

## Strategic Report

## Performance continued

### Other financial information

#### System Fund

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

In the year to 31 December 2020, System Fund revenue decreased by \$608m (44.3%) to \$765m, largely due to lower assessment fees reflecting the level of reduction in hotel revenues resulting from Covid-19, as well as fee reliefs given, and lower loyalty revenue due to lower redemption activity. This was partially offset by a favourable adjustment relating to a change in the actuarial assumptions around the ultimate rate of consumption of IHG Rewards points ('breakage') leading to increased revenue recognition year-over-year. A System Fund income statement deficit of \$102m was recorded over the year, resulting from lower revenues, partly offset by actions targeted to lower costs including a reduction in marketing spend. System Fund expenses included \$24m of expected credit losses, \$20m reorganisation costs and \$41m impairment principally relating to the US corporate headquarters (see page 136 for further information).

#### Reimbursement of costs

In the year to 31 December 2020, reimbursable revenue decreased by \$534m (45.6%) to \$637m. The reduction reflects the significant impact from Covid-19 on our hotels including hotel closures and staff furloughs, meaning the overall scale of reimbursements fell.

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

#### Exceptional items

Exceptional items are identified by virtue of their size, nature, or incidence and are excluded from the calculation of adjusted earnings per ordinary share as well as other Non-GAAP measures (see Use of Non-GAAP measures, pages 47 to 51) in order to provide a more meaningful comparison of performance and can include, but are not restricted to, gains and losses on the disposal of assets, impairment charges and reversals, and reorganisation costs.

Pre-tax exceptional items totalled a net charge of \$263m (2019: \$148m net charge). The charge included: \$22m net gain relating to derecognition of lease assets and liabilities; \$30m gain on lease termination; \$10m provision for onerous contractual expenditure relating to the UK portfolio; \$27m reorganisation costs (2019: \$20m); \$6m acquisition and integration costs due to the Six Senses acquisition (2019: \$7m); \$5m net litigation costs (2019: \$28m); \$48m impairment of financial assets; \$226m impairment charges of non-current assets (2019: \$131m) of which \$113m relates to Americas, \$100m to EMEA, \$4m to Greater China and \$9m to Central; \$14m exceptional financial expenses; and \$21m fair value gain on contingent purchase consideration relating to the UK portfolio. Further information on exceptional items can be found in note 6 to the Group Financial Statements.

#### Net financial expenses

Net financial expenses increased by \$25m to \$140m, primarily due to \$14m exceptional financial expenses relating to the partial repayment of the 2022 bonds (see below), \$8m interest on the new bonds issued and \$3m relating to commercial paper. Adjusted interest, as reconciled on page 216, and which excludes exceptional finance expenses and adds back interest relating to the System Fund, decreased by \$3m to \$130m. The lower interest payable to the System Fund largely resulted from lower interest rates in 2020.

In October 2020 the Group issued a tender offer for its £400m 3.875% 2022 bonds resulting in a repayment of £227m. The Group concurrently issued €500m 1.625% 2024 bonds and £400m 3.375% 2028 bonds to strengthen liquidity and extend the maturity profile of the Group's debt. The \$14m premium on repayment and associated write-off of fees and discount are classified as exceptional costs due to their size and nature.

Excluding amounts classified as exceptional, financial expenses includes \$69m (2019: \$63m) of total interest costs on the public bonds, which are fixed rate debt. Interest expense on lease liabilities was \$37m (2019: \$41m).

#### Fair value gains/losses on contingent purchase consideration

Contingent purchase consideration arose on the acquisitions of Regent, the UK portfolio and Six Senses (see note 25 to the Group Financial Statements). The net gain of \$13m (2019: \$27m) comprises an exceptional gain of \$21m in respect of the UK portfolio (see exceptional items above), offset by a loss of \$8m in respect of Regent driven by a reduction in US corporate bond rates. The total contingent purchase consideration liability at 31 December 2020 is \$79m (2019: \$91m).


#### Taxation

The effective rate of tax on profit before exceptional items and System Fund was 38% (2019: 24%) which included the recognition of tax credits on one-off items, predominantly in connection with adjustments to deferred taxes following an internal group restructuring, UK law change and prior year items. Excluding these one-off items, the effective tax rate would be 69%, elevated compared to prior years due to the distortive impact of unrelieved foreign taxes, the Group's geographic profit mix and other non-tax deductible expenses against the low profit base. The Group also suffered significant US minimum profit taxes and could not recognise the benefit for tax purposes of losses arising in certain territories in the year.

Taxation within exceptional items totalled a credit of \$52m (2019: credit of \$20m) and relates to the tax impact of the exceptional items set out above. Further information on tax within exceptional items can be found in note 6 to the Group Financial Statements.

Net tax paid in 2020 totalled \$41m (2019: \$141m). The 2020 tax paid was less than 2019 principally due to refunds in respect of prior year periods of \$24m, as well as lower 'in-year' corporate tax payments required as a result of the deterioration in global trading.

IHG pursues an approach to tax that is consistent with its business strategy and its overall business conduct principles. The approach seeks to ensure full compliance with all tax filing, payment and reporting obligations on the basis of communicative and transparent relationships with tax authorities. Policies and procedures related to tax risk management are subject to regular review and update and are approved by the IHG Audit Committee.

 The Group's Approach to Tax document is available on IHG's website at [www.ihgplc.com/responsible-business](http://www.ihgplc.com/responsible-business)

Dividends

On 20 March 2020, IHG’s Board withdrew its recommendation of a final dividend in respect of 2019 of 85.9¢ per share, a payment of which would have had a cash outflow of approximately \$150m in the first half of 2020.

A final dividend in respect of 2020 is not proposed and there was no interim dividend for the year. The Board will consider future dividends once visibility of the pace and scale of market recovery has improved.

Earnings per ordinary share

Given the impact of Covid-19 on operations and the exceptional items charged this year, the Group’s basic loss per ordinary share is 142.9¢ (2019: basic earnings per ordinary share: 210.4¢). Adjusted earnings per ordinary share decreased by 89.7% to 31.3¢.

Share price and market capitalisation

The IHG share price closed at £46.90 on 31 December 2020, down from £52.08 on 31 December 2019. The market capitalisation of the Group at the year-end was £8.6bn.



Performance continued  
Liquidity and capital resources

Sources of liquidity

As at 31 December 2020 the Group had total liquidity of \$2,925m, comprising \$1,350m of undrawn bank facilities and \$1,575m of cash and cash equivalents (net of overdrafts and restricted cash).

The Group currently has \$2,898m of sterling and euro bonds outstanding. The current bonds mature in November 2022 (£173m), October 2024 (€500m), August 2025 (£300m), August 2026 (£350m), May 2027 (€500m) and October 2028 (£400m).

In October 2020 the Group issued a €500m 1.625% bond repayable in October 2024 and a £400m 3.375% bond repayable in October 2028. Currency swaps were transacted at the same time as the €500m bonds were issued in order to swap the proceeds and interest flows into pounds sterling. The currency swaps fix the bond debt at £454m, with interest payable semi-annually at a rate of 2.65%. The Group also repaid £227m of the £400m 3.875% bond maturing in November 2022. The Group currently has a senior unsecured long-term credit rating of BBB- from Standard and Poor's. In the event this rating was downgraded below BBB- there would be an additional step up coupon of 125bps payable on the bonds which would result in an additional interest cost of approximately \$36m per year.

In April 2020, the Group issued £600m of commercial paper under the UK Covid Corporate Financing Facility (CCFF). This will be repaid on 16 March 2021 when it matures.

The Group is further financed by a \$1,275m revolving syndicated bank facility (the Syndicated Facility) and a \$75m revolving bilateral facility (the Bilateral Facility). During the year the maturity of these facilities was extended by 18 months from March 2022 to September 2023. The facilities were undrawn at 31 December 2020 (31 December 2019: \$125m). The Syndicated and Bilateral Facilities contain the same terms and two financial covenants: interest cover and a leverage ratio. Covenants are monitored on a 'frozen GAAP' basis excluding the impact of IFRS 16 and are tested at half year and full year on a trailing 12-month basis. The interest cover covenant requires a ratio of Covenant EBITDA to Covenant interest payable above 3.5:1 and

the leverage ratio requires Covenant net debt to Covenant EBITDA of below 3.5:1. Covenant EBITDA is calculated (on a frozen GAAP basis) as operating profit before exceptional items, depreciation and amortisation and System Fund revenues and expenses. See note 24 to the Group Financial Statements for further information.

These covenants have been waived from 30 June 2020 through 31 December 2021 and have been relaxed for test dates in 2022. A minimum liquidity covenant of \$400m has been introduced which will be tested at each test date up to and including 31 December 2022. The amended leverage ratio and interest cover covenant test levels for the facilities are as follows:

	June & December 2021	June 2022	December 2022
Leverage ratio	Waived	Less than 7.5x	Less than 6.5x
Interest cover	Waived	Greater than 1.5x	Greater than 2.0x

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

The Group has started to review and plan for the expected discontinuation of LIBOR after 2021. The Group's main exposure to LIBOR is the underlying reference rate in the Syndicated and Bilateral Facilities. The terms of this agreement will need to be renegotiated to address the discontinuation of LIBOR. The replacement of LIBOR with alternative reference rates is not expected to have a material impact on the Group at this stage.

Borrowings included bank overdrafts of \$51m (2019: \$87m), which were matched by an equivalent amount of cash and cash equivalents under the Group's cash pooling arrangements. Under these arrangements, each pool contains a number of bank accounts with the same financial institution, and the Group pays interest on net overdraft balances within each pool. The cash pools are used for day-to-day cash management purposes and are managed daily as closely

as possible to a zero balance on a net basis for each pool. Overseas subsidiaries are typically in a cash-positive position, with the most significant balances in the US, and the matching overdrafts are held by the Group's central treasury company in the UK.

Net debt of \$2,529m (2019: \$2,665m) is analysed by currency as follows:

	2020 \$m	2019 \$m
<b>Borrowings</b>		
Sterling*	3,716	2,022
US dollar	416	721
Euros	20	44
Other	52	73
<b>Cash and cash equivalents</b>		
Sterling	(1,305)	(25)
US dollar	(261)	(91)
Euros	(12)	(13)
Canadian dollar	(8)	(7)
Chinese renminbi	(60)	(17)
Other	(29)	(42)
<b>Net debt</b>	<b>2,529</b>	<b>2,665</b>
<b>Average debt level</b>	<b>2,554</b>	<b>2,720</b>

\* Including the impact of currency swaps.

Cash and cash equivalents include \$44m (2019: \$16m) that is not available for use by the Group due to local exchange controls.

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

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

Information on the Group's approach to allocation of capital resources can be found on pages 14 and 15.

The Group had net liabilities of \$1,849m at 31 December 2020 (2019: \$1,465m).

**Cash from operating activities**

Net cash from operating activities totalled \$137m for the year ended 31 December 2020, a decrease of \$516m on the previous year, reflecting the decrease in operating profit.

Cash flow from operations is the principal source of cash used to fund the ongoing operating expenses, interest payments, maintenance capital expenditure and normal dividend payments of the Group. The Group believes that the requirements of its existing business and future investment can be met from cash generated internally, disposition of assets, and external finance expected to be available to it.

**Cash from investing activities**

Net cash outflows from investing activities decreased by \$432m to \$61m, primarily reflecting the acquisition of the Six Senses business in 2019. Other movements in investing activities include a reduction of investment in property, plant and equipment and intangible assets of \$103m to \$76m.

The Group had committed contractual capital expenditure of \$19m at 31 December 2020.

**Cash used in financing activities**

Net cash from financing activities totalled \$1,354m, which was \$2,014m higher than 2019. This was primarily due to the cash inflow from the €500m and £400m bond issuances and the £600m commercial paper issuance under the CCFF. These inflows were offset by £227m of bond repayments and \$125m repayment of other borrowings. No dividends were paid in 2020 compared to \$721m in 2019.

**Off-balance sheet arrangements**

At 31 December 2020, the Group had no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on the Group's financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

**Contingent liabilities**

Contingent liabilities include guarantees over loans made to facilitate third-party ownership of hotels of up to \$56m and

outstanding letters of credit of \$43m. The Group may also be exposed to additional liabilities resulting from litigation and security incidents. See note 31 to the Group Financial Statements for further details.

**Contractual obligations**

The Group had the following contractual obligations outstanding as of 31 December 2020. See table below.

	Total amounts committed \$m	Less than 1 year \$m	1-3 years \$m	3-5 years \$m	After 5 years \$m
<b>Commercial papers<sup>a</sup></b>	819	819	–	–	–
<b>Long-term debt obligations<sup>b,c</sup></b>	2,896	–	236	1,023	1,637
<b>Interest payable<sup>c</sup></b>	435	76	143	124	92
<b>Derivatives</b>	57	14	28	28	(13)
<b>Lease liabilities</b>	3,505	57	104	87	3,257
<b>Agreed pension scheme contributions</b>	6	6	–	–	–
<b>Capital contracts placed<sup>d</sup></b>	19	19	–	–	–
<b>Deferred and contingent purchase consideration<sup>e</sup></b>	112	13	5	13	81
<b>Total<sup>f</sup></b>	7,849	1,004	516	1,275	5,054

<sup>a</sup> Issued under the UK Covid Corporate Financing Facility, maturing on 16 March 2021.

<sup>b</sup> Repayment period classified according to the related facility maturity date.

<sup>c</sup> Excluding bank overdrafts.

<sup>d</sup> See note 30 to the Group Financial Statements for further details.

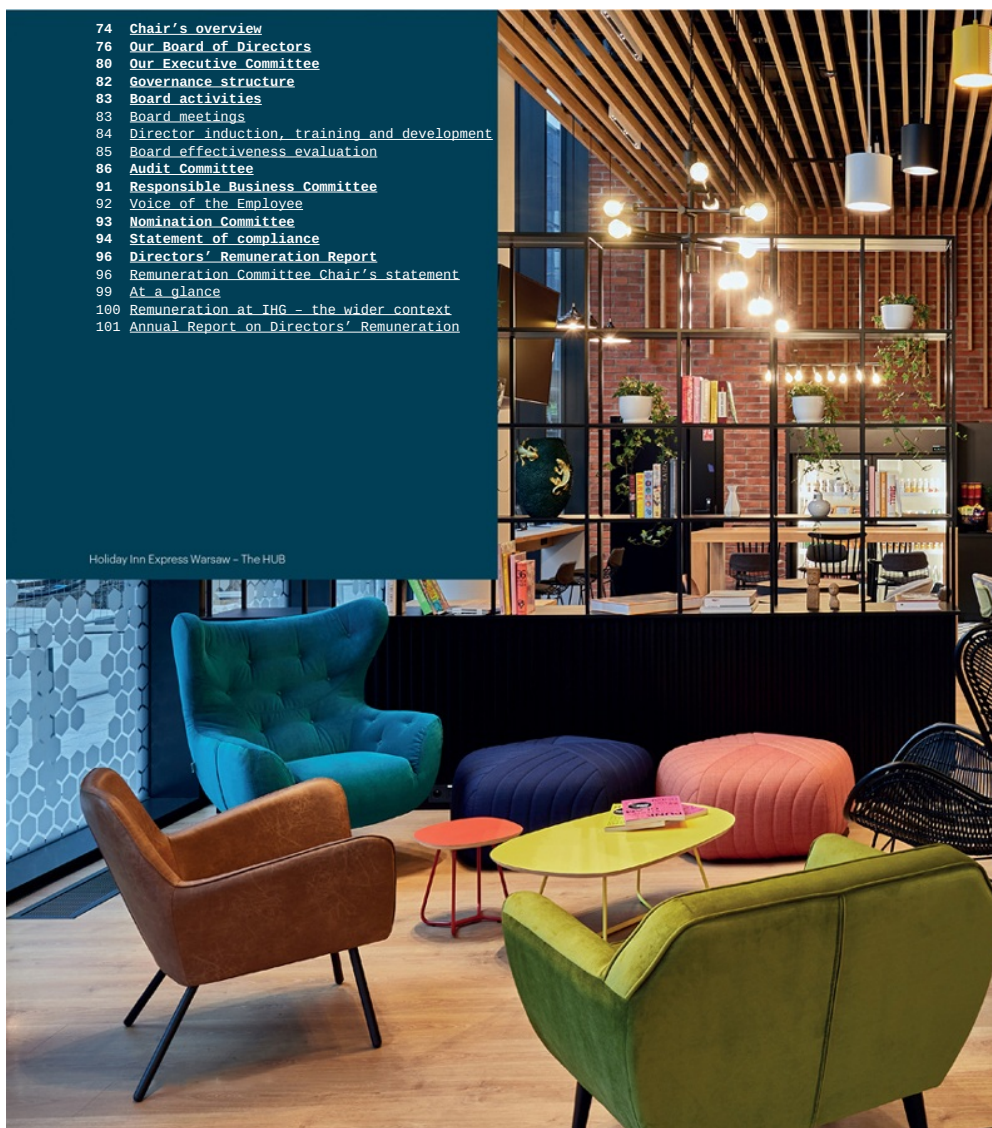
<sup>e</sup> Relates to the acquisitions of Six Senses and Regent (see note 11 to the Group Financial Statements for further details).

<sup>f</sup> The Group also has future commitments for key money payments which are contingent upon future events and may reverse.

# Governance

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Holiday Inn Express Warsaw - The HUB







# Chair's overview



The Covid-19 pandemic has presented the hospitality industry and our business with unprecedented challenges. It has also provided an acute test of the Group's strategy, business model, governance, crisis and risk management capabilities and leadership.

In 2020, the Board sought to guide, support and challenge management as appropriate through the crisis, recognising the need for management to have a clear mandate to allow for swift prioritisation and decision-making in light of the rapidly changing and uncertain environment.

Throughout the pandemic, the Board played an active oversight and support role whilst keeping the long-term growth strategy of the Company in focus and ensuring that actions taken were in keeping with our purpose and values. The Board also ensured that an effective governance and oversight framework remained in place as the Group responded to the crisis.

Responding to the pandemic also meant changes to the Board and its Committees' operation, requiring a sharper, Covid-19 dominated agenda, virtual meetings, more frequent interaction and collaboration between the Board and management, a revised information flow and increased time commitment notably from the Committee Chairs and the Chair.

I would like to thank the Board and the management team for their commitment, determination and perseverance in striving to protect the business and our stakeholders through the toughest challenge in the industry's history, whilst remaining true to our purpose and values.

## Focus areas and activities

In addressing the Covid-19 pandemic, the Board focused on the actions taken by management to support employees (at both the corporate and hotel level), with emphasis on organisational resilience, mental health and wellbeing. The Board also reviewed proposed measures to support owners, guests and the communities in which we operate and ensured that the interests of the Group's stakeholders were balanced.

Another key theme throughout the year was the protection of the Group's financial position, with particular focus on cost containment and cash preservation. The Board also undertook detailed review of the Group's going concern and viability assessments.

The Board also focused on adapting and evolving our strategy and purpose whilst renewing our commitment to addressing environmental, social and governance (ESG) considerations.

Cybersecurity was an area of particular focus, because of the increased threats and risks associated with an increase in remote working. The Board received regular updates on cyber threats to the hospitality sector and IHG, and engaged with management on plans to strengthen the Group's threat-detection and response to malicious activity, as well as raising awareness among colleagues.

The continuation of the Board's dialogue and engagement with the Group's workforce and other stakeholders was also a notable feature of the Board agenda.

## Governance framework

The Board delegates certain responsibilities to the Audit, Remuneration, Responsible Business (previously Corporate Responsibility) and Nomination Committees to assist in ensuring that effective corporate governance pervades the business.

The Covid-19 pandemic impacted all aspects of the Committees' delegated remit and activities during the year:

- The Audit Committee focused on the pandemic's impact on material judgements and estimates, risks, internal controls and business continuity, and going concern and viability;
- The Remuneration Committee focused on the remuneration challenges presented by the pandemic and decisions on executive pay, including reductions to salaries and fees, awarding of LTIP grants, and retention issues, all while considering the impact on employees. It also continued to engage with shareholders on the Directors' Remuneration Policy;
- The Responsible Business Committee focused on how IHG continued to operate as a responsible business during the pandemic, the delivery of ongoing targets and the development of the Group's 2030 responsible business commitments; and
- The Nomination Committee progressed the implementation of Board refreshment plans, and continued to review and consider Executive Committee talent and succession plans.

## Board composition

Board composition and succession featured prominently on the Board agenda to ensure that we continue to have around the table the right mix of skills, experience, behaviours and knowledge as well as gender and geographical representation to add value as the Company pursues its strategic objectives.

We determined that the Board would benefit from enhanced representation in the US market as well as from further expertise in brands, franchising and business strategy and innovation, including in relation to ESG issues. We also sought to further drive diversity on the Board and prepare for the retirements of Malina Ngai and Luke Mayhew, who left the Board in May and December respectively. These objectives were successfully achieved with the appointment of Sharon Rothstein, Graham Allan and Duriya Farooqui, who joined the Board in June, September and December respectively. Details of their biographies, including their skills and experience, are included on pages 77 to 79.

Additionally, with the retirement of Luke Mayhew, the Board approved Jill McDonald as the designated non-executive director for workforce engagement (Voice of the Employee). Further details regarding this transition are included on page 92.

## Board performance review

During the year, we implemented the recommendations of the external Board evaluation carried out in 2019 and conducted an internal evaluation. I am pleased to report that the evaluation concluded that the Board continues to operate effectively. Further details of the evaluation can be found on page 85. We also conducted individual Director feedback discussions, details of which can be found on page 85.

**Compliance and our dual listing**

IHG continues to operate as a dual-listed company with a premium listing on the London Stock Exchange and a secondary listing on the New York Stock Exchange. As such, we are required to file an Annual Report in the UK and a Form 20-F in the US. To ensure consistency of information provided to both UK and US investors, we have again produced a combined Annual Report and Form 20-F. Our statement of compliance with the 2018 UK Corporate Governance Code (the Code) is located on pages 94 and 95. I am pleased to report that, during 2020, we complied in all material respects with all principles and provisions of the Code. A statement outlining the differences between the Group's UK corporate governance practices and those followed by US companies can be found on page 239.

**Looking forward**

In 2021, the Board will focus on the Group's long-term strategic objectives and ensure that a robust governance framework remains in place so that IHG is well positioned as we emerge from a post-Covid environment.



**Patrick Cescau**  
Chair of the Board  
22 February 2021

**Board and Committee membership and attendance in 2020**

	Appointment date	Committee appointments	Board	Audit Committee	Responsible Business Committee
Total meetings held			8	5	4
Chair					
Patrick Cescau	01/01/13	N	8/8	–	–
Chief Executive Officer					
Keith Barr	01/07/17		8/8	–	–
Executive Directors					
Paul Edgecliffe-Johnson	01/01/14		8/8	–	–
Elie Maalouf	01/01/18		8/8	–	–
Senior Independent Non-Executive Director					
Dale Morrison	01/06/11	A N R	8/8	5/5	–
Non-Executive Directors					
Graham Allan	01/09/20	A R	3/3 <sup>b</sup>	2/2 <sup>b</sup>	–
Anne Busquet	01/03/15	A RB	8/8	5/5	4/4
Arthur de Haast	01/01/20	R RB	8/8	–	4/4
Ian Dyson	01/09/13	A N <sup>c</sup> R	8/8	5/5	–
Jo Harlow	01/09/14	N R	8/8	–	–
Luke Mayhew	01/07/11	A RB N	8/8	5/5	4/4
Jill McDonald	01/06/13	A RB N	8/8	5/5	4/4
Malina Ngai	01/03/17	RB R	2/3 <sup>e</sup>	–	0/1 <sup>e</sup>
Sharon Rothstein	01/06/20	A RB	5/5 <sup>f</sup>	3/3 <sup>f</sup>	3/3 <sup>f</sup>

<sup>a</sup> In principle the Chair attends all Committee meetings, and the full Board attends the relevant sections of the Audit Committee meetings when financial results are considered.

<sup>b</sup> Graham Allan was appointed to the Board from 1 September 2020 and attended Board and relevant Committee meetings from that date.

<sup>c</sup> Ian Dyson was appointed to the Nomination Committee from 18 December 2020 following Luke Mayhew's retirement.

<sup>d</sup> Luke Mayhew was unable to attend a Nomination Committee meeting due to a prior engagement. Luke resigned from the Board from 18 December 2020.

<sup>e</sup> Malina Ngai was unable to attend a Board meeting, two Remuneration Committee meetings and a Responsible Business Committee meeting due to prior commitments. Malina resigned from the Board from 7 May 2020.

<sup>f</sup> Sharon Rothstein was appointed to the Board from 1 June 2020 and attended Board and relevant Committee meetings from that date. Duriya Farooqui was appointed to the Board from 7 December 2020 so did not attend meetings in 2020.





**Board Committee membership key**





<b>A</b> Audit Committee member	<b>R</b> Remuneration Committee member	<b>RB</b> Responsible Business Committee member
<b>N</b> Chair of a Board Committee	<b>N</b> Nomination Committee member	



Governance




Our Board of Directors

<p><b>Patrick Cescau</b> Non-Executive Chair</p> <p><b>N</b></p>  <p>Appointed to the Board: 1 January 2013</p>	<p><b>Skills and experience:</b> From 2005 to 2008, Patrick was Group Chief Executive of Unilever Group, having previously been Chair of Unilever PLC, Vice-Chair of Unilever NV and Foods Director, following a progressive career with the company, which began in France in 1973. Prior to being appointed to the board of Unilever PLC and Unilever NV in 1999, as Finance Director, he was Chair of number of the company's major operating companies and divisions, including in the US, Indonesia and Portugal. He was formerly a Senior Independent Director and Non-Executive Director of Pearson plc, Tesco PLC and International Airlines Group, and a Director at INSEAD.</p>	<p><b>Board contribution:</b> Patrick has held board positions for more than 20 years in leading global businesses and brings extensive international experience in strategy, brands, consumer products, and finance. As Chair, Patrick is responsible for leading the Board and ensuring it operates in an effective manner, and promoting constructive relations with shareholders and wider stakeholders. As Chair of the Nomination Committee, he is responsible for reviewing and making recommendations on the Group's leadership needs.</p> <p><b>Other appointments:</b> Patrick is a trustee of The Leverhulme Trust, Patron of the St Jude India Children's Charity and Member of the TEMASEK European Advisory Panel.</p>
<p><b>Keith Barr</b> Chief Executive Officer (CEO)</p>  <p>Appointed to the Board: 1 July 2017</p>	<p><b>Skills and experience:</b> Keith has spent more than 25 years working in the hospitality industry across a wide range of roles. He started his career in hotel operations and joined IHG in 2000. Since April 2011 he has been a member of IHG's Executive Committee. Directly before being appointed CEO, Keith served as Chief Commercial Officer for four years. In this role, he led IHG's global brand, loyalty, sales and marketing functions, and oversaw IHG's loyalty programme, IHG® Rewards. Prior to this, Keith was CEO of IHG's Greater China business for four years, setting the foundations for growth in a key market and overseeing the launch of the HUALUXE® Hotels and Resorts brand.</p>	<p><b>Board contribution:</b> Keith is responsible for the executive management of the Group and ensuring the implementation of Board strategy and policy.</p> <p><b>Other appointments:</b> Keith is a Non-Executive Director of Yum! Brands. He also sits on the Board of WHITL (Women in Hospitality Travel &amp; Leisure). Keith is a graduate of Cornell University's School of Hotel Administration and is currently a member of the Dean's Advisory Board for The School of Hotel Administration, Cornell SC Johnson College of Business.</p>
<p><b>Paul Edgecliffe-Johnson</b> Chief Financial Officer (CFO) and Group Head of Corporate Strategy</p>  <p>Appointed to the Board: 1 January 2014</p>	<p><b>Skills and experience:</b> Paul is a fellow of the Institute of Chartered Accountants and is a graduate of the Harvard Business School Advanced Management Programme. He was previously CFO of IHG's Europe and Asia, Middle East and Africa regions, a position he held since September 2011. He joined IHG in August 2004 and has held a number of senior-level finance positions, including Head of Investor Relations, Head of Global Corporate Finance and Financial Planning &amp; Tax, and Head of Hotel Development, Europe. Paul also acted as Interim CEO of the Europe, Middle East and Africa region (prior to the reconfiguration of our operating regions).</p>	<p><b>Board contribution:</b> Paul is responsible, together with the Board, for overseeing the financial operations of the Group and for leading Group strategy.</p>
<p><b>Elie Maalouf</b> Chief Executive Officer, Americas</p>  <p>Appointed to the Board: 1 January 2018</p>	<p><b>Skills and experience:</b> Elie was appointed CEO, Americas at IHG in February 2015 and has 20 years' experience working in major global franchise businesses. He joined the Group having spent six years as President and CEO of HMSHost Corporation, where he was also a member of the board of directors. Elie brings broad experience spanning hotel development, branding, finance, real estate and operations management as well as food and beverage expertise. Elie was Senior Advisor with McKinsey &amp; Company from 2012 to 2014.</p>	<p><b>Board contribution:</b> Elie brings a deep understanding of the global hospitality sector to the Board. He is responsible for business development and performance of all hotel brands and properties in the Americas region and has global responsibility for customer development, providing oversight of the Global Sales organisation, as well as our owner management and services strategy.</p> <p><b>Other appointments:</b> Elie is a member of the American Hotel &amp; Lodging Association Executive committee of the Board, and the U.S. Travel Association CEO Roundtable. In addition, Elie serves as a member of the Global Advisory Council at the University of Virginia Darden School of Business and is a board member of the Atlanta Committee for Progress.</p>

<p><b>Dale Morrison</b> Senior Independent Non-Executive Director (SID)</p> <p><b>A N R</b></p> <p>Appointed to the Board: 1 June 2011</p>		<p><b>Skills and experience:</b> Dale is a founding partner of TriPointe Capital Partners and subsequently Twin Ridge Capital, both private equity firms. Dale was previously President and CEO of McCain Foods Limited and President and CEO of Campbell Soup Company.</p>	<p><b>Board contribution:</b> Dale has over 10 years' experience in sales and marketing positions, and over 25 years' experience in general management, having held senior positions in the branded foods sector. Dale's role as Senior Independent Non-Executive Director is fundamental to the successful operation of the Board.</p> <p><b>Other appointments:</b> Currently a Non-Executive Director of International Flavors &amp; Fragrances Inc.</p>
<p><b>Graham Allan</b> Independent Non-Executive Director</p> <p><b>A R</b></p> <p>Appointed to the Board: 1 September 2020</p>		<p><b>Skills and experience:</b> Graham was Group Chief Executive of Dairy Farm International Holdings Ltd, an Asian retailer headquartered in Hong Kong SAR, from 2012 to 2017. In 1992, he joined Yum Restaurants International, where he held several senior positions before assuming the role of President and CEO in 2003, and led the development of global brands KFC, Pizza Hut and Taco Bell in more than 120 international markets. Prior to his tenure at Yum Restaurants, he worked as a consultant including at McKinsey &amp; Co Inc.</p>	<p><b>Board contribution:</b> Graham brings to the Board more than 40 years of strategic, commercial and brand experience within consumer-focused businesses across multiple geographies.</p> <p><b>Other appointments:</b> Graham is Senior Independent Non-Executive Director at Intertek plc and Independent Non-Executive Director of Associated British Foods plc. He also serves as a director of private companies as Chairman of Bata Footwear and Director of Americana Foods.</p>
<p><b>Anne Busquet</b> Independent Non-Executive Director</p> <p><b>A RB</b></p> <p>Appointed to the Board: 1 March 2015</p>		<p><b>Skills and experience:</b> Anne began her career at Hilton International in Paris, before joining American Express Company in New York, where she held several executive positions and served for 23 years. Anne was also the CEO of Local and Media Services at InterActiveCorp.</p>	<p><b>Board contribution:</b> Anne brings more than 20 years' experience in senior positions in multinational companies, predominantly in the financial, branded and digital-commerce sectors.</p> <p><b>Other appointments:</b> Anne is currently the President of AMB Advisors, an independent consulting firm, and Managing Director at Golden Seeds LLC, an angel investment company. She also serves on the boards of Pitney Bowes, MTBC and Elior Group and on the advisory boards of JEGI and SheSpeaks.</p>
<p><b>Duriya Farooqui</b> Independent Non-Executive Director</p> <p><b>A RB</b></p> <p>Appointed to the Board: 7 December 2020</p>		<p><b>Skills and experience:</b> Duriya is currently an Independent Director at Intercontinental Exchange, Inc. (ICE), a leading operator of global exchanges and clearing houses, and provider of mortgage technology, data and listings services.</p> <p>Duriya was previously President of Supply Chain Innovation at Georgia-Pacific, leading an organisation where companies collaborated to solve supply chain challenges. Prior to this, she was Executive Director of Atlanta Committee for Progress, a coalition of over 30 CEOs who offer leadership on economic development opportunities in Atlanta. Duriya has been a principal at Bain &amp; Company, and also served as Chief Operating Officer for the City of Atlanta.</p>	<p><b>Board contribution:</b> Duriya's diverse board and executive-level experience brings valuable insights and perspectives to IHG. She combines more than two decades of relevant expertise in business strategy, transformation and innovation, with a clear commitment to driving responsible operations and diversity.</p> <p><b>Other appointments:</b> Duriya is an Independent Director at ICE. She serves on the boards of NYSE and ICE NGX, both subsidiaries of ICE, and co-chairs the NYSE Board Advisory Council of CEOs.</p>

Governance

Our Board of Directors continued


<p><b>Arthur de Haast</b> Independent Non-Executive Director</p> <p><b>R</b> <b>RB</b></p> 	<p><b>Skills and experience:</b> Arthur has held several senior roles in the Jones Lang LaSalle (JLL) group, including Chair of JLL's Capital Markets Advisory Council and Chair and Global CEO of JLL's Hotels and Hospitality Group. Arthur is also a former Chair of the Institute of Hospitality.</p>	<p><b>Board contribution:</b> Arthur has more than 30 years' experience in the capital markets, hotels and hospitality sectors, along with significant Board-level knowledge around sustainability. Arthur serves on the Remuneration and Responsible Business Committees.</p> <p><b>Other appointments:</b> Arthur is Chair of JLL's Capital Markets Advisory Council, a member of JLL's Global Sustainability Board, an Independent Non-Executive Director of Chalet Hotels Limited and a member of the Advisory Board of the Scottish Business School, University of Strathclyde, Glasgow.</p>
<p><b>Ian Dyson</b> Independent Non-Executive Director</p> <p><b>A</b> <b>R</b> <b>N</b></p> 	<p><b>Skills and experience:</b> Ian has held a number of senior executive and finance roles, including Group Finance and Operations Director for Marks and Spencer Group plc for five years from 2005 to 2010, where he oversaw significant changes in the business. In addition, Ian was CEO of Punch Taverns plc, Finance Director for the Rank Group Plc, a leading European gaming business, and Group Financial Controller and Finance Director for the hotels division of Hilton Group plc. More recently, Ian was Senior Independent Non-Executive Director of Flutter Entertainment plc.</p>	<p><b>Board contribution:</b> Ian has gained significant experience from working in various senior finance roles, predominantly in the retail, leisure and hospitality sectors. Ian became Chair of the Audit Committee on 1 April 2014, and, as such, is responsible for leading the Committee to ensure effective internal controls and risk management systems are in place.</p> <p><b>Other appointments:</b> Currently a Non-Executive Director and Chair of the Audit Committee of SSP Group plc and Senior Independent Non-Executive Director and Chair of the Audit Committee of ASOS plc.</p>
<p><b>Jo Marlow</b> Independent Non-Executive Director</p> <p><b>N</b> <b>R</b></p> 	<p><b>Skills and experience:</b> Jo most recently held the position of Corporate Vice President of the Phones Business Unit at Microsoft Corporation. She was previously Executive Vice President of Smart Devices at Nokia Corporation, following a number of senior management roles at Nokia from 2003. Prior to that, she held marketing, sales and management roles at Reebok International Limited from 1992 to 2003 and at Procter &amp; Gamble Company from 1984 to 1992.</p>	<p><b>Board contribution:</b> Jo has over 25 years' experience working in various senior roles, predominantly in the branded and technology sectors. Jo became Chair of the Remuneration Committee on 1 October 2017, and as such she is responsible for setting the Remuneration Policy. Jo is also a member of the Nomination Committee.</p> <p><b>Other appointments:</b> Currently a member of the Supervisory Board of Oeconomy AG and a Non-Executive Director of Halma plc and J Sainsbury plc.</p>



Changes to the Board and its Committees, and Executive Committee

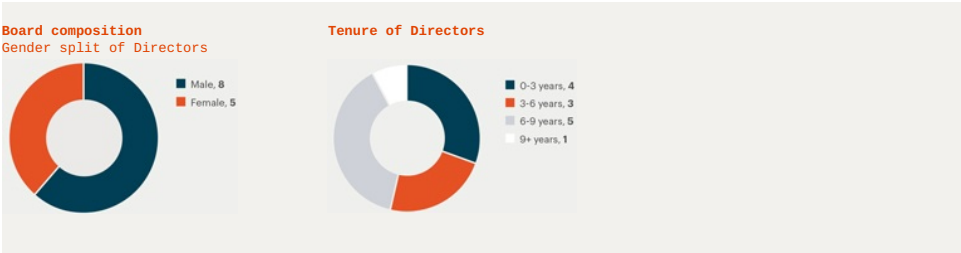
Graham Allan	Graham was appointed to the Board from 1 September 2020
Ian Dyson	Ian was appointed to the Nomination Committee from 18 December 2020
Duriya Farooqui	Duriya was appointed to the Board from 7 December 2020
Wayne Hoare	Wayne was appointed Chief Human Resources Officer from 14 September 2020
Luke Mayhew	Luke resigned from the Board from 18 December 2020
Malina Ngai	Malina resigned from the Board from 7 May 2020
Sharon Rothstein	Sharon was appointed to the Board from 1 June 2020

In addition to the changes in 2020 set out above, in February 2021, the Board approved the appointment of Richard Anderson and Daniela Barone Soares as Independent Non-Executive Directors of the Company with effect from 1 March 2021. Further information relating to their appointments will be included in the Annual Report and Form 20-F 2021. In February 2021, the Board also accepted the resignation of Anne Busquet, who will retire from the Board with effect from the 2021 AGM.

Board Committee membership key

<b>A</b>	Audit Committee member	<b>R</b>	Remuneration Committee member
<b>RB</b>	Responsible Business Committee member		Chair of a Board Committee
<b>N</b>	Nomination Committee member		





<p><b>Jill McDonald</b> Independent Non-Executive Director</p> <p><b>A</b> <b>RB</b> <b>N</b></p> 	<p><b>Skills and experience:</b> Jill started her career at Colgate-Palmolive Company, spent 16 years with British Airways plc and has held a number of senior marketing positions in the UK and overseas. Jill was CEO UK and President for the North West Europe division for McDonald's, and held a number of other senior roles in the company from 2006. From May 2015 until September 2017, Jill served as CEO of the Halfords Group plc. From 2017-2019, Jill served as Managing Director, Clothing, Home and Beauty, at Marks and Spencer plc.</p>	<p><b>Board contribution:</b> Jill has over 30 years' experience working with high-profile international consumer-facing brands at both marketing and operational level. As Chair of the Responsible Business Committee, she is responsible for corporate responsibility objectives and strategy and approach to sustainable development.</p> <p><b>Other appointments:</b> Currently CEO of Costa Coffee.</p>
<p>Appointed to the Board: 1 June 2013</p> <p><b>Sharon Rothstein</b> Independent Non Executive Director</p> <p><b>A</b> <b>RB</b></p> 	<p><b>Skills and experience:</b> Sharon currently serves as Operating Partner of Stripes Group, a growth equity firm investing in high growth consumer and SaaS (Software as a Service) companies. She previously served as Executive Vice President, Global Chief Marketing Officer, and subsequently, as Executive Vice President, Global Chief Product Officer for Starbucks Corporation. In addition, Sharon has held senior marketing and brand management positions at Sephora LLC, Godiva Chocolatier, Inc., Nabisco Biscuit Company, Procter &amp; Gamble Company, and Starwood Hotels &amp; Resorts Worldwide, Inc.</p>	<p><b>Board contribution:</b> Sharon brings extensive brands and marketing expertise, having worked in senior positions for more than 25 years at iconic global companies. In addition to her knowledge of the hospitality industry, Sharon has wide-ranging Board-level experience in a number of consumer-focused businesses.</p> <p><b>Other appointments:</b> Sharon serves on the Boards of Yelp, Inc. and Afterpay Limited; and also for private companies True Food Kitchen, Inc., LOLA, and Levain Bakery, Inc.</p>
<p>Appointed to the Board on 1 June 2020</p>		






Governance

# Our Executive Committee

In addition to Keith Barr, Paul Edgecliffe-Johnson and Elie Maalouf, the Executive Committee comprises:

<p><b>Claire Bennett</b> Global Chief Customer Officer</p> <p>Appointed to the Executive Committee: October 2017 (joined the Group: 2017)</p> 	<p><b>Skills and experience:</b> Claire joined IHG with an in-depth knowledge of the hospitality industry having spent 11 years at American Express in a range of senior leadership roles across marketing, consumer travel and loyalty. In her tenure there, Claire was General Manager (GM), Global Travel and Lifestyle, where she led a team responsible for delivering luxury lifestyle services, and she held additional roles including GM for Consumer Loyalty, GM for US Consumer Travel, and Senior Vice President, Global Marketing and Brand Management. Claire has also held senior marketing positions at Dell, as well as finance and general management roles at PepsiCo/Quaker Oats Company, building significant expertise across technology, retail e-commerce, financial services, and travel and hospitality sectors.</p>	<p>Claire has been an Executive Board Member of the World Travel and Tourism Council (WTTC), served as a Board Member of Tumi Inc. and participated on multiple industry advisory boards. Claire is a Certified Public Accountant and holds an MBA from the J.L. Kellogg Graduate School of Management at Northwestern University.</p> <p><b>Key responsibilities:</b> These include all aspects of brand design and commercial delivery, loyalty, partnerships, customer experience, and marketing execution.</p>
<p><b>Jolyon Bulley</b> Chief Executive Officer, Greater China</p> <p>Appointed to the Executive Committee: November 2017 (joined the Group: 2001)</p> 	<p><b>Skills and experience:</b> Prior to his appointment as CEO for Greater China, Jolyon was Chief Operating Officer (COO) for the Americas, leading the region's operations for franchised and managed hotels, in addition to cultivating franchisee relationships and enhancing hotel operating performance. Jolyon has also served as COO for Greater China for almost four years, with oversight of the region's hotel portfolio and brand performance, food and beverage brand solutions, new hotel openings and owner relations.</p>	<p>Jolyon joined IHG in 2001, as Director of Operations in New South Wales, Australia, and then held roles of increasing responsibility across IHG's Asia-Pacific region. He became Regional Director Sales and Marketing for Australia, New Zealand and South Pacific in 2003, relocated to Singapore in 2005 and held positions of Vice President Operations South East Asia and India, Vice President Resorts, and Vice President Operations, South East and South West Asia. Jolyon graduated from William Angliss Institute in Melbourne with a concentration on Tourism and Hospitality.</p> <p><b>Key responsibilities:</b> These include the management, growth and profitability of IHG's fastest growing region, Greater China.</p>
<p><b>Yasmin Diamond, CB</b> Executive Vice President, Global Corporate Affairs</p> <p>Appointed to the Executive Committee: April 2016 (joined the Group: 2012)</p> 	<p><b>Skills and experience:</b> Before joining IHG in April 2012, Yasmin was Director of Communications at the Home Office, where she advised the Home Secretary, ministers and senior officials on the strategic development and daily management of all the Home Office's external and internal communications. She was previously Director of Communications at the Department for Environment, Food and Rural Affairs; Head of Communications for Welfare to Work and New Deal; and Head of Marketing at the Department for Education and Skills. Before joining government communications, Yasmin was Publicity Commissioner for the BBC, where she led communications activity around the launch of a new digital learning channel and around the BBC's educational output for both adults and children.</p>	<p>In 2011, Yasmin was awarded a Companion of the Order of the Bath (CB) in the New Year's honours list in recognition of her career in government communications. In addition, Yasmin sits on the Board of Trustees for the British Council, the UK's international organisation for cultural relations and educational opportunities, and is a Board Trustee member of the Sustainable Hospitality Alliance.</p> <p><b>Key responsibilities:</b> Yasmin is responsible for all global corporate affairs activity, focused on supporting and enabling IHG's broader strategic priorities. This includes all external and internal communications, covering both corporate and consumer brand PR; global government affairs work; and leading IHG's Corporate Responsibility strategy.</p>
<p><b>Nicolette Henfrey</b> Executive Vice President, General Counsel and Company Secretary</p> <p>Appointed to the Executive Committee: February 2019 (joined the Group: 2001)</p> 	<p><b>Skills and experience:</b> Nicolette joined IHG in 2001, and was appointed Deputy Company Secretary in August 2011, during which time she worked very closely with the Board, Executive Committee and wider organisation to ensure best-in-class delivery and compliance across our legal and regulatory areas. Nicolette is a solicitor and prior to joining IHG worked for Linklaters in London and Findlay &amp; Tait (now Bowmans) in South Africa. Nicolette was appointed as Company Secretary on 1 March 2019.</p>	<p><b>Key responsibilities:</b> These include overseeing our approach to corporate governance, risk management, insurance, regulatory compliance, internal audit, legal and hotel standards.</p>



<p><b>Wayne Hoare</b> Chief Human Resources Officer</p> <p>Appointed to the Executive Committee: September 2020 (joined the Group: 2020)</p> 	<p><b>Skills and experience:</b> Wayne has more than 30 years of experience in HR, and joined IHG from RCL FOODS, the second largest foods business in South Africa, where he spent the last seven years as the company's Chief Human Resources Officer, leading RCL FOODS' culture building and talent strategy for 25,000 employees. Prior to joining RCL FOODS, Wayne spent 26 years at Unilever, where he worked across a broad range of roles in both mature and developing markets across Europe, North America, Asia, Africa and the Middle East.</p>	<p>Wayne's most recent role at Unilever was as SVP, HR – Global Centres of Expertise, where he held responsibility for the Global Talent, Leadership Development and Reward teams. He led the development of the company's HR strategy on enabling a performance culture focused on growth.</p> <p><b>Key responsibilities:</b> These include global talent management, learning and capability building, diversity, organisation development, reward and benefit programmes, employee relations, and all aspects of the people and organisation strategy for the Group.</p>
<p><b>Kenneth Macpherson</b> Chief Executive Officer, EMEA</p> <p>Appointed to the Executive Committee: April 2013 (joined the Group: 2013)</p> 	<p><b>Skills and experience:</b> Kenneth became CEO, EMEA in January 2018. Kenneth was previously IHG's CEO for Greater China, a role he held from 2013 to 2017. Kenneth has extensive experience across sales, marketing strategy, business development and operations. In addition to 12 years living and working in China, Kenneth's career includes experience in Asia, the UK, France and South Africa. Before IHG, Kenneth worked for 20 years at Diageo, one of the UK's leading branded companies. His senior management positions included serving as Managing Director of Diageo Greater China, where he helped to build the company's presence and led the landmark deal to acquire ShuijingFang, a leading manufacturer of China's national drink, and one of the first foreign acquisitions of a Chinese listed company.</p>	<p><b>Key responsibilities:</b> Kenneth is responsible for the management, growth and profitability of the EMEA region. He also manages a portfolio of hotels in some of the world's most exciting destinations, in both mature and emerging markets.</p>
<p><b>George Turner</b> Executive Vice President, Chief Commercial and Technology Officer</p> <p>Appointed to the Executive Committee: January 2009 (joined the Group: 2008)</p> 	<p><b>Skills and experience:</b> In February 2010, George was appointed as Chief Commercial and Technology Officer. Prior to this, George spent over a decade as IHG's EVP, General Counsel and Company Secretary, with responsibility for corporate governance, risk and assurance, legal, corporate responsibility and information security. He is a solicitor, qualifying to private practice in 1995. Before joining IHG, George spent over 10 years with Imperial Chemical Industries PLC, where he held various key positions including Deputy Company Secretary and Senior Legal Counsel.</p>	<p><b>Key responsibilities:</b> These include distribution; channels; revenue management; property, owner, guest and enterprise solutions; guest reservations and customer care; digital; information security; technology and global sales.</p>

## Governance

# Governance structure

We remain committed to maintaining the highest standards of corporate governance. Our governance framework is led and directed by the Board, which in turn delegates certain responsibilities to its Committees to support IHG's purpose, values and strategy, as well as our commitment to conducting business responsibly.

## The Board and its Committees

The Board establishes the Group's purpose, values and strategy, and is responsible for promoting the long-term sustainable success of the Group. A number of key decisions and matters are reserved for the Board and are not delegated to management. The schedule of matters reserved for the Board was reviewed at the December 2020 Board meeting and is available on our website. The Board also has responsibility for reviewing the means for the workforce to raise concerns in confidence and the reports arising from its operation.

The Board is supported by its Principal Committees, namely the Audit Committee, Responsible Business Committee, Nomination Committee and Remuneration Committee, to assist it in carrying out its functions, overseeing the delivery of strategic objectives and driving sustainable value for shareholders and considering the impacts on, and interests of, other stakeholders. Details of how the Board spent its time during 2020 can be found on pages 83 and 84.


## Management Committees

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

The Executive Committee is chaired by the CEO and considers and manages a range of day-to-day strategic and operational issues facing the Group, including the development of the Group's strategy and budget for the Board's approval, executing the strategic plan once agreed by the Board, monitoring the Group's performance and providing assurance to the Board in relation to overall performance and risk management.

The General Purposes Committee is chaired by an Executive Committee member and attends to business of a routine nature and to the administration of matters, the principles of which have been agreed previously by the Board or an appropriate Committee.

The Disclosure Committee is chaired by the Group's Financial Controller and ensures that proper procedures are in place for statutory and listing requirements. This Committee reports to the Chief Executive Officer, the Chief Financial Officer and the Audit Committee.

 More information on our Board and Committees is available on our website at [www.ihgplc.com/investors](http://www.ihgplc.com/investors) under Corporate governance.

The Chair and Company Secretary continue to operate a thorough two-tiered collaborative process for setting the Board agenda to ensure that the focus and discussion strikes the appropriate balance between short-term needs of the business and the longer term. The Chair or Committee Chairs, CEO and Company Secretary also liaise in advance of each Board and Committee meeting to finalise the agendas and ensure that sufficient time is allocated and in which order each matter is considered. The Company Secretary maintains an annual agenda schedule for Board meetings that sets out strategic and operational matters to be considered.

The Board held eight scheduled meetings during the year, and individual attendance is set out on page 75. All Directors are expected to attend all Board meetings and relevant Committee meetings unless they are prevented from doing so by prior commitments, illness or a conflict of interest. If Directors are unable to attend Board or Committee meetings, they are sent the relevant papers and asked to provide comments to the Chair of the Board or Committee in advance of the meeting so that their comments can be duly considered.

Time is set aside at the start and end of each Board meeting for the CEO to meet with the Chair and Non-Executive Directors, and for the Chair to meet privately with the Senior Independent Non-Executive Director (SID) and Non-Executive Directors to discuss any matters arising. The SID continues to be available to discuss concerns with shareholders, in addition to the normal channels of shareholder communication.

During 2020, in addition to the Group's response to the Covid-19 pandemic, the Board focused on strategic and operational matters, corporate governance, investor relations and risk management. Throughout the year, the Board continued its stakeholder engagement activities and taking into account the views and interests of stakeholders in our decision-making. Details of the Board's engagement with the Group's employees (pursuant to the 'Voice of the Employee' approach approved by the Board during the year) are set out on page 92. Information in relation to our regard for environment and community matters is provided on page 29. Details of our engagement with suppliers, hotel owners and guests are included on pages 31 to 32, and information about our engagement with shareholders and investors is on page 33.

## Working under Covid

As circumstances developed, the Board adjusted its schedule to allow appropriate time to address the impact of the Covid-19 pandemic and oversee the Group's response to it. The Board also modified its ways of working in response to the pandemic, for example:

- when physical meetings became impracticable, Board and Committee meetings were held by video and telephone conference;
- in addition to the usual scheduled Board meetings, there were regular additional meetings and update calls to monitor the impact of the pandemic and consider the Group's response to it;
- regular contact was also established between the Board and management outside of scheduled meetings, allowing Directors to provide additional support and challenge to management to ensure the best decision-making possible;
- a Board 'Dashboard' containing key trading and financial metrics was produced and shared regularly with Board members; and
- the Board also liaised closely with shareholders and advisers in relation to the Group's response to the pandemic.

# Board activities

## Board meetings

The key focus areas for the Board during 2020 are outlined below, which should be read in conjunction with the Section 172 statement on pages 22 to 23:

	Area of discussion	Discussion topic and decisions made
Covid-19 impact and response	Crisis management	The Board assessed the Group's exposure to, and the financial impact of, the pandemic and reviewed management's Covid-19 crisis management response plans, including the organisational arrangements for remote working.
	Risk and governance	The Board reviewed the Group's approach to risk assessment and mitigation, the impact on the control environment, governance and business continuity.
	Our people and culture	The Board reviewed and agreed to measures in relation to executive and employee pay and organisational restructuring to adapt the Group's resources to the crisis, including pay reductions, temporary furlough and reduced working hours, and redundancies. The Board took into account a detailed review of the impact on employees before endorsing the plans, and further reviewed measures to support impacted employees.
	Stakeholder impact	The Board received detailed information on measures taken to support and communicate with key stakeholders, including investors, hotel owners, guests, suppliers and communities and focused throughout on the balancing of stakeholder interests.
	Finance	Board discussions covered a broad range of topics, including the pandemic's impact on revenues and financial results, cost containment measures, the decision to withdraw the 2019 final dividend recommendation and suspend dividends, the Group's cash and liquidity position and access to new funding. In this respect, the Board also considered and approved the issuance of £600m of commercial paper under the UK Government's Covid Corporate Finance Facility as well as the issuance of two further bonds and the completion of a tender offer of a bond under the Group's EMTN bond programme. Further, the Board monitored and approved the amendments to, and extension of, the Group's \$1.35 billion revolving credit facilities. The Board also considered and approved additional stock exchange announcements relating to the Group's trading and financial position.
Strategic and operational matters	Strategy	The evolution of IHG's purpose and strategy, including ESG priorities and a post-Covid 19 growth strategy.
	Brand portfolio	Consideration of strategy to strengthen the quality and consistency of our brands in each case taking into account the brand proposition for owners and with a focus on customer centricity and driving digital and technological advantage. The Board also approved the IHG Masterbrand strategy.
	Our people and culture	The Board considered the feedback provided from the 'Voice of the Employee' engagement plan and actions taken to support employees. The Board reviewed employee communications and wellbeing measures. The Board also had oversight of the Group's diversity and inclusion initiatives.
	Financial and operational resilience	The Board undertook a regular review (by way of a Board 'Dashboard') of key financial and operational indicators, including revenue, cash, liquidity, working capital and market demand.
Corporate governance	Updates from each of the Board Committees	Details of Committee activities during 2020 can be found on pages 86 to 93 and 96 to 111.
	Confidential Disclosure Channel Reports	The Board received reports of confidential matters disclosed.
	Corporate governance and regulatory updates, including reviews of regulatory developments and any upcoming legislative changes affecting the business, the Board and/ or its Committees	Regular internal updates are provided to the Board covering key regulatory and corporate governance developments in areas such as corporate reporting in relation to Covid-19 and ESG considerations, and how the Group is responding.
	Year-end matters, including the Annual Report and Form 20-F	Details of the review process of the Annual Report and Form 20-F can be found on pages 86 to 87.
	Board effectiveness evaluation	Details of the process and outcome of the internal Board effectiveness review can be found on page 85.

## Governance

## Board activities continued

### Board meetings continued

	Area of discussion	Discussion topic and decisions made
Risk management	Cybersecurity	Discussions and presentations covered threats and trends in the hospitality industry, the Group's key systems and risk appetite as well as managing cyber risks in a remote environment. The Board also reviewed the policies and actions taken to address threats and mitigate risks.
	Internal controls and risk management systems, our risk appetite and our global insurance programme	Regular updates were received on internal controls, risk management systems, principal and emerging risks, our risk appetite and global insurance programme. Reports on risk topics were delivered by the Chair of each Committee.
	Terms of Reference for each Board Committee	Minor changes to the Nomination Committee's Terms of Reference were considered and approved. The Terms of Reference for all Committees and the Matters Reserved for the Board can be found on our website.
Investor relations and communications	Updates on investor perceptions and shareholder relations, consideration of analysts' reports and media updates	The Board receives a regular report outlining share register movement, relative share price performance, Investor Relations activities and engagement with shareholders. The Board also considered feedback from the regular investor and analyst perception survey as well as individual meetings with investors.
	Global communications updates	The Board receives a regular report on global communications covering areas including activity across key regions, our brands, people, and owners.
	Preparations for the AGM	The Board assessed changes to plans for the 2020 AGM caused by restrictions on group meetings. Details of the 2021 AGM can be found on page 33.

## Director induction, training and development

### New Director inductions

All new Directors, upon appointment, undergo a comprehensive and formal induction programme which is tailored to meet their individual needs. We believe this is crucial to ensure our Directors have a full understanding of all aspects of our business and familiarity with the Group's purpose, culture and values, to ensure they are able to contribute effectively to the Board.

Tailored induction plans were prepared for Sharon Rothstein, Graham Allan and Duriya Farooqui in advance of their appointments to the Board from 1 June, 1 September and 7 December 2020 respectively. The induction plans included:

- information on the Group's purpose, culture, values and strategy, including its business model, brands and the markets in which it operates;
- an overview of how the Group generates value for its shareholders, has regard for its stakeholders and the environment and how it contributes to wider society;
- our approach to internal controls and our risk management strategy;
- information on the Board, its Committees and IHG's governance processes, with a particular focus on the Committees to which Sharon, Graham and Duriya are appointed;
- a reminder of the rules relating to maintaining the confidentiality of inside information and restrictions in dealing in IHG shares, together with a briefing on the policies and procedures IHG has in place to ensure compliance with such rules;
- meetings with members of the Board and the Executive Committee, senior management from functions across the Group, the external Auditor and other key external advisers; and
- following the onset of the pandemic, information in relation to the impact of Covid-19 on the Group's strategy, operations, governance, risks and controls, and response.

The induction plans also include visits to IHG corporate offices and hotels across our brands, to meet colleagues and owners and spend time with our General Managers. In light of the impact of the Covid-19 pandemic, it has not been possible for such visits to take place however they will be arranged as appropriate when circumstances permit.

### Ongoing Director training and development

We understand the importance of an ongoing training programme for Directors to enable them to fully understand the Group's business and operations in the context of the rapidly developing environment in which it operates. The Chair continues to review the training and development needs with each Director on a regular basis and the Board is made aware of training opportunities.

Board and Committee meetings are regularly used to update Directors on developments in the environment in which the business operates and in-depth presentations are provided on key topical areas. Training in 2020 included sessions on cyber risk management and environmental, social and governance (ESG) considerations, with a focus on climate risk and the Task Force for Climate-related Financial Disclosures (TCFD).

In addition, the Company Secretary provides regular updates on regulatory, corporate governance and legal matters and Directors are able to meet individually with senior management if necessary. Directors are also encouraged to attend external training events to update their skills and knowledge.

Ordinarily, Board meetings are held at IHG corporate offices and hotels around the world to provide exposure to, and first-hand experience of, our regional teams and different brands. However in 2020, the majority of Board and Committee meetings were held by video conference.

### Additional appointments

During 2020, the Board considered the proposed appointments of Keith Barr and Sharon Rothstein as non-executive directors of Yum! Brands, Inc. and Afterpay Limited respectively, taking into account the time commitment required for each role. It was concluded that the additional appointments should not adversely impact their performance, but should enhance their ability to provide constructive challenge and strategic guidance.