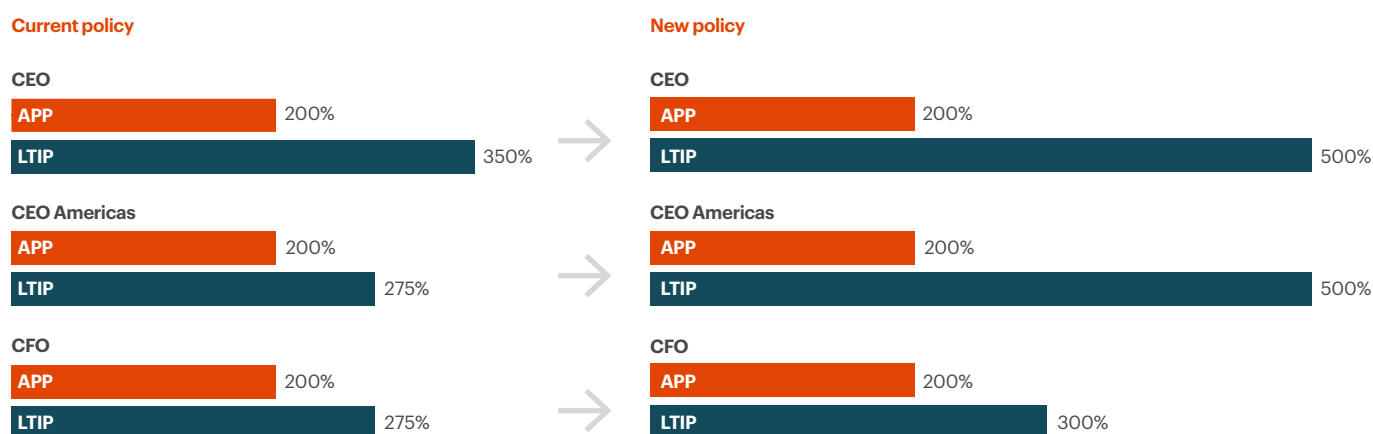
Letter from the Remuneration Committee Chair

continued

Proposed amendments to the Long-Term Incentive Plan

Along with fellow Committee members, I consulted with shareholders on the potential use of a hybrid performance share/restricted stock unit arrangement, which the Committee considered to be the best solution to address the issues and challenges set out in the preceding pages. This structure would both align more closely with that of our major US-based competitors for talent, and with the hybrid approach used for executives below the IHG Executive Board. To help address pay compression below the Executive Board, an increase in total long-term incentive quantum was proposed, before converting half of the increased maximum opportunity into restricted stock units. A market-standard 50% discount would be applied in applying this conversion. The Committee proposed that a shareholder-aligned underpin would apply to the restricted stock unit award, based on net system size.

Following open and constructive discussions with a wide range of shareholders and proxy agencies, the Committee concluded that a hybrid model was unlikely to receive sufficient shareholder support at this time. The Committee has therefore decided to implement an alternative solution to the challenges faced, by retaining the existing performance share model, adjusting the maximum opportunity and, in the absence of a hybrid model, adapting metrics such as the introduction of an earnings per share ('EPS') metric to balance the TSR metric and historic volatility of outcomes. The new DR Policy provides for the CEO and CEO, Americas to receive a maximum LTIP of 500% of salary in respect of any one year (currently 350% of salary and 275% of salary, respectively) and for the CFO's maximum opportunity to increase to 300% of salary (currently 275% of salary). The minimum shareholding requirement for the CEO, Americas will increase to 500% to match that of the CEO. The incentive opportunity change is illustrated in the diagram below:



The opportunity for the CEO, Americas was previously set at a lower level than for the CEO. The Committee determined that, given the critical strategic importance of the Americas region to IHG's growth and success, and recognising that this role needs to be held by an individual with a US background operating in the US talent market, it was appropriate for the long-term incentive opportunity to align with that of the CEO to ensure the competitiveness of the package. There will remain scope for differentiation in overall pay between the CEO and CEO, Americas role through relative salary levels.

The Committee acknowledges that the proposed changes do not significantly close the gap with our US competitors. However, it is considered that this increase in maximum long-term incentive opportunity is a balanced approach that provides headroom to ease pay compression at senior levels.

With this change, the incentive framework will remain aligned with our longer-term strategy, enable delivery of pay outcomes that are fair in the context of our consistently strong business performance, and enable us to continue to attract first-class Executive Directors with the appropriate skills, experience and international expertise to lead a business of our scale and global reach.

We firmly believe in the need to operate a strong 'pay for performance' culture, realised through the delivery of long-term incentives in conditional shares linked to the achievement of stretching financial and non-financial performance targets. As has historically been the case, our targets are stretching and incentives will only pay out at maximum for truly exceptional performance. Executive Directors are able to build up significant shareholdings over time as awards vest, further strengthening the alignment to shareholder value creation.

Other elements of the DR Policy

In addition to the restructuring of the LTIP award, the Committee approved the following changes to other elements of the DR Policy.

- **Reduction of on-target pay-out for the APP:** Under the current DR Policy, achieving on-target performance results in a pay-out of 115% of salary or 57.5% of maximum. To align with best practice and shareholder expectations, the on-target pay-out will reduce to 50% of maximum. This will take effect from 2024.
- **Strengthening of post-employment shareholding guidelines:** Currently, Executive Directors are required to hold 100% of their in-employment shareholding requirement for six months following cessation of employment, and 50% for an additional six months thereafter. The Committee has determined that under the new DR Policy we will align with UK best practice and require Executive Directors to hold their full shareholding guideline for two years post-employment.
- **Revised approach to APP deferral:** Under the current DR Policy, 50% of any APP earned is paid in the form of share awards which vest after three years. Additionally, IHG has a high level of minimum shareholding for Executive Directors relative to the UK market (500% for the CEO and increasing to the same amount for the CEO, Americas under the proposed new DR Policy, and 300% for other Executive Directors). In light of this high minimum shareholding requirement level, the Committee is proposing to reduce the minimum deferral portion for Executive Directors from 50% to 30% if the minimum shareholding requirement has been met. Executive Directors who have not met their shareholding requirement will continue to have 50% of their APP subject to deferral. In this way, any reduction in deferral

would only apply where an executive already has a substantial shareholding, therefore balancing their personal portfolio concentration exposure whilst maintaining a strong alignment with shareholders' interests. The Committee considers this change is important to enable us to offer attractive remuneration packages to individuals based in the US market, where bonus deferral is very uncommon but high shareholdings are the norm. The CEO and CEO, Americas both hold significant shareholdings in excess of their current minimum shareholding requirement. Furthermore, the Committee considers the malus and clawback provisions in place in respect of cash and share awards, outlined on page 22, to be sufficiently robust and extensive in providing additional safeguards, in line with the Corporate Governance Code requirements.

The 2022 Directors' Remuneration Report sets out the Committee's approach to executive pensions under the new DR Policy. Retirement benefits for incumbent UK Executive Directors are now aligned with the maximum company contribution available to all other participants in the UK pension plan of 12%, in compliance with the UK Corporate Governance Code.

US retirement benefit arrangements, in which the CEO, Americas, participates, differ in a number of respects from UK pension arrangements, as explained on page 124 of the Annual Report and Form 20-F. They are comprised of a 401(k) plan and Deferred Compensation Plan ('DCP'). The CEO, Americas' retirement benefit is in line with other senior US employees and comprises a 6% of salary matched contribution (subject to IRS limits in respect of 401(k) contributions) and a 16% of salary supplemental employer DCP contribution. Under the DCP, all participants (around 100 eligible senior employees, including the CEO, Americas) can receive supplementary contributions of up to 16% of salary. These are common retirement benefit plans in the US market and, given the parity of treatment for all participants in each of these plans, as well as the importance of the CEO, Americas role to the business and the market competitiveness concerns over Executive Director pay, the Committee has maintained the arrangements as they relate to the CEO, Americas in the new DR Policy.

Implementation of the DR Policy

In conjunction with the DR Policy review for 2023, the Committee carried out a detailed analysis of the performance measures in operation under the APP and LTIP to determine whether they remained suitable. The measures were largely considered to still be well aligned with our strategic aims. Please see page 18 of the 2022 Annual Report and Accounts for our strategic priorities and their corresponding symbols.

APP

No changes are proposed to the measures for the APP which will continue to be based predominantly on operating profit from reportable segments as well as strategic measures (currently room signings and room openings targets).

Element	Measures	Link to strategy	Explanation
Annual Performance Plan (APP)	Operating profit	  	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.
	Room signings	 	Openings and signings are two of our key drivers of system size and central to our ambition to deliver industry-leading growth in our scale.
	Room openings	  	

For 2023, the weightings will be as follows:

Measure	Weighting
Operating profit from reportable segments	70%
Room signings	15%
Room openings	15%

The targets are commercially sensitive and will be disclosed retrospectively at the end of the performance period, in line with the approach in previous years.

LTIP

Element	Measures	Link to strategy	Explanation
Long Term Incentive Plan (LTIP)	Relative total shareholder return	  	Our growth ambition is intended to deliver value and return for our stakeholders, including competitive total shareholder returns.
	Relative net system size growth		Our ambition is to deliver high-quality, industry-leading growth in our scale, so it is important that this forms a key element of our management team's Long Term Incentive Plan.
	Cash flow	  	Enhancing our customer and owner offer and developing our brands at scale 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.
	Environmental, social and governance	   	Aligned to our people, communities and planet strategy, new ESG measures (decarbonisation, and diversity, equity and inclusion) have been added to the LTIP targets.
	Adjusted earnings per share	 	EPS provides a measure of the efficiency of the capital structure, as well as promoting further alignment with shareholder experience and value.

Letter from the Remuneration Committee Chair

continued

The current in-flight LTIP awards are measured based on relative TSR, relative net systems size growth ('NSSG') and cash flow targets. All three measures were determined still to be relevant to IHG and will be included again for the 2023/25 cycle. The weighting of the TSR measure is being reduced from 30% to 20% in the light of the market considerations mentioned on page 11, recognising that many shareholders value TSR as a measure. The Committee reviewed the TSR comparator group and concluded that no changes were required.

I am pleased that for the 2023/25 LTIP cycle we are introducing an environmental, social and governance metric into the LTIP, aligned with our 10-year responsible business plan, Journey to Tomorrow. The Committee has provided regular updates to shareholders on progress towards achieving this in recent years. The measure includes elements related to our strategic priorities around decarbonisation and diversity, equity and inclusion ('DE&I'). Our 2030 Science-Based Targets ('SBT') require a 46% reduction, based on our 2019 carbon footprint, across our Scope 1 and 2 GHG emissions, and our Scope 3 GHG emissions covering both our FERA and franchise estate, by 2030; pages 33 to 35 and pages 61 and 65 of the IHG 2022 Annual Report and Accounts provide more detail on this. LTIP targets are based on the introduction and adoption of Energy Conservation Measures ('ECMs') across the global estate, a key element of IHG's decarbonisation programme and one over which management have a greater degree of direct impact. Targets include a Scope 3 element given the introduction of new ECMs will encompass all hotels, including those we franchise; with the focus on adoption of existing ECMs being limited to the managed hotel estate. The DE&I element targets increased representation of women and ethnically diverse colleagues at senior management levels, which is defined for these purposes as Vice President level and above (approximately our top 200 executives). These targets will drive our Journey to Tomorrow priorities of driving gender balance and addressing under-representation in our leadership and reflect the challenges and importance of recruiting and retaining diverse talent to senior roles within the global hospitality industry. More details can be found on our DE&I approach on pages 31 and 32 of the IHG 2022 Annual Report and Form 20-F.

An EPS measure will also be introduced for the 2023/25 cycle. This will work alongside the other measures to drive shareholder value and measure efficiency of IHG's capital structure and will provide a balance in the context of the stock market volatility that the Committee sees as impacting the performance of the TSR measure. The EPS target will be expressed as a compound annual growth rate over the three-year vesting period based on adjusted EPS, our non-GAAP measure for EPS. Adjusted EPS adjusts the profit available for equity holders used in the calculation of basic EPS to remove System Fund revenue and expenses, the items of interest related to the System Fund and foreign exchange gains/losses as excluded in adjusted interest, change in fair value of contingent purchase consideration, exceptional items, and the related tax impacts of such adjustments and exceptional tax. Given shareholder capital returns are an integral part of IHG's strategy, the target range has been set taking into account currently-forecast share buyback activity over the vesting period, and accordingly the Committee would not expect to adjust outcomes at vesting for share buybacks that have taken place.

The measures, targets and weightings for the 2023/25 LTIP cycle are set out below:

2023/2025	Threshold target (20% vesting)	Max target (100% vesting)
Relative TSR vs. global hotel companies (20%)	Median	Upper quartile
Relative NSSG (20%)¹	Ranked 4th	Ranked 1st
Cash flow (20%)	1.667bn USD	2.565bn USD
ESG (20%) – split between four equally weighted measures:		
Expected energy reduction from introduction of new energy conservation measures ('ECMs') ²	5.6% reduction (new builds) 4.1% reduction (existing estate)	11.1% reduction (new builds) 7.6% reduction (existing estate)
Adoption of existing ECMs in owned, leased, managed and managed lease hotels	80% of hotels	100% of hotels
Gender representation in senior management	37% of roles	40% of roles
Ethnicity representation in senior management	24% of roles	27% of roles
Adjusted EPS (20%)	5% absolute compound annual growth rate	12% absolute compound annual growth rate

¹ For the last three LTIP cycles, the relative NSSG measure has been subject to a Return on Capital Employed ('ROCE') underpin. This was introduced for the 2020/22 cycle onwards in response to feedback from our two largest shareholders at the time. The purpose of the underpin was to ensure that the ROCE impact was considered in strategic decision making, such as M&A activity. The Committee has determined to remove the underpin for the 2023/25 cycle and beyond. As noted in our 2022 Directors' Remuneration Report, the impact of the pandemic resulted in ROCE falling below the prescribed threshold for 2020 and 2021, illustrating that the underpin may be missed due to factors other than those it is designed to protect against. Furthermore, it adds complexity to the overall LTIP framework. As has been noted in recent remuneration reports, the Committee uses a robust discretion framework when determining APP and LTIP outcomes, which includes a review of wider Company financial and strategic performance. ROCE performance will therefore continue to be considered as part of the assessment of outcomes in the round rather than as a formal underpin measure.

² More information on our ECMs can be found on pages 56-61 of our 2022 Annual Report and Form 20-F.

Salary levels for 2023

Information on 2023 salary levels and our approach to wider workforce remuneration during the cost-of-living challenge is set out in the 2022 Directors' Remuneration Report.

Concluding remarks

The Committee believes that our new DR Policy described above will balance the need to address the risks identified for the next three years with UK shareholder expectations and support the business as we continue to deliver sustainable growth and realise excellent value for our shareholders. Furthermore, it will strengthen our competitiveness in an increasingly global talent market and allow us to better align with our US peers whilst still reflecting the best practice features expected within the UK environment. The Committee will remain vigilant in monitoring IHG's ability to attract, retain and promote the talent pipeline that will enable future shareholder value to be created.

Thank you for your consideration of the issues and solutions set out in these policy proposals. I respectfully ask for your support at the AGM.

Jo Harlow

Chair of the Remuneration Committee
23 March 2023

Directors' Remuneration Policy

The Committee will consider the Directors' Remuneration Policy annually to ensure it remains aligned with strategic objectives. However, subject to approval by shareholders at the 2023 AGM, it is intended that the policy set out below will apply for three years from 2023; if any amendments need to be made to the policy within that timeframe, it will first be presented to be voted upon by shareholders. Where there have been changes to elements from the last policy, these are set out for each element in the table below. The reasons for the changes are described in the Remuneration Committee Chair's letter on pages 10 to 14. The Policy will take effect following the 2023 AGM (subject to shareholder approval) except where a different effective date is set out in the future policy table below.

Future policy table

Salary	100% cash	No change in policy
Link to strategy	To attract and retain the key talent responsible for delivering our strategic objectives. Recognises the value of the role and the individual's skill, performance and experience.	
Operation	Base salary is normally reviewed annually and fixed for 12 months from 1 April. In reviewing salaries, the Committee may consider factors including: • business performance; • personal performance, skills and expertise; • the average salary increases for the wider IHG workforce; and • current remuneration assessed against comparable opportunities for an individual to ensure competitiveness.	
Maximum opportunity	There is no maximum salary. Over the policy period, salary increases for current Executive Directors will be subject to individual performance and will not normally exceed the range of increases applying to the corporate UK and US employee population, except where there is a change in role or responsibility, or another need arises to reassess the competitiveness of salary which warrants either a lesser or a more significant increase. Any such change will be fully explained. Newly promoted or recruited Executive Directors may, on occasion, have their salaries set below the conventional remuneration level while they become established in role. In such cases, salary increases may be higher than the corporate UK and US employee population until the target positioning is achieved.	
Performance framework	The results of an individual's annual performance appraisal are considered when reviewing salary levels.	
Benefits		No change in policy
Link to strategy	To attract and retain the key talent responsible for delivering our strategic objectives with competitive benefits which are consistent with an individual's role and location.	
Operation	IHG pays the cost of providing the benefits on a monthly basis or as required for one-off events.	
Maximum opportunity	The value of benefits is dependent on location and market factors. Benefits may include the cost of independent financial advice, car allowance/company car, private healthcare for themselves and their immediate family, medical assessments, life insurance, and other benefits provided from time to time. Direct payment or reimbursement of reasonable expenses incurred in performance of duties for IHG will be met, including any tax and social security due on expenses. Benefits would be restricted to the typical level for the role and location of an Executive Director. Benefits may also include relocation and expatriate or international assignment costs where appropriate, including for example: • cost of living allowance; • travel costs; • housing costs; • professional advice; • education allowances; • tax equalisation; • medical expenses; and • relocation allowance. Relocation and expatriate or international assignment costs would be restricted to the typical level for the role and location of an Executive Director. Executive Directors are eligible to participate in any all-employee share plans that may be introduced, on the same basis as all other employees. These would be operated within the parameters of the applicable legislation. Currently none of the Executive Directors participate in any such plan.	
Performance framework	None.	
Pension		No change in policy
Link to strategy	To attract and retain the key talent responsible for delivering our strategic objectives with appropriate contribution rates to provide funding for retirement.	
Operation	UK Executive Directors are eligible to join the IHG UK Defined Contribution Pension Plan (UK Plan). A cash allowance in lieu of pension contributions is offered, for example, where pension contributions would be less efficient than cash. Non-UK Executive Directors may be eligible for an alternative local company retirement plan, for example, a DC 401(k) Plan and a DC Deferred Compensation Plan currently operating in the US.	
Maximum opportunity	Salary is the only element of remuneration that is pensionable. Effective 1 January 2023, the maximum employer contribution rate, or cash allowance in lieu of pension contribution, for new and incumbent Executive Directors will not exceed the maximum employer contribution rate available to all other participants in the UK plan, currently 12% of salary. Other contribution rates in excess of this may apply to non-UK Executive Directors in alternative non-UK local retirement plans. The Committee has the discretion to reduce or increase employer contribution rates for Executive Directors in exceptional circumstances where conditions so warrant.	
Performance framework	None.	

 The policy will be available to view at www.ihgplc.com/investors under Corporate governance.

Directors' Remuneration Policy continued

Annual Performance Plan (APP)	
Link to strategy	Part cash and part IHG PLC shares deferred for three years - Drives and rewards annual performance normally against both financial and non-financial metrics. - Aligns individuals and teams with key strategic priorities. - Aligns short-term annual performance with strategy to generate long-term returns to shareholders.
Operation	- Awards are made annually, 50% in cash after the end of the relevant financial year and 50% in the form of share awards which vest after three years subject to leaver provisions. From 2024, subject to meeting the minimum shareholding requirement, up to 70% of the award may be paid in cash and at least 30% in deferred shares. - The Committee has discretion to make awards wholly in cash rather than part-cash and part-shares, in exceptional circumstances. - The share awards are made in the form of conditional awards or forfeitable shares, the latter having the right to receive dividends and vote at general meetings from date of grant. - Malus and clawback apply to these awards. See page 22 for details. - The Committee may exercise reasonable discretion to adjust an award made under the APP upwards or downwards to override award outcomes, in particular to override formulaic outcomes of the performance measures and/or any other conditions to take into account any relevant factors, including but not limited to, performance relative to IHG's competitors and extent of achievement across all measures, provided that in no case will an award exceed the maximum opportunity stated.
Maximum opportunity	The maximum annual award is 200% of salary.
Performance framework	- Normally, 70% is based on the achievement vs target of an operating profit measure and 30% is based on a mixture of strategic and/or personal measures which are reviewed annually and the weighting, measures and targets are determined by the Committee and set in line with key strategic priorities. - Measures for 2023 will be operating profit from reportable segments (70%), room signings and room openings (15% each). See page 17 for further details. - Threshold is up to 50% of target award for each measure. The target award is 115% of salary in 2023.
New for 2023 Policy:	With effect from the 2024 financial year APP: - The target award will be reduced from 115% to 100% of salary, maximum will remain 200% of salary; - Where the minimum shareholding requirement has been met, awards may be made up to 70% in cash and at least 30% in the form of shares deferred for three years; and - Deferred share awards will be granted under the Deferred Award Plan (DAP) rules, subject to shareholder approval of the rules at the 2023 AGM. Separate APP terms will govern the overall operation of the APP, subject to the provisions of this Directors' Remuneration Policy.
Long Term Incentives (LTI)	
Link to strategy	100% IHG PLC shares Drives and rewards delivery of sustained long-term performance on measures that are aligned with the interests of shareholders.
Operation	- Annual grants of conditional awards or forfeitable awards of shares subject to a performance period normally of at least three years, subject to the achievement of corporate performance targets. - The Committee will normally also impose such post-vesting holding periods as necessary to ensure at least a total five-year period from grant of the awards to the date they are free from any restrictions. - The Committee has discretion to make awards in cash rather than shares, in exceptional circumstances. - Malus and clawback applies to awards. See page 22 for details.
Maximum opportunity	The maximum annual award is up to 500% of salary for the CEO and US Executive Directors (currently the CEO, Americas) and up to 300% of salary for other Executive Directors.
Performance framework	- The measures and targets are reviewed and may be changed by the Committee annually to ensure alignment with strategic objectives. Normally 20% of the maximum pays out for threshold performance but the Committee may increase this to up to 25% of maximum if this is considered appropriate. - All targets are typically measured over a performance period of at least three years. - The Committee may make adjustments to targets and/or measures if a significant one-off event occurs that makes one or more of the existing targets and/or measures no longer appropriate. The Committee may also adjust awards if a significant one-off event happens that makes the original performance measures no longer appropriate. Any such adjustments would be disclosed at the first appropriate opportunity. - The Committee will review the vesting outcomes under the LTI measures at the end of each three-year cycle against an assessment of Group earnings, the quality of financial performance and growth over the period, including relative growth against the market, and the efficient use of capital. If the Committee determines that the vesting outcomes do not appropriately reflect the performance of the Group (the Company and its subsidiaries), it may exercise reasonable discretion to override award outcomes, in particular to override formulaic outcomes, to increase or reduce the number of shares that vest. The performance and vesting outcomes and any use of discretion will be fully disclosed and explained in the relevant Directors' Remuneration Report.
New for 2023 Policy:	The maximum opportunity has been increased from 350% to 500% of salary for the CEO and US Executive Directors (currently the CEO, Americas) and from 275% to 300% of salary for the CFO. See the Remuneration Committee Chair's policy letter on pages 10 to 14 for rationale. Measures for the 2023/25 cycle are total shareholder return (20%); relative net system size growth (20%); cash flow (20%); earnings per share (20%); and environmental, social and governance metrics (20%) – see page 18 for further details. LTI awards for the 2023/25 cycle onwards will be granted under the DAP, subject to shareholder approval of the rules at the 2023 AGM.
Shareholding requirements	
Minimum Shareholding	- The guideline shareholding requirement is 500% for the CEO and US Executive Directors and 300% for other Executive Directors. - This shareholding can include the net value of unvested shares that are not subject to any further performance conditions. - Executive Directors are expected to hold all shares earned (net of any share sales required to meet personal tax liabilities), until a shareholding of 300% for the CEO and US Executive Directors, and 200% for other Executive Directors is met and 50% of all subsequent shares earned (net of any share sales required to meet personal tax liabilities) until the full guideline shareholding is met.
New for 2023 Policy:	In respect of the post-employment shareholding requirement, the full guideline shareholding requirement will normally continue for two years post-cessation of employment.

Illustrative scenarios

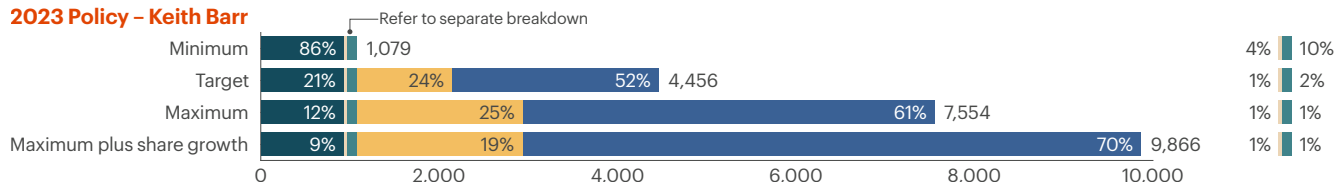
Shown below are illustrations of the value that could be received by each Executive Director under the Directors' Remuneration Policy in respect of 2023, showing:

- minimum, which includes salary, benefits and employer pension contributions only (total fixed pay);
- on-target, which includes total fixed pay and assumes an on-target award for the APP (115% of salary for 2023, reducing to 100% of salary from 2024) and 50% of maximum LTI award vesting; and
- maximum, which includes total fixed pay and a maximum award under the APP and LTI.
- maximum plus share price growth, which includes total fixed pay, a maximum award under the APP and LTI and a 50% share price increment for LTI.

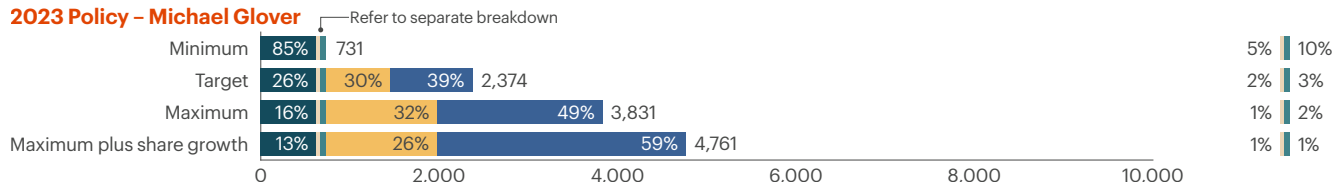
The salaries included are those that will apply from 1 April 2023. The benefit values included are estimates. The sterling equivalent values for Elie Maalouf have been calculated using an exchange rate of \$1 = £0.81.

Illustrative scenarios (£000)

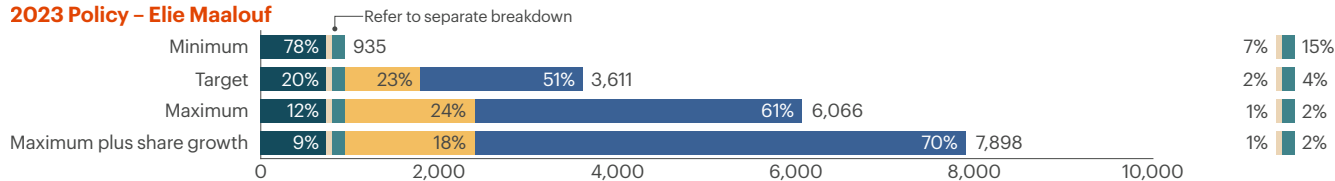
2023 Policy – Keith Barr



2023 Policy – Michael Glover



2023 Policy – Elie Maalouf



■ Salary ■ Benefits ■ Pensions ■ APP ■ LTI

Notes to future policy table

In designing the new Remuneration Policy, the Committee followed a detailed decision-making process which included discussions on the proposals at seven Remuneration Committee meetings. The Committee considered multiple approaches and their appropriateness for IHG, and sought input from management as well as advice from its independent advisers on market practice and shareholder expectations to inform the discussions. An extensive shareholder consultation exercise was also undertaken. To avoid any conflict of interest, no Executive Directors were present for Committee conversations relating to their own pay.

Measures for 2023 APP

Measure	Definition	Weighting (%)	Performance objective
Operating profit from reportable segments	A measure of IHG's operating profit from reportable segments for the year	70	Achievement against target
Room signings	Increase in absolute number of new rooms signed	15	Achievement against target
Room openings	Increase in absolute number of new rooms opened	15	Achievement against target

Why have we chosen these measures?

In line with the DR Policy, the 2023 APP measures will be 70% based on a measure of operating profit and 30% based on other key strategic measures that are reviewed annually and set in line with business priorities. Operating profit from reportable segments is a focal measure of business performance for our shareholders and is a function of other critical measures, such as RevPAR, profit margin and fee revenues. The Committee has determined that, for 2023, it remains important to the Company's strategic objectives to focus on new room openings and new room signings in the APP. New room openings are critical to driving both short and long term profitable growth and are a recognised key performance measure across the industry, while new room signings provide the best gauge of future growth as they create the path for openings in future years, which will in turn drive profit and revenue growth. The two strategic measures will be equally weighted, with each worth 15% of the overall APP. The targets are commercially sensitive and will be disclosed in the Director's Remuneration Report following the year for which the bonus is earned. The Committee retains the flexibility to change the measures and/or weightings during the life of the policy and will consult with shareholders as appropriate on any proposed changes.

How are performance targets set?

Targets may be set relative to budget and/or by reference to prior results and may contain a performance range to incentivise outperformance and minimum performance levels relative to budget and/or prior experience to ensure that poor performance is not rewarded. The 2023 targets are set by the Committee and senior management, taking into account IHG's growth ambitions, market expectations and the circumstances and relative performance at the time, with the aim of setting stretching achievement targets for senior executives which will reflect successful outcomes for the business based on its strategic objectives for the year.

Directors' Remuneration Policy continued

Measures for 2023/25 LTI cycle

Measure	Definition	Weighting (%)	Performance objective
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.; Hilton Worldwide Holdings Inc; Hyatt Hotels Corporation; Marriott International, Inc.; Melia Hotels International S.A.; NH Hotel Group; and Wyndham Hotels & Resorts Inc. The Committee reviews the comparator group each year and may make changes for future cycles if appropriate. TSR is the aggregate of share price growth and dividends paid, assuming reinvestment of dividends in the company's shares during the three-year performance period.	20	Threshold – median of comparator group (20% of TSR element vests); Maximum – upper quartile of comparator group (100% of TSR element vests); and Vesting will be on a straight-line basis in between the two points above.
Relative net system size growth	IHG's aggregated compound annual growth rate ('CAGR') against our six largest competitors' with over 500k 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 LTI cycle.	20	Threshold – Fourth ranked competitor excluding IHG (20% of NSSG element vests); Maximum – First ranked competitor excluding IHG (100% of NSSG element vests); and Vesting will be on a straight-line basis in between the two points above.
Absolute cash flow	Cumulative annual cash generation over three-year performance period.	20	Threshold – US 1.667bn (20% of cash flow element vests); Maximum – US 2.565bn (100% of cash flow element vests); and Vesting will be on a straight-line basis in between the two points above.
Environmental, social and governance ('ESG')	- Expected energy reduction from introduction of new energy conservation measures ('ECMs') (Scope 3) - Centrally managed hotels ('CMH') adoption of existing ECMs - Gender representation % in senior management - Ethnicity representation % in senior management	20 (5 each)	New build hotels Threshold – ECMs published in brand standards to deliver future energy reduction of 5.6% Maximum – ECMs published in brand standards to deliver future energy reduction of 11.1% Existing hotels Threshold – ECMs published in brand standards to deliver future energy reduction of 4.1% Maximum – ECMs published in brand standards to deliver future energy reduction of 7.6% Vesting will be on a straight-line basis in between the two points above for new and existing hotels. - Threshold vesting will occur if 80% of hotels have adopted the ECMs and maximum vesting will occur if 100% of hotels have adopted the ECMs Vesting will be on a straight-line basis between the points set out above Threshold: 37% female representation in senior management achieved by 31 December 2025 Maximum: 40% female representation in senior management achieved by 31 December 2025 Threshold: 24% ethnically diverse representation in senior management achieved by 31 December 2025 Maximum: 27% ethnically diverse representation in senior management achieved by 31 December 2025
Adjusted earnings per share ('EPS')	Absolute compound annual growth rate ('CAGR')	20	Threshold vesting will occur if adjusted EPS CAGR is 5% per annum (20% of EPS element vests); Maximum vesting will occur if adjusted EPS CAGR is 12% per annum or more (100% of EPS element vests); and Vesting will be on a straight-line basis in between the two points above.

Why have we chosen these measures?

Relative total shareholder return will remain a measure for 2023/25, reflecting our aim to deliver competitive shareholder returns as well as aligning the interests of Executive Directors with those of shareholders.

A net system size growth ('NSSG') measure will also remain and, reflecting our industry-leading growth in our scale ambition, will continue to have a relative performance target measured against our closest competitors.

There is no change to the cash flow measure to deliver consistent, sustained growth in cash flows and profits over the long term.

Environmental, social and governance ('ESG') metrics have been added. Aligned to our responsible business strategy, the 'planet' and 'people' measures for 2023/25 incorporate targets related to decarbonisation actions (including Scope 3) as well as some of our diversity, equity and inclusion commitments.

An earnings per share ('EPS') measure has been added for 2023/25. 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.

Equal weightings of 20% will apply for each of TSR, NSSG, cash flow, EPS and ESG. Together, we believe these measures represent the right balance of focus on sustainable growth, quality and returns and position our executive remuneration in line with both our long-term strategic aims and the expectations of our shareholders.

How are performance targets set?

Targets may be set relative to the expected outcomes of IHG's long-range business plan and other long-term strategic objectives and may contain a performance range to incentivise outperformance and minimum performance levels to ensure that poor performance is not rewarded. The targets for the 2023/25 LTIP are set by the Committee, taking into account IHG's long-range business plan, market expectations and the circumstances and relative performance at the time, with the aim of setting stretching achievement targets for senior executives which will reflect successful outcomes for the business based on its long-term strategic objectives.

Directors' Remuneration Policy continued

Alignment of remuneration policy with provision 40 of the 2018 Corporate Governance Code

2018 Code provision:

Clarity

Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.

How the Remuneration Committee applies the principle

Through the combination of short and long-term incentive plan measures, the DR Policy is structured to support financial objectives and the strategic priorities of the business which 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.

As shown on page 124 of the 2022 Annual Report and Accounts, our reward policies are aligned and include a proportion of performance-related reward throughout the organisation, driving engagement for the whole of the workforce.

We always seek to report our DR 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. See pages 125 to 126 of the 2022 Annual Report and Accounts for further information on how we engage with stakeholders on remuneration matters.

Simplicity

Remuneration structures should avoid complexity and their rationale and operation should be easy to understand.

Our remuneration structure comprises straightforward, conventional and well-understood components:

- Fixed pay: base salary, pension and benefits that are consistent with role and location and are designed to attract and retain talent.
- Short-term incentive: annual performance-related bonus which incentivises and rewards the delivery of financial and non-financial strategic objectives. For senior employees, a proportion of this bonus is paid in cash and the remainder deferred in shares for a period of at least three years.
- Long-term incentive: a share-based award which incentivises performance over at least a three-year period, based on measures which drive long-term sustainable growth and value creation.

Risk

Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.

Our DR Policy contains a number of elements to ensure that it drives the right behaviours to incentivise 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 % of salary.
- The Committee has clear discretion policies, linked to specific measures where necessary, to override formulaic outcomes.
- Executive Directors agree to clear and comprehensive malus and clawback provisions under which awards may be reduced, rescinded or claimed back.
- Significant shareholding requirements apply for Executive Directors, including the deferral of 30% to 50% of bonus in shares; a post-vesting holding period for LTI shares and minimum shareholding requirements for both during and after employment.

Predictability

The range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy.

The range of possible values of rewards for Executive Directors is clearly disclosed in graphical form both at the time of approving the policy and in the annual implementation report:

- See the charts on page 17 showing the potential future reward opportunity for the Executive Directors split between fixed, target and maximum remuneration scenarios and the effect of future share price increases on the LTI assuming share price growth of 50% over the period.

Proportionality

The link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear and outcomes should not reward poor performance.

As shown on pages 13 to 14 and 17 to 18, 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; and that poor performance is not rewarded. The powers of discretion set out in this Policy on page 16 further strengthen the Committee's ability to ensure that award outcomes reflect business performance and context in both absolute and relative terms.

Alignment to culture

Incentive schemes should drive behaviours consistent with the Company purpose, values and strategy.

As set out on pages 40 to 42 of the 2022 Annual Report and Accounts, IHG has a clear purpose and well-established values and behaviours. Our Strategic Model for high-quality growth explained on page 18 of the 2022 Annual Report and Accounts and the KPIs which underpin the delivery of our strategy are shown on pages 62 to 65. Pages 13 and 14 of this Policy set out how our short and long-term incentive plans are aligned to these strategic objectives. We show on page 124 of the 2022 Annual Report and Accounts how other elements of reward, such as salary reviews and, across the wider workforce, the short-term incentive plan and our global recognition scheme reward employees for performance and actions which demonstrate our values and behaviours.

Dilution of Company shares

Incentive plan rules provide that issuance of new shares or re-issued treasury shares, when aggregated with all other share schemes, must not exceed 10% of issued share capital in any rolling 10-year period. The total number of shares issued in connection with this 10% under any discretionary employee share plans (including the DAP) must not exceed 5% of the ordinary share capital.

Policy on payment for loss of office

As per the DR Policy, Executive Directors have a notice period from the Group of 12 months. However, neither notice nor a payment in lieu of notice will be given in the event of gross misconduct. In the event of an Executive Director terminating employment, any compensation payable will be determined in accordance with the terms of their service contract and the rules of any relevant incentive plan. Where possible, the Group will seek to ensure that, if a leaver mitigates their losses, for example, by finding new employment, there will be a corresponding reduction in compensation payable for loss of office. An Executive Director may have an entitlement to compensation in respect of their statutory rights under employment protection legislation in the UK or other relevant jurisdiction.

The Committee reserves the right to make any other payments in connection with a director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of a director's office or employment, or otherwise. Any such payments may include but are not limited to paying any fees for outplacement assistance and/or the director's legal and/or professional advice fees in connection with their cessation of office or employment.

The following table sets out the basis on which payments for loss of office may be made:

Remuneration component	Circumstances and approach taken (including but not limited to):
Salary and contractual benefits, including pension	Good leaver: paid up to date of termination or in lieu of notice. Alternatively, the Company may continue to provide benefits that would otherwise have been paid, normally until the end of the notice period. Other leaver: paid up to date of termination or in lieu of notice, if applicable. Death: paid up to date of death.
APP award for year of termination	Good leaver: pro-rated award for year up to date of termination, or later date in exceptional circumstances subject to Committee discretion. No accelerated payment, other than in exceptional circumstances, or in order to comply with local tax legislation, and where permitted under the previous APP rules, APP terms and DAP rules, as applicable and subject to Committee discretion. Award made 50% cash and 50% in shares deferred for three years from grant, or such other proportions as permitted under the DR Policy, other than in exceptional circumstances and where permitted under the previous APP rules, APP terms and DAP rules, as applicable and subject to Committee discretion. Other leaver: no award for year of termination, other than in case of termination after end of performance period but before award date (in which case only the cash portion of an award will be paid), and in exceptional circumstances subject to Committee discretion. Death: pro-rated award for year up to date of death, paid fully in cash and accelerated, other than in exceptional circumstances subject to Committee discretion.
Unvested APP deferred share awards	Good leaver: vest on usual vesting date to the extent that any conditions are met, other than in exceptional circumstances subject to Committee discretion or in order to comply with local tax legislation. Other leaver: forfeited, other than in exceptional circumstances subject to Committee discretion, and in the event of a termination in connection with a takeover or reconstitution (in which case unvested APP deferred share awards will normally have accelerated vesting on the date of termination, unless the Committee determines otherwise). Death: accelerated vesting unless Committee decides otherwise.
Unvested LTI awards	Good leaver: vest on usual vesting date to the extent that performance conditions and/or other conditions are met, other than in exceptional circumstances subject to Committee discretion or in order to comply with local tax legislation. Number of shares vesting is pro-rated to date of termination or other date as permitted under the previous LTIP rules or DAP rules, as applicable and subject to Committee discretion. Other leaver: forfeited, other than in exceptional circumstances subject to Committee discretion. No shares awarded or cash paid under any circumstances in the event of termination due to summary dismissal. Death: accelerated vesting. The Committee has discretion to determine number of shares vesting, taking into account proportion of performance period elapsed and extent to which performance conditions and/or other conditions are satisfied.

Good leaver status will be applied in accordance with the rules of the APP and LTI, where applicable, and will normally include death, injury, ill-health or disability, or the individual's employing company or business ceasing to be part of the Group. In the case of the DAP rules, the Committee has discretion to apply good leaver status and, in doing so, will consider factors such as personal performance and conduct, overall Group performance and the specific circumstances of the Executive Director's departure including, but not restricted to, whether the Executive Director is leaving by mutual agreement. The Committee would only seek to exercise this and its other discretions under the plan rules in exceptional circumstances and the application of any such discretion would be disclosed in full as required in the relevant announcement and Annual Report on Directors' Remuneration. To the extent that unvested share awards do not lapse and are not forfeited on leaving, where they are subject to a holding period, that holding period will continue to apply unless the Committee decides otherwise, other than on death, where any holding period will cease to apply.

Legacy arrangements

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the DR Policy set out on pages 15 and 16, where the terms of the payment were agreed (i) before 2 May 2014 (the date the Company's first shareholder-approved directors' remuneration policy came into effect); (ii) before the DR Policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder-approved Directors' Remuneration Policy in force at the time they were agreed; or (iii) at a time when the relevant individual was not a Director of the Company (or other persons to whom the Policy set out above applies) and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company or such other person. For these purposes, "payments" includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are "agreed" no later than at the time the award is granted. This Policy applies equally to any individual who is required to be treated as a Director under the applicable regulations.

Directors' Remuneration Policy continued

Use of discretion by the Remuneration Committee

1. Malus and clawback in incentive plans

The APP terms and DAP rules allow the Committee discretion to reduce (including to nil) or recover incentive plan awards if circumstances occur that, in the reasonable opinion of the Committee, justify a reduction (including to nil) or recovery of one or more awards granted to any one or more participants.

Malus provisions relate to unvested awards whilst clawback applies for the three years post-payment or vesting (including the cash element of the APP).

In respect of APP awards from 2023 onwards and LTIP awards from 2023/25 onwards, the circumstances in which the Committee may consider it appropriate to exercise its discretion for malus and/or clawback include the following:

- an event or series of events occurs which the Committee consider to constitute corporate failure of the Company or the Group;
- there has been a material misstatement, error, or misrepresentation in the financial statements of the Group, any member of the Group, or any business unit or undertaking for which the Participant has significant responsibility (other than as a result of a change in accounting practice);
- an award was granted or vests on the basis of erroneous or misleading information, assumptions or calculations;
- the action or conduct of a Participant, in the reasonable opinion of the Committee, amounts to fraud or gross misconduct;
- the Participant leaves office or employment by reason of summary dismissal by any member of the Group or where the Committee subsequently determines that, prior to leaving, circumstances had arisen which would have justified the Participant's summary dismissal;
- serious reputational damage or significant financial loss to the Company, any member of the Group or a relevant business unit arises as a result of the Participant's conduct, misconduct or otherwise; or
- any other triggers or circumstances occur which the Committee determines justifies the application of malus and/or clawback. This may include, where appropriate, negligence on the part of the Executive Directors.

These features help ensure alignment between executive reward and shareholder interests and are in line with Corporate Governance Code guidance. All Executive Directors are required to sign (including electronically) forms of acceptance at the time of grant to indicate their acknowledgement and agreement that awards are subject to malus and clawback.

2. Other uses of discretion

The Committee reserves certain discretions in relation to the outcomes for Executive Directors under the Group's incentive plans. These operate in two main respects:

- enabling the Committee to ensure that outcomes under these plans are consistent with the underlying performance of the business; the conduct, capability or performance of the individual; any windfall gains; the total value that would otherwise be received compared to the maximum value intended (or any other reason at the discretion of the Committee); and the experience of shareholders, at the same time as providing a high degree of clarity for shareholders as to remuneration structure and potential quantum; and
- enabling the Committee to treat leavers in a way that is fair and equitable to individuals and shareholders under the incentive plans.

The Committee has discretion to adjust the extent to which an APP award is settled or LTI award vests if it considers such extent would otherwise not be appropriate.

The discretions that can be applied in the case of leavers in respect of the APP and LTI are set out in the section 'Policy on payment for loss of office' on page 21.

The discretions that can be applied in respect of the APP and LTI in the event of corporate transactions, such as a takeover or merger, include the ability to determine:

- the period for which awards may be pro-rated;
- whether awards are payable as cash or shares;
- the vesting date for awards and whether or not they may be accelerated;
- the performance conditions and the extent to which those performance conditions have been met;
- in the event that a transaction involves the exchange of IHG PLC shares for shares in another company, whether existing share awards may be replaced by a new award granted on such terms and over such shares or other types of securities as appropriate; and
- any such action as it may think appropriate if other events happen which may have an effect on awards.

Any exercises of discretion by the Committee will be fully disclosed and explained in the relevant year's Annual Report on Directors' Remuneration.

Approach to recruitment or promotion remuneration

The remuneration of any newly recruited or promoted Executive Director will be determined in accordance with this Directors' Remuneration Policy on pages 15 to 16 and the elements that would be considered by the Group for inclusion are:

- salary and benefits, including defined contribution pension participation for a UK Executive Director;
- participation in the APP with 50% cash and 50% deferred share elements, or other such proportions as permitted under the DR Policy:
 - pro-rated for the year of recruitment to reflect the proportion of the year remaining after the date of commencement of employment.
- participation in the LTI:
 - pro-rated awards would normally be made in relation to LTI cycles outstanding at the time of recruitment; but
 - no pro-rated award would normally be made for an LTI cycle that has less than nine months to run at the date of commencement of employment.

In addition, the Committee may, in its discretion, compensate a newly recruited Executive Director for relevant contractual rights forfeited when leaving their previous employer and/or remuneration forgone as a result of leaving their previous employer. The Committee would seek validation of the value of any potential incentives or contractual rights foregone. Awards made by way of compensation for incentives foregone would be made on a comparable basis, taking account of performance achieved (or likely to be achieved), the proportion of the performance period remaining and the form of the award. Compensation would, as far as possible, be in the form of LTI or deferred share awards in order to immediately align a new Executive Director with IHG performance.

The maximum annual level of variable remuneration that may be granted to a newly-recruited Executive Director would be in line with that of the existing Executive Directors:

- APP award: 200% of salary, of which 50% of any award will be paid in cash and 50% in the form of shares deferred for at least three years or such other proportions as permitted under the DR Policy; and
- LTI award: 500% of salary for a full LTI cycle commencing after appointment for a CEO or US Executive Director, including CEO, Americas, and 300% of salary for a full LTI cycle commencing after appointment for other Executive Directors; plus pro-rated awards in relation to LTI cycles outstanding at the time of recruitment (up to a further 500%/300% of salary).

These maximum award levels exclude any remuneration that constitutes compensation for incentives foregone and/or providing any relocation and expatriate or international assignment costs.

The Committee may consider compensating a newly-appointed Executive Director for other relevant contractual rights forfeited and/or remuneration foregone when leaving their previous employer.

Consideration of shareholder views

In updating the DR Policy, as explained in the Remuneration Committee Chair's letter on page 10, we undertook a comprehensive review of executive remuneration, taking into consideration how it could support the Company's strategy and better align with shareholders' interests. Engagement with our largest shareholders has been key to this review and the Committee chair has consulted with shareholders to develop the policy, starting in 2022 and continuing into early 2023. This allowed the Committee to hear and reflect on shareholder feedback while developing the policy and helped shareholders better understand our business, the competitive environment for talent and the challenges we face. We have valued this engagement with shareholders and the policy has been refined in direct response to the feedback we received. We remain committed to continuing the dialogue in the run-up to the 2023 AGM and beyond.

Consideration of employment conditions elsewhere in the Group

Whilst decisions on remuneration for employees outside the Executive Committee remain the responsibility of Company management, the Committee has historically reviewed pay and employment conditions beyond those of the Executive Committee and has taken this into consideration when establishing and implementing policy for Executive Directors. In line with best practice under the revised Corporate Governance Code, the Committee has set out a schedule of rolling reviews of wider workforce remuneration and related policies to ensure the alignment of incentives and rewards with the Company's strategy and culture; and to take these into account when setting the policy for Executive Director remuneration.

The Committee has looked at the Company's reward philosophy and alignment of pay with culture, values and behaviours; and salary and incentives policies and practice, including how reward practices are aligned across all levels of the organisation. This has shown a consistent approach to reward and has informed the Committee's views on the structure and approach to executive pay. For example, as set out on pages 10 to 12, there are concerns relating to pay compression at senior levels in the Group, which is part of the reason for addressing Executive Director quantum in the DR Policy; but it remains the Committee's view that Executive Director remuneration should be subject to robust and stretching performance conditions supported by strong shareholding and governance requirements.

While the Company did not consult directly with employees on the new DR Policy, feedback from employee surveys and through direct engagement provides views on a range of employee matters including pay. 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. As set out on page 124 of the 2022 Annual Report and Accounts, a key difference in policy for Executive Directors and other senior management is that a greater proportion of total remuneration is delivered as performance-based incentives.

The Company's approach to wider workforce engagement under the Corporate Governance Code is set out on pages 123 and 126 of the 2022 Annual Report and Accounts.

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, unless, on an exceptional basis to complete an external recruitment successfully, a longer initial notice period reducing to 12 months is 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 (available upon request from the Company Secretary's office):

Executive Director	Date of original appointment ¹	Notice period
Keith Barr	1 July 2017	12 months
Paul Edgecliffe-Johnson (to 19 March 2023)	1 January 2014	12 months
Michael Glover (from 20 March 2023)	20 March 2023	12 months
Elie Maalouf	1 January 2018	12 months

¹ To the Board.

Directors' Remuneration Policy continued

Non-executive directorships of other companies

The Group recognises that its Executive Directors may be invited to become Non-Executive Directors of other companies and that such duties can broaden their experience and knowledge and benefit the Group. IHG therefore permits its Executive Directors to accept one non-executive appointment (in addition to any positions where the Director is appointed as the Group's representative), subject to Board approval and as long as this is not, in the reasonable opinion of the Board, likely to lead to a conflict of interest. Any fees from such appointments may be retained by the individual Executive Director.

Remuneration Policy for Non-Executive Directors

The policy for Non-Executive Directors, set out below, will apply for three years from the date of the 2023 AGM.

 The policy for Non-Executive Directors is available to view at www.ihgplc.com/investors under Corporate Governance in the Committees' section.

If any changes are made to the Policy within that time frame, it will be presented to be voted upon by shareholders. Non-Executive Directors are not eligible to participate in the APP, LTI or any IHG pension plan.

Fees and benefits	100% cash	No change in policy
Link to strategy	- To attract Non-Executive Directors who have a broad range of skills and experience that add value to our business and help oversee and drive our strategy. - Recognises the value of the role and the individual's skill, performance and experience.	
Operation	- Non-Executive Directors' fees and benefits are set by the Chair of the Board and Executive Directors; the Chair's fees are set by the Committee. - Fees are normally reviewed annually and fixed for 12 months from 1 January. - Consideration is given to business performance, current remuneration competitiveness and average salary increases for the wider IHG employee population. - Benefits include travel and accommodation in connection with attendance at Board and Committee meetings. The Company may meet any tax liabilities that may arise on such expenses. - Non-Executive Directors are not eligible to participate in IHG incentive or pension plans. - A base fee is determined for the Non-Executive Director role and additional supplemental amounts applied for additional responsibilities such as Committee membership and Chairing roles.	
Maximum opportunity	- While there is no maximum, fee increases will take into account the circumstances of the business, increases in remuneration across the Group and relevant market practice, other than where there is a change in role or responsibility or another need arises to reassess the competitiveness of fee level that warrants either a lesser or a more significant increase. Any such change will be fully explained. - IHG pays the cost of providing benefits as required.	
Performance framework	Non-Executive Directors are not eligible to participate in any performance-related incentive plans.	

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

Deanna Oppenheimer, appointed Non-Executive Chair on 1 September 2022, is subject to 12 months' notice. Other Non-Executive Directors are not subject to notice periods.

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

Details of Committee memberships and appointment dates are shown on page 91 of the 2022 Annual Report.

Minor amendments

The Committee may make minor amendments to the DR Policy set out above (if required for legal, regulatory, exchange control, tax or administrative purposes, or to take account of a change in legislation), without requiring prior shareholder approval for that amendment.

Appendix 3

InterContinental Hotels Group PLC Deferred Award Plan (“Plan”) – Plan summary

This Plan summary sheet outlines the key features of the Plan and awards. This Plan summary is not intended to be exhaustive.

Term	Deferred Award Plan
Issuer and grantor	InterContinental Hotels Group PLC (“Company”).
Administration	The Plan is administered by the board of directors of the Company or a committee duly authorised by it (“Committee”). Decisions of the Committee are final and conclusive. The Committee will decide whether and how to exercise any discretion in the Plan.
Eligibility	Employees of the Company (including Executive Directors) and its subsidiaries.
Awards	• Conditional awards – a conditional right to acquire shares. • Forfeitable awards – an award of shares subject to forfeiture provisions. • Option – a right in the form of an option to acquire shares. • Phantom awards – a conditional right to receive a cash sum linked to the value of notional shares.
Shares	Underlying shares are fully paid ordinary shares in the Company. Shares delivered under the Plan may be newly issued shares, shares transferred from treasury or shares purchased in the market.
Grant	The Committee will approve the terms of awards, including the number of shares subject to the award and the conditions, and grant them.
Conditions	The Committee may make the vesting of an award conditional on the satisfaction of one or more performance and/or other conditions. Awards to Executive Directors will be subject to performance and/or other conditions in accordance with the requirements set out in the Directors’ Remuneration Policy.
Individual limits	Awards granted to Executive Directors may only be granted in accordance with the Directors’ Remuneration Policy limits. Awards to other employees may not be granted in excess of the limits which apply to Executive Directors, unless the Committee determines otherwise.
Dilution limits	An award may not be granted which would cause the total number of shares allocated in the previous 10 years under the Plan and any other discretionary plan operated by the Company to exceed 5% of the Company’s ordinary share capital in issue.
Vesting	An award will vest on the latest of: • the vesting date (as set by the Committee at grant); and • the date of determination that any performance conditions and/or other conditions are satisfied, unless the Committee determines otherwise. An award will vest to the extent that the Committee decides that any performance condition and/or other condition is satisfied. The Committee may reduce (including to zero) the extent to which an award will vest if it considers the extent of vesting would otherwise not be appropriate.
Settlement	As soon as practicable following vest, the Committee will arrange for the delivery of shares, or a cash equivalent value.
Dividend equivalents	If an award was granted subject to dividend equivalents (to be determined by the Committee at grant), at the time of settlement the participant will be eligible to receive an amount equal to the amount of dividends that would have been awarded between grant and vest in cash or reinvested into shares.
Holding period	An award granted to an Executive Director will be subject to a holding period following vest if required under the Remuneration Policy. If a holding period applies, the shares acquired on vesting may be not transferred, assigned or otherwise disposed of during the holding period other than a transfer in accordance with the Plan. Awards granted to any other employee may be subject to a holding period (in particular, if vest would otherwise be accelerated in order to comply with local tax legislation in order to ensure the shares are released on the original vesting date). This will generally be determined at grant.
Leavers	1. General If a participant ceases employment before vest, the award will normally lapse on the date the participant leaves. 2. Death The award will vest on the date of death, or as soon as practicable following such date. 3. Before vesting If a participant ceases to be employed before vesting due to injury, ill-health or disability, the participant’s employing company ceasing to be a member of the group, the business or part of the business that employs the participant being transferred outside of the group, or any other reason at the Committee’s discretion, the award will normally: • continue until the normal vesting date, unless the Committee determines otherwise; • vest to the extent the Committee decides any performance conditions and/or other Conditions that apply have been satisfied, unless the Committee decides otherwise; and • be pro-rated to reflect the period from the award date until the date the participant leaves, as a proportion of the period from the award date until the vesting date, unless the Committee decides otherwise. 4. After vesting Where a participant ceases employment after an award vests, the award will normally continue in accordance with the provisions of the Plan. 5. Summary dismissal If, at any time, a participant is summarily dismissed or ceases employment in circumstances that would have justified the participant’s summary dismissal, their awards will immediately lapse.
Mobile participants	If a participant moves jurisdiction and, as a result, there may be adverse legal, regulatory, tax or administrative consequences for the participant and/or the Company in connection with an award, the Committee may adjust those awards as it considers appropriate.

InterContinental Hotels Group PLC

Deferred Award Plan (“Plan”) – Plan summary continued

Term	Deferred Award Plan
Corporate events	In the event of a takeover or other corporate event, awards will generally vest on the date of such event, unless the Committee decides otherwise, as follows: • vest to the extent the Committee decides any performance conditions and/or other conditions that apply have been satisfied, unless the Committee decides otherwise; and • be pro-rated to reflect the period from the award date until the date of vesting, as a proportion of the period from the award date until the vesting date, unless the Committee decides otherwise. To the extent that the participant’s award does not vest, it will lapse. In some circumstances awards may instead be exchanged for new awards, unless the Committee decides otherwise.
Variation of share capital	In the event of a variation in the issued share capital of the Company, a demerger, special dividend or distribution or any other transaction that the Committee determines will materially affect the value of Shares, the Committee may adjust the award as the Committee considers appropriate.
Malus and clawback	The Committee will determine at grant whether the Malus and Clawback Policy will apply. Awards granted to Executive Directors will be subject to the Malus and Clawback Policy if so required under the Directors’ Remuneration Policy.
Transferability	Awards (and rights under awards) are not transferable, except for transfers to a participant’s personal representatives on their death.
Employment rights	Participation does not impact pension rights / terms of employment. No compensation relating to awards will be available if employment is terminated.
Amendment	The Committee may change the Plan in any way at any time, though shareholder approval will be required for any change that is to the advantage of present or future participants and which relates to: • the persons who may receive awards under the Plan; • the total number or amount of shares or cash that may be delivered under the Plan; • the maximum entitlement for any participant; and/or • the basis for determining a participant’s entitlement to, and the terms of, shares or cash provided under the Plan and the rights of a participant in the event of a variation of share capital. Shareholder approval will not be needed for minor changes to the Plan which are to benefit the administration of the Plan, comply with or take account of a change in legislation and/or to obtain or maintain favourable tax, exchange control or regulatory treatment. The Committee may establish further plans or schedules based on the Plan, but modified to take account of any local tax, exchange control or securities laws in other jurisdictions, provided any awards made under them count towards the individual and plan limits in the Plan.
Tax	The Plan includes broad powers to withhold amounts and make such arrangements as are necessary or desirable to account for taxation. This will include arrangements to account for US 409A tax legislation.
Governing law	England and Wales.

