

Statement of compliance

Our Statement of compliance summarises how the Group has applied the principles of the 2018 UK Corporate Governance Code (available at www.frc.org.uk/directors under UK Corporate Governance Code) as published in July 2018 (the Code) and comments on compliance with the Code's provisions.

This should be read in conjunction with the Strategic Report on pages 2 to 88, and Governance, including the Directors' Remuneration Report, on pages 89 to 136, as a whole.

The Board considers that the Group has complied in all material respects with the Code's provisions for the year ended 31 December 2022, save as noted below in section 3 L (Annual evaluation) in respect of provision 21, and section 5 P (Remuneration policies and practices) in respect of provision 38.

1. Board Leadership and Company Purpose

A. The role of the Board

The Board continues to lead the Group's strategic direction and long-term objectives. Further responsibilities of the Board are set out on page 98.

The Board met eight times during 2022 and all Directors continue to act in what they consider to be the best interests of the Company, consistent with their statutory duties. Further details of 2022 Board meetings, including information on matters discussed and decisions taken by the Board, are set out on pages 99 to 101; attendance information is on page 91; and skills and experience and biographical information is on pages 92 to 94.

A description of IHG's business model is set out on pages 10 to 13. An assessment of the principal risks facing the Group is included on pages 44 to 51.

Potential conflicts of interest are reviewed annually and powers of authorisation are exercised in accordance with the Companies Act and the Company's Articles of Association.

During the year, if any Director has unresolved concerns about the operation of the Board or the management of the Company, these would be recorded in the minutes of the meeting.

B. The Company's purpose, values and strategy

Our purpose is to provide True Hospitality for Good. A description of our culture, including an overview of our values and information on how the Board ensures alignment between our purpose, values and strategy and our culture, is included on pages 40 to 42. A summary of the Board's activities in relation to the Voice of the Employee is included on page 111. Information on the Group's approach to rewarding its workforce is contained on pages 30, 123 and 124.

C. Resources

The Board delegates oversight of the allocation of day-to-day resources to management (principally through the Executive Committee).

Information on the Group's key performance indicators, including the measures used to monitor them, is included on pages 62 to 65.

A summary of the procedures for identifying and discussing emerging risks is set out on pages 44 to 51.

D. Shareholders and stakeholders

The Board engaged actively throughout 2022 with shareholders and other stakeholders. The Chair held a number of meetings with major institutional shareholders to discuss the role of the Board and other general governance issues, following which the Chair ensured that their views were communicated to the Board as a whole. Further details are on page 38.

Information on the Board's consideration of and engagement with other stakeholders, including employees, suppliers, hotel owners and guests, is included on pages 38 and 39.

E. Workforce policies and practices

The Board has overarching responsibility for the Group's workforce policies and practices and delegates day-to-day responsibility to the CEO and Chief Human Resources Officer to ensure that they are consistent with the Company's values and support its long-term success.

Employees are able to report matters of concern confidentially through our Confidential Disclosure Channel. The Board routinely reviews reports generated from the disclosures and ensures that arrangements are in place for investigation and follow-up action as appropriate.

2. Division of Responsibilities

F. The Chair

Deanna Oppenheimer leads the operation and governance of the Board and its Committees. The Chair has been in post since September 2022 and was independent on appointment.

G. Board composition

The size and composition of the Board and its Committees are kept under review by the Nomination Committee to ensure the appropriate combination of Executive and Non-Executive Directors. Details of the composition of the Board and Committees are available on pages 91 to 94.

At least half of the Board, excluding the Chair, are Independent Non-Executive Directors. Provision 10 of the Code considers the independence of Non-Executive Directors and circumstances that might impair their independence, including holding office for over nine years. Jill McDonald and Ian Dyson reached a nine-year tenure in June 2022 and September 2022 respectively. The Company has announced both Jill and Ian's retirement from the Board effective 28 February 2023. As Jill and Ian have served as Chair of the Responsible Business Committee and Chair of the Audit Committee respectively, the Board considered a slight extension to their nine-year tenure as appropriate to facilitate an orderly transition to their successors.

In light of their extended tenure, the Board carefully considered both Jill and Ian's contributions and commitments and concluded that they remain independent.

H. Non-Executives

Non-Executive Director terms of appointment outline IHG's time commitment expectations required to fulfil their role.

The commitments of each Director are included in the Directors' biographical details on pages 92 to 94. Details of Non-Executive Director appointment terms are set out on page 125.

The Chair annually reviews the time each Non-Executive Director dedicates to IHG as part of the internal performance evaluation of Directors (see page 104) and is satisfied that their other duties and time commitments do not conflict with those as Directors.

Graham Allan was appointed Senior Independent Non-Executive Director (SID) from 1 January 2022. The SID provides a sounding board for the Chair and serves as an intermediary for the other Directors and shareholders. Graham also led the annual performance review of the Chair (see page 104).

After each Board meeting, Non-Executive Directors and the Chair meet without Executive Directors being present (see page 98).

Statement of compliance continued

I. Policies, processes, information and resources

The Chair and Company Secretary ensure that the Board and its Committees have the necessary policies and processes in place and that they receive timely, accurate and clear information. The Board and its Committees also have access to the Company Secretary, independent advice and other necessary resources, at the Company's expense. They receive the administrative and logistical support of a full-time executive assistant. See page 98 for more details.

3. Composition, Succession and Evaluation

J. Appointments

Appointments to the Board are led by the Nomination Committee in accordance with its Terms of Reference (available on our website at www.ihgplc.com/investors under Corporate governance).

The Nomination Committee also supports the Board in succession planning for the Board and senior management. Further details of the role of the Nomination Committee and what it did in 2022 are in the Nomination Committee Report on pages 112 and 113.

The overall process of appointment and removal of Directors is overseen by the Board as a whole.

All of the Directors retire and seek election or re-election at each AGM.

K. Skills

Details of the skills, experience and biographical information of the Board are set out on pages 92 to 94.

The Chair and Company Secretary ensure that new Directors receive a full induction and that all Directors continually update their skills and have the requisite knowledge and familiarity with the Group to fulfil their role (see page 103).

The length of service of Non-Executive Directors is reviewed regularly.

L. Annual evaluation

The Board undertakes either an internal or external annual Board effectiveness evaluation. Provision 21 of the Code states that an externally facilitated board evaluation should take place at least every three years. The last external board evaluation was carried out in 2019. However, as Deanna Oppenheimer started as Chair in September 2022, the Board considered it appropriate to conduct an internal evaluation exercise following Deanna's appointment, with a view to undertaking an externally facilitated evaluation exercise in 2023, which the Board considers would provide more meaningful and productive insight.

Performance evaluations of Directors, including the Chair, are also carried out on an annual basis. Directors' biographies are set out on pages 92 to 94, and details of performance evaluations carried out in 2022 are on page 104.

4. Audit, Risk and Internal Control

M. Audit functions

The Audit Committee is comprised entirely of Independent Non-Executive Directors (see page 91 for membership details).

Ian Dyson, the Chair of the Committee, and Byron Grote, the Committee's Chair Designate, have recent and relevant financial experience, and the Committee as a whole has competence relevant to the sector in which we operate. Details of the Committee's role, responsibilities and activities are set out on pages 105 to 109.

The Audit Committee reviewed the effectiveness of the Group's Internal Audit function and also assessed PricewaterhouseCoopers LLP's performance during 2022, including its independence, effectiveness and objectivity. Details of these reviews are set out in the Audit Committee Report on pages 105 to 109.

N. Assessment of the Company's position and prospects

The Statement of Directors' Responsibilities (including the Board's statement confirming that it considers that the Annual Report and Form 20-F, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy) is set out on page 140.

The status of IHG as a going concern is set out in the Directors' Report on page 239. An explanation of the Group's performance, business model, strategy and the risks and uncertainties relating to IHG's prospects, including the viability of the Group, is set out in the Strategic Report on pages 2 to 88.

O. Risk management

The Board determines the nature and extent of the principal risks the organisation is willing to take to achieve its strategic objectives. An assessment of the principal and emerging risks facing the Group was carried out during the year, including those risks that would threaten the Group's business model, future performance, solvency or liquidity and reputation (see pages 44 to 51 for further details of the principal risks). The Board and Audit Committee monitor the Group's risk management and internal controls systems and conduct an annual review of their effectiveness. Throughout the year, the Board has directly, and through delegated authority to the Executive Committee and the Audit Committee, overseen and reviewed all material controls, including financial, operational and compliance controls. See pages 44 to 51 and 105 to 109.

5. Remuneration

P. Remuneration policies and practices

The Remuneration Committee is responsible for developing policy on executive remuneration and determining remuneration packages of Directors and senior management. The Directors' Remuneration Report is set out on pages 114 to 136. Details of the Remuneration Committee's focus areas during 2022 are set out on pages 125 and 126 and its membership details are on page 91.

Provision 38 of the Code states that pension contribution rates for executive Directors should be aligned with those available to the workforce. As explained in the Annual Report and Form 20-F 2019, this is the case for new UK appointments and existing UK Executive Directors from January 2023. US retirement benefit arrangements differ in a number of ways from the UK and include a Deferred Compensation Plan for senior employees.

Given the importance of the CEO, Americas' role to the business and the market competitiveness concerns over Executive Director pay, the arrangements as they relate to the CEO, Americas are to be maintained. Further details can be found on page 118.

Q. Procedure for developing policy on executive remuneration

Details of how the Directors' Remuneration Policy (DR Policy) was implemented in 2022 are set out on pages 127 to 135. As explained on page 118, the new DR Policy remains subject to consultation with shareholders. It is intended that the consultation will be completed in time for the proposed 2023 DR Policy to be published in the Company's Notice of 2023 Annual General Meeting.

During 2022, no individual Director was involved in deciding his or her own remuneration outcome.

R. Independent judgement and discretion

The Remuneration Committee has formal discretions in place in relation to outcomes under the APP and LTIP, and these are disclosed as part of the DR Policy. When determining outcomes under these plans, the Committee considers whether it is appropriate to adjust outcomes under these discretions, taking account of the Group's performance, relative performance against competitors, and other relevant factors. Information on the Remuneration Committee's consideration of the use of discretion during 2022 is set out on pages 115 to 117.