

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	Meetings				
			Board	Audit Committee	Responsible Business Committee	Nomination Committee ^c	Remuneration Committee
Total meetings held			8	5	4	5	4
Chair							
Patrick Cescau ^a	01/01/13	N	8/8	-	-	5/5	-
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	-	5/5	4/4
Non-Executive Directors							
Graham Allan	01/09/20	A R	3/3 ^b	2/2 ^b	-	-	2/2 ^b
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	-	4/4
Ian Dyson	01/09/13	A N^c R	8/8	5/5	-	-	4/4
Jo Harlow	01/09/14	N R	8/8	-	-	5/5	4/4
Luke Mayhew	01/07/11	A RB N	8/8	5/5	4/4	4/5 ^d	-
Jill McDonald	01/06/13	A RB N	8/8	5/5	4/4	5/5	-
Malina Ngai	01/03/17	RB R	2/3 ^e	-	0/1 ^e	-	0/2 ^e
Sharon Rothstein	01/06/20	A RB	5/5 ^f	3/3 ^f	3/3 ^f	-	-

^a 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.

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

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

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

^e 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.

^f 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

A Audit Committee member

R Remuneration Committee member

RB Responsible Business Committee member

Chair Chair of a Board Committee

N Nomination Committee member

Our Board of Directors

Patrick Cescau
Non-Executive Chair

N



Appointed to the Board:
1 January 2013

Skills and experience: 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 a 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.

Board contribution: 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.

Other appointments: 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.

Keith Barr
Chief Executive Officer (CEO)



Appointed to the Board:
1 July 2017

Skills and experience: 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.

Board contribution: Keith is responsible for the executive management of the Group and ensuring the implementation of Board strategy and policy.

Other appointments: Keith is a Non-Executive Director of Yum! Brands. He also sits on the Board of WiHTL (Women in Hospitality Travel & 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.

Paul Edgecliffe-Johnson
Chief Financial Officer (CFO)
and Group Head of Corporate Strategy



Appointed to the Board:
1 January 2014

Skills and experience: 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 & 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).

Board contribution: Paul is responsible, together with the Board, for overseeing the financial operations of the Group and for leading Group strategy.

Elie Maalouf
Chief Executive Officer, Americas



Appointed to the Board:
1 January 2018

Skills and experience: 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 & Company from 2012 to 2014.

Board contribution: 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.

Other appointments: Elie is a member of the American Hotel & 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.

Dale MorrisonSenior Independent
Non-Executive Director (SID)

A N R

Appointed to
the Board:
1 June 2011

Skills and experience: 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.

Board contribution: 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.

Other appointments: Currently a Non-Executive Director of International Flavors & Fragrances Inc.

Graham Allan

Independent Non-Executive Director

A R

Appointed to
the Board:
1 September 2020

Skills and experience: 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 & Co Inc.

Board contribution: Graham brings to the Board more than 40 years of strategic, commercial and brand experience within consumer-focused businesses across multiple geographies.

Other appointments: 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.

Anne Busquet

Independent Non-Executive Director

A RB

Appointed to
the Board:
1 March 2015

Skills and experience: 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.

Board contribution: Anne brings more than 20 years' experience in senior positions in multinational companies, predominantly in the financial, branded and digital-commerce sectors.

Other appointments: 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.

Duriya FarooquiIndependent
Non-Executive Director

A RB

Appointed to
the Board:
7 December 2020

Skills and experience: 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.

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 & Company, and also served as Chief Operating Officer for the City of Atlanta.

Board contribution: 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.

Other appointments: 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.

Our Board of Directors continued

Arthur de Haast
Independent
Non-Executive Director

R RB



Appointed to the Board:
1 January 2020

Skills and experience: 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.

Board contribution: 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.

Other appointments: 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.

Ian Dyson
Independent
Non-Executive Director

A R N



Appointed to the Board:
1 September 2013

Skills and experience: 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.

Board contribution: 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.

Other appointments: 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.

Jo Harlow
Independent
Non-Executive Director

N R



Appointed to the Board:
1 September 2014

Skills and experience: 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 & Gamble Company from 1984 to 1992.

Board contribution: 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.

Other appointments: Currently a member of the Supervisory Board of Ceconomy AG and a Non-Executive Director of Halma plc and J Sainsbury plc.

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

- A** Audit Committee member
- RB** Responsible Business Committee member
- N** Nomination Committee member
- R** Remuneration Committee member
- Chair of a Board Committee**

Jill McDonald
Independent
Non-Executive Director

A RB N



Appointed to
the Board: 1 June 2013

Skills and experience: 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.

Board contribution: 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.

Other appointments: Currently CEO of Costa Coffee.

Sharon Rothstein
Independent
Non Executive Director

A RB



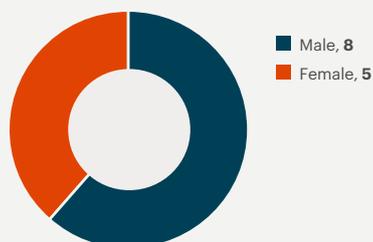
Appointed to
the Board on
1 June 2020

Skills and experience: 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 & Gamble Company, and Starwood Hotels & Resorts Worldwide, Inc.

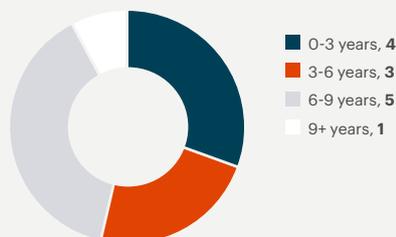
Board contribution: Sharon brings extensive brands and marketing expertise, having worked in senior positions for more than 25 years at iconic global companies. In addition to her knowledge of the hospitality industry, Sharon has wide-ranging Board-level experience in a number of consumer-focused businesses.

Other appointments: 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.

Board composition
Gender split of Directors



Tenure of Directors



Our Executive Committee

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

Claire Bennett

Global Chief Customer Officer

Appointed to the Executive Committee: October 2017 (joined the Group: 2017)



Skills and experience: 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.

Claire has been an Executive Board Member of the World Travel and Tourism Council (W TTC), 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.

Key responsibilities: These include all aspects of brand design and commercial delivery, loyalty, partnerships, customer experience, and marketing execution.

Jolyon Bulley

Chief Executive Officer, Greater China

Appointed to the Executive Committee: November 2017 (joined the Group: 2001)



Skills and experience: 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.

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.

Key responsibilities: These include the management, growth and profitability of IHG's fastest growing region, Greater China.

Yasmin Diamond, CB

Executive Vice President, Global Corporate Affairs

Appointed to the Executive Committee: April 2016 (joined the Group: 2012)



Skills and experience: 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.

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.

Key responsibilities: 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.

Nicolette Henfrey

Executive Vice President, General Counsel and Company Secretary

Appointed to the Executive Committee: February 2019 (joined the Group: 2001)



Skills and experience: 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 & Tait (now Bowmans) in South Africa. Nicolette was appointed as Company Secretary on 1 March 2019.

Key responsibilities: These include overseeing our approach to corporate governance, risk management, insurance, regulatory compliance, internal audit, legal and hotel standards.

Wayne Hoare

Chief Human Resources Officer

Appointed to the Executive Committee: September 2020 (joined the Group: 2020)



Skills and experience: 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.

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.

Key responsibilities: 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.

Kenneth Macpherson

Chief Executive Officer, EMEAA

Appointed to the Executive Committee: April 2013 (joined the Group: 2013)



Skills and experience: Kenneth became CEO, EMEAA 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.

Key responsibilities: Kenneth is responsible for the management, growth and profitability of the EMEAA region. He also manages a portfolio of hotels in some of the world's most exciting destinations, in both mature and emerging markets.

George Turner

Executive Vice President, Chief Commercial and Technology Officer

Appointed to the Executive Committee: January 2009 (joined the Group: 2008)



Skills and experience: In February 2019, 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.

Key responsibilities: These include distribution; channels; revenue management; property, owner, guest and enterprise solutions; guest reservations and customer care; digital; information security; technology and global sales.

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 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.

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.

Board effectiveness evaluation

Internal evaluation

Following the full external evaluation carried out by Mr. Christopher Saul of Christopher Saul Associates in 2019, in 2020 the Board undertook an internal evaluation.

Board members were asked to consider the Board's overall effectiveness by completing an internal effectiveness questionnaire, which focused on the Board's effectiveness generally, as well as the role that the Board played during the Covid-19 pandemic. The key topics covered in the evaluation included:

- the Board's composition, succession planning and alignment with the needs of the business;
- the Board's work processes including agenda setting, information flow, areas of engagement and use of time;
- the Board's engagement with key stakeholders, including shareholders and employees;
- the Board's dynamics and effectiveness of meetings, including relations with management;
- the role played by the Board during the Covid-19 crisis and the content and timing of critical management information and reporting;
- the Board's focus on long-term strategy and recovery from the Covid-19 crisis; and
- the structure and effectiveness of the Principal Committees.

The responses of Board members to the questionnaire were largely favourable in relation to all areas of the Board's operation and, in particular, in relation to the Board's response to the pandemic. The feedback highlighted that the Board effectively balanced supporting

management's response to the crisis, challenging key decisions where appropriate, whilst ensuring appropriate governance and safeguarding the Group's reputation, financial resilience and stakeholder value. The increased reporting of key metrics (financial and other) during this period, combined with the quality and content of materials prepared for the Board, enabled the Board to appropriately assess and consider options, taking into account the relevant risk landscape, and allowing for swift decision-making.

Board members were satisfied with the level and quality of engagement with management, the Principal Committees and shareholders, and further noted that consideration of the 'Voice of the Employee' and the impact of decisions on all relevant stakeholders was regularly included in the Board decision-making process.

With regard to implementation of the actions agreed in relation to the 2019 Board effectiveness evaluation, Board members generally agreed that this work had progressed well, particularly in relation to revising the cadence of meetings, engagement with the CEO, streamlining and enhancing the information provided to the Board, and revising the Terms of Reference for the Principal Committees to avoid overlap, particularly in relation to diversity and 'Voice of the Employee'. It was noted, however, that other areas, including balancing time spent between updates and Board discussion, remained a work-in-progress, particularly given the immediate demands presented by the pandemic and the required move to virtual meetings.

The following areas of continued focus and recommended actions for 2021 were noted:

Area for focus	Action items
Long-term strategy	As the focus throughout much of 2020 was on short and mid-term objectives, in 2021 the Board will focus on the Group's long-term, strategic objectives as recovery from the Covid-19 pandemic progresses.
Board meeting agendas and information provided to the Board	Board meeting agendas will be reviewed to ensure that sufficient time is provided for debate and discussion of key agenda items, in addition to receiving presentations. The information pack provided to the Board in advance of meetings will be further reviewed and revised as appropriate to incorporate more forward-looking and externally focused perspectives, such as brand, customer and competitor insights.
Board meeting dynamics	Board meetings will revert to taking place 'face-to-face' as soon as practicable, to facilitate deep and engaged discussion as well as more informal dialogue between Board members and management.
Board succession planning	The Board will continue to focus in 2021 on Board refreshment and succession planning.

Directors' performance evaluation

In addition to the internal Board evaluation process outlined above, the Chair undertook individual feedback discussions with Directors as appropriate, focusing on their individual contribution, time commitments and areas for development. It was concluded that the Directors perform their duties effectively and dedicate sufficient time to discharge their Board responsibilities.

The performance assessment of the Chair was led by the SID. The Chair's evaluation consisted of gathering feedback from the Non-Executive Directors, covering:

- leadership of the Board through the Covid-19 pandemic;
- the Board's culture and the Chair's ability to facilitate constructive Board relations; and

- managing the Board in accordance with high standards of corporate governance.

The CEO evaluation was led by the Chair, who collected feedback from the Non-Executive Directors. Key areas of focus included:

- leadership effectiveness in developing and implementing IHG's response to the Covid-19 pandemic;
- the Group's financial performance;
- effectiveness in protecting and enhancing IHG's reputation; and
- the relationship and ability to work effectively with the Board.

Audit Committee



I am pleased to present the Committee's report for the year ended 31 December 2020. These pages outline how the Committee discharged the responsibilities delegated to it by the Board over the course of the year, and the key areas of focus for the Committee in doing so.

While the Committee's core duties were unchanged, a number of areas became increasingly critical through the year due to the impact of the Covid-19 pandemic and the risks that this posed. Reviewing the impact of the pandemic on, and the nature of the changes made to, the Group's risk management and internal control arrangements was a priority in light of the unpredictable and dynamic nature of the risk environment.

There was also additional focus on the approach to financial reporting throughout the year given the uncertainty and complexity caused by the pandemic and considering the guidance updates from regulatory bodies including the FRC.

Despite the challenges brought by the pandemic, I am pleased to report that the external Auditor transition from Ernst & Young LLP (EY) to PricewaterhouseCoopers LLP (PwC) is progressing well.

The Committee fulfils a vital role in the Company's governance framework, providing valuable independent oversight across the Company's financial reporting and internal control procedures. In a year of heightened risk and uncertainty, in order to ensure the Committee was able to fulfil its role through this most challenging period, Audit Committee agendas were designed to anticipate key risk areas and those significant matters (outlined on page 90) most impacted by Covid-19. This provided ample opportunity for early scrutiny and challenge. Also, throughout the year, management and EY have worked closely together to manage to a challenging timetable. In this regard, I would like to thank all those across the business who have assisted the Committee in fulfilling its role during the year, and who have worked so hard to complete the necessary work within our usual timelines.

Ian Dyson

Chair of the Audit Committee
22 February 2021

Key duties and role of the Committee

Key objectives and summary of responsibilities

The Audit Committee is responsible for ensuring that IHG maintains a strong control environment. It monitors the integrity of IHG's financial reporting, including significant financial reporting judgements, maintains oversight and reviews our systems of internal control and risk management, monitors and reviews the effectiveness and performance of internal and external audit functions, as well as reviewing the behaviours expected of IHG's employees through the Code of Conduct and related policies.

The Committee's role, responsibilities and authority delegated to it by the Board are set out in its Terms of Reference (ToR), which are reviewed annually and approved by the Board.

 The ToR are available at www.ihgplc.com/investors under Corporate governance.

The Committee's key areas of focus over the year have been:

- reviewing the Group's approach to the management of risk in light of the impact of Covid-19;
- assessing and obtaining assurance on the effectiveness and resilience of the Group's internal control environment throughout the Covid-19 disruption;
- reviewing the measures taken in respect of employee and guest safety and operational risk in response to Covid-19;
- reviewing and challenging financial reporting throughout the year to ensure the impact was appropriately reflected, particularly in key areas including going concern and impairments;
- reviewing the Group's Internal Audit plan and budget; and
- overseeing the transition of the external Auditor.

Membership and attendance at meetings

Details of the Committee's membership and attendance at meetings are set out on page 75. The CFO, General Counsel and Company Secretary, Group Financial Controller, Head of Risk and Assurance and our external Auditor, EY, attended all meetings in 2020. Other attendees are invited to meetings as appropriate; and the CEO and all other Directors attended Committee meetings where the approval of financial reporting was considered and discussed. PwC also attended certain meetings as part of the external Auditor transition. The Committee continues to hold private sessions with the internal and external Auditors without the presence of management to ensure that a culture of transparency is maintained. The Committee Chair continues to have recent and relevant financial experience and all members of the Committee are Independent Non-Executive Directors. In accordance with the Code, the Board also considers that the Committee as a whole possesses competence relevant to the Company's sector, having a range of financial and commercial experience in the hospitality industry and the broader commercial environment in which we operate. Further details of the skills and experience of the Board can be found on pages 76 to 79.

Reporting to the Board

Following each Committee meeting, the Committee Chair updates the Board on key issues discussed. The papers and minutes for each meeting are circulated to all Board members, who are invited to request further information if required and to provide any challenge where necessary.

Effectiveness of the Committee

The effectiveness of the Committee is monitored and assessed regularly by the Chair of the Committee and the Chair of the Board. In 2020, the Committee members were also asked to consider its effectiveness by reviewing an effectiveness questionnaire and the responses to it. The evaluation responses concluded that the Committee remains effective and noted that it took into consideration both risk appetite and the control framework around identified principal risks, as well as specifically considering risks that were heightened by the impact of Covid-19.

Focus areas and activities

Financial and narrative reporting

During the year, the Committee reviewed and recommended approval of the interim and annual Financial Statements (considering the relevant accounting and reporting matters such as impairment reviews, key judgement areas, going concern and viability statements) and the Group's quarterly trading updates. All members of the Board are asked to attend these meetings.

As well as receiving input and guidance from EY on the areas outlined above, the Committee also received regular reports from the Chair of the Disclosure Committee, which liaised closely with other external advisers of the Group to ensure that disclosure and regulatory requirements were being appropriately considered and met. Copies of all of the Disclosure Committee's minutes were also circulated to the Committee.

The Committee received early drafts of the Annual Report and Form 20-F 2020 (Annual Report), and when providing comments considered: (i) the process for preparing and verifying the Annual Report, which included review by members of the Executive Committee and input from senior employees in the Operations, Strategy, Human Resources, Finance, Risk and Assurance and Legal teams; (ii) a report from the Chair of the Disclosure Committee; and (iii) the checklist prepared by the Annual Report team confirming compliance with the relevant regulatory requirements.

The Committee also considered management's analysis of how the content, taken as a whole, was 'fair, balanced and understandable', and whether it contained the necessary information for shareholders to assess the Group's position, performance, business model and strategy. In order to reach this conclusion, a dedicated project team worked on the contents of the Annual Report and a detailed verification process to confirm the accuracy of the information contained within the Annual Report was undertaken by the Financial Planning and Analysis department. The Committee then considered both the structure and content of the Annual Report to ensure that the key messages were effectively and consistently communicated and that meaningful links between the business model, strategy, KPIs, principal risks and remuneration were clearly identified throughout the Annual Report. The Committee specifically considered the adequacy of the disclosures of the impact of Covid-19 on performance, strategy and business resilience and where Covid-19 has impacted the nature of the judgements and estimation uncertainty.

Following a review of the contents of the Annual Report alongside the aforementioned criteria, the Committee reported its recommendation to approve the Annual Report to the Board.

Significant matters in the 2020 Financial Statements

Throughout 2020, the Committee was kept informed of the impact of Covid-19 on the Group, including accounting matters, going concern and viability considerations and the UK FRC pronouncements. The Committee provided ongoing challenge of management's accounting, reporting and internal controls to ensure the implications of Covid-19 have been duly considered. As always, the Committee discussed with management and EY the key judgements applied in the Financial Statements, the exceptional items arising in the year and the impact of any accounting developments or legislative changes. The Committee has satisfied itself that management had adequately identified and considered all potentially significant accounting and disclosure matters. The key items discussed are outlined on page 90.

Internal control and risk management

The Board is responsible for establishing procedures to manage risk, overseeing the internal control framework and determining the nature and extent of the principal risks the Company is willing to take to achieve its long-term objectives. The Committee supports the Board by reviewing the effectiveness of the Group's internal control and risk management systems and assessing emerging and principal risks.

In order to effectively review the internal control and risk management systems, the Committee:

- receives regular reports from management, Risk and Assurance and the external Auditor on the effectiveness of the systems for risk management and internal control, including financial, operational and compliance controls.
- reviews the process by which risks are identified (including procedures in place to identify emerging risks) and assesses the timeliness and effectiveness of corrective action taken by management, including regular reports and presentations on the Company's overall internal control, risk management system and principal risks.
- receives additional reports throughout the year relevant to internal control and risk management, both financial and non-financial, to ensure that current and emerging risks are identified, assessed and appropriately managed (see pages 34 to 35 for further detail on our risks and initiatives to manage them).

As part of the Committee's review of the internal control and risk management systems, key financial, operational and compliance controls across the business continue to be monitored and tested throughout the year. The Committee assesses the approach to Sarbanes-Oxley Act 2002 (SOX) compliance in accordance with our US obligations and reviews reports on the progress of the SOX programme at each meeting. During 2020, the Committee assessed additional controls and testing put in place to mitigate the risks arising from the Covid-19 pandemic, for example to preserve the Group's liquidity and cash positions. The Committee considers the Group's treasury and tax strategy policies annually and, during 2020 approved minor changes to the Group Treasury Policy and the Group's published 'Approach to Tax'.

 Our Approach to Tax document is available at www.ihgplc.com/responsible-business

Having reviewed the internal control and risk management systems throughout the year, with particular emphasis on actions taken to mitigate the impact of Covid-19, the Committee concluded that the Group continues to have an effective system of risk management and internal controls, and that there are no material weaknesses in the control environment and no significant failings or weaknesses.

Audit Committee continued

Principal risk areas

During the year, particular attention was paid to the review and assessment of principal and emerging risks in light of the challenges created by the Covid-19 pandemic. The Committee observed that, while the crisis did not fundamentally change the risks to the execution of the Group's strategy, several risks were heightened and impacted by constrained resources (including financial and management time).

The Committee considered the following areas:

- the impact on the Group's business of a sustained downturn caused by several waves of the pandemic and a longer recovery period for the industry.
- the impact of organisational changes and different working arrangements on hotel and corporate employees.
- the potential for disruption and additional stress on risk management and internal control arrangements, for example as a result of closure of key locations and increased remote working.
- the increased expectations of guests in relation to cleanliness and hygiene standards.
- threats to cybersecurity and information governance in the context of the rapidly evolving environment.

Further details of our principal risks, uncertainties and review process can be found on pages 36 to 41.

Relationship with external Auditor

A detailed audit plan was received from EY at the beginning of the audit cycle for the 2020 financial year, which gave an overview of their approach to the audit, outlining the significant risk areas and in particular the approach to materiality and scoping of the audit. EY updated the Committee on adjustments made to the audit plan as a result of the Covid-19 pandemic.

The Committee regularly reviewed the significant audit risks and assessed the progress of the audit throughout the year.

Non-audit services

The independence and objectivity of the non-audit services provided by EY to the Group are safeguarded by IHG's Audit and Non-Audit Services Pre-Approval Policy. The policy is reviewed by the Audit Committee annually, and in 2020 the policy was updated to reflect the revised FRC Ethical and Accounting Standards that became effective in March 2020. The Committee also noted the application of the policy to non-audit services provided to the Group by Pricewaterhouse Coopers LLP (PwC) as the Company's statutory auditor for the financial year ending 31 December 2021 (subject to shareholder approval at the Company's Annual General Meeting in 2021).

The policy requires that pre-approval is obtained from the Audit Committee for all services provided by the external Auditor before any work can commence, in line with US SEC requirements without any de minimis threshold. The Committee reviewed the audit and non-audit fees incurred with EY on a quarterly basis during 2020. Following these reviews, the Committee noted that there had been no prohibited services (as defined by the Sarbanes-Oxley Act of 2002) provided to the Group in each period. The Committee is prohibited from delegating non-audit services approval to management and compliance with the policy is actively managed.

IHG is committed to maintaining non-audit fees at a low level and the Committee is cognisant of investor advisory bodies' guidelines on non-audit fees. During 2020, 18% of services provided to the Group were non-audit services (2019: 21%), primarily related to System and Organisation Controls (SOC) Reports. Details of the fees paid to EY for non-audit work during 2020, and for statutory audit work during 2020 can be found on page 153. The Committee is satisfied that the Company was compliant during the year with the FRC's Ethical and Auditing Standards in respect of the scope and maximum permitted level of fees incurred for non-audit services provided by EY. Where non-audit work is performed by EY, both the Company and EY ensure adherence to robust processes to prevent the objectivity and independence of the external Auditor being compromised.

Risk and assurance – Internal Audit

The Committee discusses and approves the Internal Audit annual plan, which aims to provide objective and insightful assurance that appropriate controls are in place to support our strategy and growth ambitions. Progress against the Internal Audit plan is reported at each meeting and during 2020 the Committee reviewed closely the prioritisation of internal audit resources while considering the dynamic inherent risks created by the Covid-19 crisis and the organisational and process changes which resulted from it. The 2021 plan presented to the Committee in December 2020 will maintain focus on the integrity of the risk management and internal control system and will allocate particular attention to areas of heightened risk and enablers of organisational recovery and resilience, for example information security, third-party risk management and talent risk management. Following consideration, the Committee confirmed its agreement to the 2021 Internal Audit plan, including the assurance priorities identified. The Committee reviews the results of completed audits and observations from other ongoing assurance and control improvement support, as well as actions taken by management in response to Internal Audit's work.

A functional effectiveness review of Internal Audit is undertaken each year and reported to the Committee. Internal Audit has again undertaken an assessment using feedback from auditees and senior leadership and drawing on external experience from third-party partner firms. This highlighted positive feedback on the proactive support and independent challenge provided to management in a heightened risk environment, continued alignment with the Global Institute of Internal Audit Standard, and identified opportunities for continuous improvement in 2021.

Governance and compliance

The Committee is responsible for reviewing the Group's Code of Conduct (which is reviewed and approved annually) and related policies.

External Auditor – Ernst & Young LLP (EY)

The Committee assessed EY's performance during the year, including its independence, effectiveness and objectivity. EY has been our Auditor since IHG's listing in April 2003 and of the Group's predecessor businesses dating back to 1988.

As part of its review, the Committee determines the independence of the external Auditor, considering, among other things, its challenge to management and level of professional scepticism, the amount of time passed since a rotation of audit partner and the level of non-audit work that it undertakes, details of which can be found on page 88.

To ensure the external Auditor's independence is safeguarded, lead audit partners are required to rotate every five years. Sarah Kokot, who was appointed lead audit partner in 2016, has continued her role during 2020.

The Committee also considered the effectiveness of the relationship between EY and management as part of the annual review process. This included the completion of feedback questionnaires by the Committee members and 49 senior IHG employees. Feedback was requested on a number of topics including independence, assignment management and communication. The Committee also received reports from EY on its independence.

No significant issues were raised in the review of the Auditor performance and effectiveness and, as a result, the Committee concluded that EY continues to provide an effective audit and maintain independence and objectivity.

Looking forward

During 2021, the Committee will focus on the continued preparation for the orderly transition of audit services to PwC and the evolution of the impact of the Covid-19 pandemic on the Group's principal risks, control environment and approach to financial reporting.

Audit transition

In August 2019, the Company announced the Board's intention to propose to shareholders at the 2021 AGM that Pricewaterhouse Coopers LLP (PwC) be appointed as the Company's statutory Auditor for the financial year ending 31 December 2021. The audit tender process undertaken was explained in detail in the Annual Report and Form 20-F 2019.

A Transition Governance Committee, led by the Group Financial Controller, was appointed to oversee the transition activities undertaken in 2020. Given the impact of Covid-19, the planned activities have been continuously reviewed throughout the year.

Specific activities undertaken by PwC included:

- achieving independence in the first half of 2020.
- meetings with senior management and executives across the business, including a large number of individuals outside the finance function.
- meetings with Board members, including the Audit Committee Chair.
- the lead audit partner and second partner attending Audit Committee meetings from August 2020.
- developing transition plans for key workstreams. As Covid-19 developed, these transition plans have been modified accordingly.
- providing regular reports on the progress of transition activities.

Updates have been provided to the Audit Committee by management throughout the year. In December 2020, PwC presented a report to the Audit Committee, including an overview of key audit transition activities; the impact of Covid-19 on their audit transition plan; and planned next steps.

An audit planning workshop is scheduled in March 2021, and PwC will audit the 2021 financial year subject to shareholder approval at the 2021 AGM.

Audit Committee continued

Significant matters in the 2020 Financial Statements

Area of focus	Issue/Role of the Committee	Conclusions/Actions taken
Impact of Covid-19 on the Group's viability and going concern	Covid-19 has had a significant impact on the profitability of the Group and increased the level of uncertainty in planning scenarios. The Committee reviews management's financial modelling to conclude on the appropriateness of the going concern and viability assessment.	The Committee reviewed and challenged the scenarios considered by management in its going concern assessment to June 2022 and viability assessment over the next three years and concluded that these were appropriate and adequate. The Committee reviewed and challenged the detailed cash flow forecasts and the mitigating actions available to management, and considered the covenant waivers and relaxations in place, and concluded that the going concern basis of accounting is appropriate. The Committee also reviewed and challenged the reverse stress test assumptions to confirm the viability of the Group. The Committee reviewed going concern disclosures (page 133) and the Viability statement (page 42) and is satisfied these are appropriate.
Accounting for IHG Rewards	Accounting for IHG Rewards requires significant use of estimation techniques and represents a material deferred revenue balance. The Committee reviews the controls, judgements and estimates related to accounting for IHG Rewards.	The Committee reviewed the deferred revenue balance and questioned the valuation approach, the results of the external actuarial review and procedures completed, to determine the breakage assumption for earned IHG Rewards points and the estimate that member behaviour patterns would return to pre-Covid levels. The Committee reviewed a paper from management outlining current loyalty trends (both member behaviour and changes to programme benefits) with a focus on the potential impact of Covid-19 on deferred revenue and the breakage assumption. The Committee concluded that the deferred revenue balance is appropriately stated.
Accounting for the System Fund	Given the unique nature of the System Fund, the Committee reviews the controls and processes related to System Fund accounting.	The Committee met with senior finance management to review and evaluate the risk areas associated with the System Fund. The Committee reviewed a paper from management summarising the principles determining the allocation of revenues and expenses to the System Fund, and the related governance and internal control environment. The Committee also reviewed a paper outlining the changes relating to intellectual property licence fee revenues and InterContinental Ambassador revenues and costs (see page 150). The Committee concluded that the accounting treatment of the System Fund, and related disclosures, were appropriate.
Impairment testing	Impairment reviews require significant judgement in estimating recoverable values of assets or cash-generating units and the Committee therefore scrutinises the methodologies applied and the inherent sensitivities in determining any potential asset impairment and the adequacy of the related disclosures.	<p>The Committee reviewed management reports outlining the approach taken on impairment testing and key assumptions and sensitivities supporting the conclusion on the various asset categories. The Committee examined in detail the assumptions applied in calculating the impairments recorded in the year (see pages 135 to 137), including the underlying cash flow projections which reflect management's expectations of the five-year recovery period from Covid-19 (see page 135). The Committee specifically focused on the North America hotels (\$35m), UK portfolio property, plant and equipment (\$50m) and the related fair value adjustment to contingent purchase consideration (\$21m), the US corporate headquarters (\$50m), Barclay associate (\$13m), Six Senses management agreements (\$41m) and assets associated with the SVC portfolio (\$66m) as well as the assumptions applied in testing the InterContinental Boston.</p> <p>The Committee considered management's reports in respect of the appropriateness of the Group's cash-generating units and the level at which goodwill and brands should be tested for impairment following the Group restructuring programme and the loss of the SVC portfolio. The Committee challenged management and is satisfied that no impairment would have arisen if the methodology applied in prior years had been applied. The Committee reviewed the disclosures and is satisfied that they are appropriate.</p> <p>The Committee concluded that it agreed with the determinations reached on impairment, and the related change in the fair value of the UK portfolio contingent purchase consideration, the classification of these as exceptional items and that the related disclosures were appropriate.</p>
Expected credit losses	Estimating expected credit losses on trade and other receivables has been subject to an increased level of uncertainty in 2020 due to the disruption from Covid-19 and has had a more significant impact on the Group. In this situation, the Committee reviews the provision and considers the adequacy of the disclosure.	The Committee reviewed management's papers setting out the approach to calculating the provision for expected credit losses, which is subject to greater uncertainty given the Group's limited experience of owners' ability to pay during a pandemic. Factors considered include the ageing of receivables, owners known to be in financial distress and the expected mitigating impact of payment plans and other support offered by the Group. The Committee concluded it agreed with the basis of calculation (which has resulted in a charge of \$40m in 2020, and an additional charge of \$24m recognised in the System Fund). The Committee agreed the improvement in cash collection in the second half of the year supports the classification of expected credit losses within operating profit before exceptional items.
Litigation and contingencies	From time to time, the Group is subject to legal proceedings with the ultimate outcome of each being subject to many uncertainties. The Committee reviews and evaluates the need for provisioning on a case by case basis and considers the adequacy of the disclosure.	At each meeting during the year, the Committee considered a report detailing all material litigation matters. The Committee discussed and agreed any provisioning requirements for these matters based on their underlying factors. The Committee reviewed the cost of an arbitration award in the EMEAA region, and the release of a provision in respect of a lawsuit previously filed against the Group in the Americas region which has now been settled. The Committee agreed the classification of these items as exceptional and concluded that the disclosures of litigation and contingencies were appropriate.
Exceptional items	The Group exercises judgement in presenting exceptional items. The Committee reviews and challenges the classification of items as exceptional based on their materiality or nature.	The Committee reviewed papers prepared by management and considered the consistency of treatment and nature of items classified as exceptional. The Committee reviewed and challenged the significance, timing and nature of the exceptional items (see page 154) which as well as the items mentioned above comprise gains on derecognition of lease liabilities and right of use assets, gains on lease termination, provisions for onerous expenditure, reorganisation costs, acquisition and integration costs primarily relating to Six Senses, other impairments and financial expenses relating to the partial settlement of the Group's outstanding bonds. The Committee concluded that the disclosures and the treatment of the items shown as exceptional were appropriate.

Responsible Business Committee



I am pleased to share the Responsible Business Committee's report for the year.

In 2020, the Committee expanded its remit to assume responsibility for assessing the Board's engagement with the workforce (see 'Voice of the Employee' on page 92) and the Group's diversity and inclusion agenda. Both of these areas were the subject of particular focus in light of the racial injustice and inequality movement seen across the globe during 2020.

The impact of Covid-19 was also dominant on the Committee's agenda. The Committee reviewed the impact of the pandemic on the Group's responsible business targets and priorities and it considered from a responsible business perspective the principles and approach adopted in relation to engagement with our stakeholders, including our response to supporting our communities.

The Committee was pleased to review and approve the Group's new 2030 responsible business commitments and to endorse the bold, long-term ambitions designed to help shape the future of responsible travel together with those who stay, work and partner with IHG.

Jill McDonald

Chair of the Responsible Business Committee
22 February 2021

Key duties and role of the Committee

Key objectives and summary of responsibilities

The Committee reviews and advises the Board on the Group's responsible business objectives and strategy, including its impact on the environment and climate change; social, community and human rights issues; its approach to sustainable development and responsible procurement; and stakeholder engagement in relation to the Group's approach to responsible business. The Committee is also responsible for assessing the Board's engagement with the workforce and the Group's diversity and inclusion agenda.

The Committee's role, responsibilities and authority delegated to it by the Board are set out in its Terms of Reference (ToR), which are reviewed annually and approved by the Board.

The ToR are available at www.ihgplc.com/investors under Corporate governance.

In addition to the areas outlined above, the Committee's key responsibilities and focus areas over the year have been:

- monitoring the progress against the Group's 2018-2020 responsible business targets and the impact of the Covid-19 pandemic; shaping the Group's post-2020 responsible business strategy and approving the 2030 responsible business commitments;
- reviewing the Group's diversity and inclusion initiatives and objectives;
- overseeing responsible business stakeholder engagement;
- preparing to implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD); and
- overseeing the Group's Human Rights programme.

Membership and attendance at meetings

The Committee's membership and attendance at meetings are set out on page 75. The Vice President, Global Corporate Responsibility, the Chair of the Board and the CEO attended all meetings held during the year.

Reporting to the Board

The Committee Chair updates the Board on all key issues raised at Committee meetings. Papers and minutes for each meeting are also circulated to all Board members, who are invited to request further information where necessary.

Effectiveness of the Committee

The Committee's effectiveness continues to be monitored and assessed regularly by the Committee's Chair and the Chair of the Board. In 2020, the Committee was also reviewed as part of the internal Board evaluation process, where it was concluded that the Committee remains effective.

Focus areas and activities

Responsible business commitments

The Committee assessed progress against the 2018-2020 responsible business targets and approved the Group's 2030 responsible business commitments in the areas of our people, communities, carbon and energy (including the science-based targets for carbon reduction announced in 2020), waste and water.

Further information on our 2030 responsible business commitments can be found on page 21 and at www.ihgplc.com/responsible-business

Diversity and inclusion

During the year, the Committee assessed and refreshed the Group's diversity and inclusion commitments as part of the broader 2030 responsible business commitments and oversaw the programme of activity that sits behind the Group's diversity and inclusion plan. Focus areas included the establishment of new employee resource groups and actions to support the development of ethnic minority colleagues.

As at 31 December 2020, 39% of our senior leaders were women, in addition to women comprising 38% of the Company's Board.

Stakeholder engagement

The Committee received detailed updates from management on the Group's approach to responsible business during Covid-19 and the steps taken to support stakeholders. Further information on the measures taken to support employees, communities, hotel owners, guests and suppliers is included on pages 26 to 32.

We were pleased to be listed again on the S&P Dow Jones Sustainability World and European Indices.

TCFD

The Committee assessed the Group's progress towards TCFD alignment, including the completion of a TCFD readiness review. Further information on TCFD including objectives for 2021 is included on page 30.

Human Rights programme

The Committee considered the Group's Human Rights programme and in particular the adjustment of its focus to address risk areas that increased as a result of Covid-19, such as workplace health and safety, and living and working conditions for hotel colleagues including migrant workers. Focus areas also included the ongoing work to address forced labour and human trafficking risks. The Committee also reviewed the 2020 Modern Slavery Statement.

Looking forward

In 2021, the Committee will focus on embedding the 2030 responsible business commitments and further preparing to report in line with the TCFD framework.

Responsible Business Committee continued Voice of the Employee

During 2020, Luke Mayhew continued in his capacity as the designated non-executive director (NED) with responsibility for workforce engagement (Voice of the Employee), partnering with Jill McDonald (Chair of the Responsible Business Committee).

Luke and Jill were supported by the Group's Human Resources (HR) team, which assisted with the planning of the Board's workforce engagement plan and provided data on various metrics relating to employees such as employee engagement survey results.

Role and responsibilities

Their role is to:

- support management to design the structure and content of Board discussions on employee engagement and culture;
- evaluate employee engagement approaches and their effectiveness; and
- ensure that employee feedback and interests are factored into the Board's decisions and KPI setting.

Their responsibilities include ensuring that:

- the Board, through the Executive Committee, has effective methods of receiving feedback from employees and communicating Board and executive decisions and priorities throughout the organisation;
- all significant business and budget proposals include a management assessment of the impact on employees;
- Executives share employee feedback openly, transparently and in a balanced way, including reviewing employee engagement surveys and other employee reports including whistleblowing; and
- other NEDs also gather feedback and perspectives from employees.

2020 Engagement

In 2020, Luke and Jill undertook a programme of activities to engage with the views of employees and had detailed exposure to many of IHG's employee feedback mechanisms. They attended a number of meetings with employee forums, including leader groups and Employee Resource Groups (ERGs) in the UK and US. Discussion topics included IHG's response to the pandemic, mental health and wellbeing, the positives and challenges of remote working and job security and talent retention.

As the number and scope of such employee meetings were limited because of the Covid-19 pandemic (due to the impact of furlough for example), additional engagement and activities undertaken by Luke and Jill during the year included:

- monitoring and reviewing the content (and, where relevant, recordings) of regional town hall meetings, global 'all employee' CEO calls, Lean In circles and 'Learning with Leader' podcasts;
- reviewing employee dashboards and survey results; and
- receiving access to the initiatives introduced to maintain the culture during the pandemic, including virtual summits to encourage employee learning, personal growth, resilience-building and coping strategies.

Insights & learnings

Luke and Jill provided regular feedback to the Responsible Business Committee and the Board throughout the year, with key Board discussions taking place around the insights and action planning arising from employee engagement survey results. Through their feedback, the Board has gained valuable insights into employee sentiment through the pandemic, for example the importance to employees of receiving regular communications on the Company's performance, outlook and clarity on future plans for employees to feel confident in a future within hospitality.

"It has been a privilege to be the first designated NED for Voice of the Employee at IHG; there is a real interest across the Board in employees' views and a recognition that employees are the heart of the business. I would particularly like to thank employees who were willing to share their perspectives with me and trusted me and IHG to use those views responsibly. Many of my meetings were with members of the various D&I groups. IHG's support to these groups has been and will be a very real indication of its commitment to listen and learn from employees."

Luke Mayhew

Former Non-Executive Director

The Board also considered the feedback provided by Luke and Jill when it was engaged on key decisions that impacted employees, such as furloughs, pay and benefit reductions and redundancies. The Board considered the impact of proposals on employees prior to the decisions being taken or communicated. Further information on the Board's regard for the interests of employees is set out on pages 22 and 26.

A further learning from the activities during the year is that the Voice of the Employee approach could be improved by gaining more direct input and feedback from employees in other key markets (outside the US and UK) and from frontline employees at hotels.

Plans for 2021

As Luke retired from the Board in December 2020, the Board approved the transition of the Voice of the Employee responsibilities to Jill McDonald, in light of her skills and experience gained from partnering with Luke. It is anticipated that additional NEDs will assist with and support the Voice of the Employee activities.

A schedule of discussions and feedback sessions has been arranged for Jill and other NEDs as appropriate in 2021. The schedule will involve a wider group of employees from regions outside the UK and US and includes opportunities to interact with a cross-section of leader groups, ERGs and Lean In circles across the regions to ensure concerns and issues are understood by the Board. The Global HR Leadership team will provide cultural insights and help to gauge the organisational pulse.

Other plans of the Voice of the Employee programme for 2021 include:

- incorporating more direct engagement with employees at hotels as part of the discussion and feedback sessions;
- all relevant Board and budget papers will continue to have an employee impact assessment; and
- the Board will regularly review the approach in line with best practice and changes in regulation.

Nomination Committee



With two retirements from the Board and three new members joining the Board in 2020 (in addition to Arthur de Haast who was appointed to the Board with effect from 1 January 2020), Board composition and succession have featured prominently on the Committee's agenda.

The Committee has sought to ensure that the composition of our Board includes the best range of talent, skills and relevant experience available as well as reflecting our stakeholders and the communities in which we operate.

We also recognise that having diversity on the Board is one of the ways in which constructive and challenging debate, which is essential to the effective functioning of the Board, can be encouraged.

I am pleased to report that, as at 31 December 2020, our Board composition meets the target for the proportion of women on boards set out in the Hampton-Alexander Review as well as the recommendation on ethnic diversity on boards in the Parker Review.

Patrick Cescau

Chair of the Nomination Committee
22 February 2021

Key duties and role of the Committee

Key objectives and summary of responsibilities

The Committee reviews the composition of the Board and its Principal Committees, evaluating the balance of skills, experience, independence, knowledge and diversity requirements before making appropriate recommendations to the Board as to any changes. It also ensures plans are in place for orderly succession for both Directors and other senior executives and is responsible for reviewing the Group's senior leadership needs.

The Committee's role, responsibilities and authority delegated to it by the Board, including processes in relation to appointments, are set out in its Terms of Reference (ToR), which are reviewed annually and approved by the Board.

 The ToR are available at www.ihgplc.com/investors under Corporate governance.

The Committee's key responsibilities and focus areas during the year have been:

- assessing Board and the Principal Committees' composition and succession planning, including consideration of gender balance and ethnic and geographical diversity in line with the Group's D&I Policy (details of which are on page 28);
- engaging with an external search consultancy and making recommendations on appointments to the Board;
- monitoring the Executive Committee's performance and development review; and
- overseeing the performance evaluation of the Board, the Principal Committees and individual Non-Executive Directors (details of which are set out on page 85).

Membership and attendance at meetings

The Committee's membership and attendance at meetings are available on page 75. In 2020, the Committee considered and recommended to the Board Ian Dyson's appointment to the Committee, following Luke Mayhew's retirement. All members of the Committee are Non-Executive Directors. When the Committee considers matters relating to my position, Dale Morrison, the Senior Independent Non-Executive Director (SID), acts as Committee Chair.

Reporting to the Board

The Committee makes recommendations to the Board for all Board appointments. Minutes are circulated to Board members and I report back to the Board on the activities of the Committee following each meeting.

Effectiveness of the Committee and internal evaluation

During the year, the effectiveness of the Committee was reviewed as part of the internal Board evaluation process. It was concluded that the Committee remains effective.

Focus areas and activities

Board and Committee composition

The Committee continued to review the current and future composition of the Board and its Principal Committees. The appointments made in 2020 reflected our intention to strengthen our representation in the Americas region and to enhance our competencies in the brands and franchising sectors, as well as reflecting our commitment to ESG matters.

Target profiles outlining the competencies and experience required to support the Group's evolving strategy were agreed and candidates were assessed against the profiles. Following the assessment and interview process, including consideration of candidates' other commitments, the Committee recommended the appointment of each of Sharon Rothstein, Graham Allan and Duriya Farooqui as Non-Executive Directors, with effect from 1 June, 1 September and 7 December 2020 respectively.

Sharon, Graham and Duriya's biographies are included on pages 77 to 79 and details of their induction plans can be found on page 84.

An external search consultancy, Spencer Stuart, was engaged during 2020 to assist with Non-Executive Director searches. Spencer Stuart has no other connection with the Company or individual Directors.

The Committee also reviewed and discussed the length of tenure of Non-Executive Directors. As Dale Morrison has served on the Board for more than nine years, he was subject to particular review. The Committee considered Dale's appointment in the context of the broader Board composition and tenure and, taking into account his independence and other commitments, concluded that his continued appointment as the SID remained appropriate and in the best interests of the Board and the Company, given his knowledge of the Company and its strategy, the management team and the Board.

Leadership development and executive succession planning

During the year, the Committee also continued to review the development plans for the Executive Committee and succession plans for senior management positions in order to ensure the development of a diverse pipeline for succession.

Information on the gender balance of senior management as well as the Board is included on page 91.

Looking forward

In 2021, the Committee will continue to focus on Board, Executive and senior talent succession planning, ensuring that our talent pipeline combines an appropriate balance of skills, experience, knowledge as well as diversity.

Statement of compliance

Our statement of compliance summarises how the Group has implemented the principles and provisions 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).

This should be read in conjunction with the Strategic Report on pages 2 to 71, and Governance, including the Directors' Remuneration Report, on pages 74 to 111, as a whole.

The Board considers that the Group has complied in all material respects with the Code for the year ended 31 December 2020.

1. Board Leadership and Company Purpose

A. The role of the Board

The Board continues to lead IHG's strategic direction, long-term objectives and success of the Group. Further responsibilities of the Board are set out on page 82.

The Board met eight times during 2020 and all Directors continue to act in what they consider to be in the best interests of the Company, consistent with their statutory duties. Further details of 2020 Board meetings, including information on the Board's assessment of strategic and operational matters, are set out on pages 83 and 84, attendance information on page 75, skills and experience and biographical information on pages 76 to 79.

A description of IHG's business model is set out on pages 12 to 15. An assessment of the principal risks facing the Group is included on pages 36 to 41.

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 IHG's culture including an overview of our values is included on pages 24 to 25. Culture and people were particularly prominently on the Board agenda during the Covid-19 pandemic. A summary of the Board's activities in relation to the 'Voice of the Employee' is included on page 92. An outline of the Group's approach to rewarding its workforce is contained on page 27.

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 43 to 46.

A summary of the procedures for identifying and discussing emerging risks is set out on page 34.

D. Shareholders and stakeholders

The Board engaged actively throughout 2020 with shareholders and other stakeholders. The Chair held a number of one-to-one 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. The Chair of the Remuneration Committee also held a series of investor consultation meetings in connection with votes relating to the Directors' Remuneration Policy at the Company's 2020 Annual General Meeting. Further details are on page 97.

Further details of the Board's engagement with shareholders can be found on page 33. Information on the Board's engagement with other stakeholders, including suppliers, hotel owners and guests, is included on pages 31 to 32.

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

Patrick Cescau leads the operation and governance of the Board and its Committees. The Chair has been in post for eight years and was independent on appointment. See page 76 for more details.

G. Board composition

The size and composition of the Board and its Committees is kept under review by the Nomination Committee to ensure the appropriate combination of Executive and Non-Executive Directors. Details of the responsibilities, skills and experience on the Board can be found on pages 76 to 79.

At least half of the Board, excluding the Chair, are Independent Non-Executive Directors. Further details of the composition of the Board and Committees are available on pages 75 to 79.

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 76 to 79. Details of Non-Executive Director appointment terms are set out on page 111.

The Chair annually reviews the time each Non-Executive Director dedicates to IHG as part of the internal performance evaluation of Directors (see page 85) and is satisfied that their other duties and time commitments do not conflict with those as Directors.

Dale Morrison was appointed as Senior Independent Non-Executive Director on 31 May 2014. He is available to liaise with shareholders who have concerns that they feel have not been addressed through the normal channels of the Chair, Chief Executive Officer and other Executive Directors. He also leads the annual performance review of the Chair (see page 85), and as necessary, provides advice and judgement to the Chair, and serves as an intermediary for other Directors when necessary.

After each Board meeting, Non-Executive Directors and the Chair meet without Executive Directors being present (see page 82).

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 administrative and logistical support of a full-time executive assistant. See page 82 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 2020 are in the Nomination Committee Report on page 93. 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 76 to 79.

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 84).

The length of service of Directors is reviewed regularly, details of the review in 2020 are included on page 93.

L. Annual evaluation

The Board undertakes either an internal or external annual Board effectiveness evaluation. The last external evaluation was carried out in 2019, so in 2020 an internal Board evaluation was conducted. A summary of the evaluation is set out on page 85.

Performance evaluations of Directors, including the Chair, are also carried out on an annual basis. Directors' biographies are set out on pages 76 to 79 and details of performance evaluations carried out in 2020 are on page 85.

4. Audit, Risk and Internal Control**M. Audit functions**

The Audit Committee is comprised entirely of Independent Non-Executive Directors (see page 75 for membership details). Ian Dyson, the Chair of the Committee, has 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 86 to 90.

The Audit Committee reviewed the effectiveness and independence of the Group's internal audit function and Ernst & Young LLP during 2020. Details of these reviews are set out in the Audit Committee Report on pages 86 to 90.

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 114.

The status of IHG as a going concern is set out in the Directors' Report on page 223. 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 71.

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. A robust 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 36 to 41 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 36 to 41, and 86 to 90.

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 96 to 111. Details of the Remuneration Committee's activities during 2020 are set out on page 111 and its membership details are on page 75.

Q. Procedure for developing policy on executive remuneration

Details of the Remuneration Committee's consideration of the Directors' Remuneration Policy (DR Policy) in 2020 and the implementation of the DR Policy in 2021, are set out on pages 96 to 98.

During 2020, 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, which is set out on pages 110 to 117 of the Company's Annual Report and Form 20-F 2019. 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 2020 is set out on page 106.

Directors' Remuneration Report

Remuneration Committee Chair's statement



“A year of unprecedented challenges, dominated by the outbreak of the Covid-19 pandemic and the global impact it has had on the hospitality industry.”

Table of contents

96 Directors' Remuneration Report
 96 Remuneration Committee Chair's statement
 99 At a glance
 100 Remuneration at IHG – the wider context
 101 Annual Report on Directors' Remuneration (subject to an advisory vote at the 2021 AGM)

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2020.

Business context

This year was one of unprecedented challenges, particularly for the hospitality sector, as the world responded to the outbreak of Covid-19. Following a solid start in the first two months of the year, the travel and social contact restrictions imposed by governments around the world drove our hotel occupancy levels to historic lows in March and April. Despite improved occupancy levels in the second half of the year, overall Group RevPAR for the year was down 52.5%.

Through this critical time, our top priority has always been the health and safety of our guests and colleagues, and ensuring that we take the right steps to protect the long-term health of our business. Management quickly acted to identify and implement key measures to reduce costs, preserve cash and strengthen liquidity. These included reducing discretionary costs and marketing spend, reducing our gross capital expenditure, withdrawing our final dividend for 2019 and deferring consideration of further dividends until visibility improves, and securing short-term funding temporarily through the UK Government's Covid Corporate Financing Facility which is due to be repaid in 2021.

In spite of the challenges this year, performance relative to our direct peers in 2020 was strong, with global RevPAR ahead of the competitor average. This is an important KPI in our sector and strong performance drives shareholder value. Furthermore, we have continued to build on the resilience of our business model relative to the industry and have signed 360 hotels in the year. As noted in the Strategic Report on page 12, the weighting of our hotel estate towards the midscale segments and non-urban locations, together with a weighting to domestic demand, provides a degree of resilience. In all our actions, we have remained true to our purpose and values, maintaining an unwavering focus on acting responsibly for our people, guests, owners, shareholders and the local communities in which we operate.

2020 remuneration decisions

As part of our cost reduction measures, we announced a series of changes to executive remuneration in the year:

- the 2% salary increase for the Executive Directors for 2020 (that

had been signposted in the 2019 Directors' Remuneration Report) was not implemented;

- furthermore, the Executive Directors voluntarily took a 30% reduction in base salary, and reductions in certain salary-related benefits, from April to September 2020 inclusive. Non-Executive Directors took a 30% reduction in their fees over the same period; and
- following the reduction in share price since the grant date for the 2019 LTIP awards, and in light of concerns from shareholders regarding the potential for windfall gains, the Remuneration Committee felt it was appropriate to grant the 2020 LTIP awards with a maximum opportunity of 205% of salary (in line with the level under the previous Directors' Remuneration Policy (DR Policy)) rather than the levels under the new DR Policy, which was approved by shareholders at our 2020 AGM and was intended to apply from 2020. This represented a reduction of more than 40% for the CEO and 25% for the other Executive Directors compared to the new LTIP award levels of 350% and 275% respectively.

Given the impact of the pandemic on the global economy generally, and the hospitality sector in particular, the threshold level of financial performance for the 2020 annual incentive plan, which was set in a pre-Covid-19 context, was not met. The threshold for net system size growth (NSSG) performance was also not met. A holistic assessment of performance against various metrics, including ESG performance indicators, was undertaken in line with the Committee's framework for assessing the use of discretion outlined on page 106 but it was ultimately determined that the Committee would not apply discretion to adjust the formulaic outcomes and so no 2020 annual bonus was awarded to Executive Directors.

The 2018/20 LTIP was based on performance for the three years to 31 December 2020. Performance was significantly impacted by Covid-19 and the final vesting outcome was 30.6% of maximum, despite much higher estimated vesting levels (of c. 76% of maximum) prior to the impact of the pandemic. The Committee took a number of matters into account in considering whether to use any discretion to adjust the formulaic outcome of the 2018/20 LTIP in accordance with the Committee's discretion assessment framework. These included the strong performance of the Executive Directors in addressing the exceptional circumstances resulting from the pandemic to the benefit of shareholders, owners, colleagues and other stakeholders, as well as the unavoidable loss of employment for impacted corporate and hotel colleagues. The Committee concluded that the formulaic vesting outcome was appropriate for this award within the overall context of executive remuneration decisions taken during the year.

For each future LTIP cycle award vesting, the Committee will continue to assess the appropriateness of the formulaic outcomes and any possible use of discretion based on all the relevant considerations at the time of vesting.

During the year, Malina Ngai and Luke Mayhew stepped down from the Board and Arthur de Haast, Sharon Rothstein, Graham Allan and Duriya Farooqui were appointed to the Board as Non-Executive Directors. The remuneration arrangements in respect of all changes were in line with the approved DR Policy and are covered on page 110.

Continuing impact of Covid-19

The unpredictability of new Covid-19 waves, any resulting restrictions, and the timing of the impact of vaccination efforts continues to cause uncertainty for 2021. The Committee has extensively considered the unavoidable impact on the business and the resulting effect on remuneration beyond 2020. In particular, we have been concerned about a potential disconnect between formulaic performance outcomes of the variable pay schemes compared with the performance of management to guide the business through the crisis as outlined in the CEO's Review on pages 6 and 7.

In the US and elsewhere, including our Greater China region, we are continuing to experience pay compression at Senior Leader level which is limiting our ability to attract and retain talent in key roles. Concerns around personal financial and job security, as well as the industry's future as we move from the crisis to an uncertain recovery, are having an increasing impact. We are concerned that the combination of temporary pay reductions, no 2020 bonus and the expected low outcomes for the in-flight LTIP awards will lead to significant and growing retention risks for senior talent, particularly given the challenges facing the hospitality sector in the current environment. Headhunting activities have targeted a number of our Senior Leaders below Board, notably those roles where functional expertise is transferable. This presents an increased risk to business continuity, especially in our largest market, the US, where pay quantum is significantly higher and there is fierce competition for our executive and senior talent.

In 2021, LTIP award levels will reflect the 2020 DR Policy maximums of 350% of salary for the CEO and 275% of salary for other Executive Directors, which were not used in 2020. The Committee believes it is appropriate to implement the approved new award levels in the context of the inherent additional stretch in performance targets, given the continued uncertain environment hotel groups are operating in and the resulting increased intensity of competition for share of system size growth. In addition, given the increasing pay compression, attraction and retention challenges we face in relation to senior talent, which were key reasons for updating this area of the DR Policy last year, the new quantum levels will help ensure IHG has a remuneration structure that allows for differentiation between the CEO, other Executive Directors, Executive Committee members and high-potential talent in the succession plan.

In considering the impact of the pandemic on in-flight LTIP awards, the Committee does not intend to adjust incentive plan targets, and will continue to assess the appropriateness of using discretion to adjust the formulaic outcomes upwards or downwards based on all relevant considerations at the time of vesting of the relevant award. An example of how the Committee is approaching this is the 2020/22 cycle absolute cash flow target, which was set just prior to the outbreak of Covid-19, and as a result is already likely to be missed. The Committee will monitor a 'shadow' target for this cycle, which was formulated after the initial impact of the pandemic became evident. It will provide a reference point to consider at the time of vesting, based on our understanding of the potential recovery trajectory at the time of formulating it, but it does not replace the target that was originally set. Similarly, the ROCE underpin for the NSSG measure for the 2020/22 cycle was set in a pre-Covid context and was intended to balance the growth of IHG's System size with the appropriate level of value creating returns. The impact of Covid-19 on earnings has negatively impacted the Return on Capital Employed (ROCE) performance. Based on discussions to date, if the ROCE underpin was not met for this cycle solely due to the impact on earnings of the pandemic, the Committee would be minded not to reduce the NSSG vesting outcome.

Shareholder engagement

At the 2020 AGM, we received shareholder approval for our updated DR Policy, which can be found in last year's Annual Report and is summarised on page 98 of this report. We were pleased that the majority of our shareholders supported our new DR Policy; however, the vote of 77.14% in favour of the DR Policy represented less than 80% support and, as such, we offered to consult with those of our top 25 shareholders who voted against the resolution to understand their reasons for doing so. In those discussions we listened to shareholder views and concerns, and in particular to understand their perspectives on:

- the provision for the increase in maximum LTIP awards (to 350% for the CEO and 275% for other Executive Directors); and

- the structure of the post-cessation shareholding requirement for Executive Directors (100% of minimum shareholding requirement for six months, and 50% for 12 months following cessation of employment).

The Committee recognises that there exists a range of views across the shareholder base in relation to the pay of Executive Directors and therefore engages in regular shareholder consultation. We carried out an extensive consultation with shareholders and proxy agencies on the 2020 DR Policy in the months leading up to the AGM and consulted again in early 2021 on our proposed implementation for the year ahead. The Committee notes the 77.14% shareholder support for the DR Policy and continues to believe that the commercial rationale for the LTIP maximum award increase, as detailed above, is critical to the retention and development of talent in order to drive the long-term success of the business.

The Committee also believes that the structure of the post-cessation requirement is appropriate for IHG. As noted in our 2019 Directors' Remuneration Report, we are an asset-light business and key decisions can be implemented and changes reflected quickly in business performance and shareholder value; as such, any longer post-cessation shareholding period would unnecessarily subject the Executive Directors to decisions out of their control.

The views expressed by shareholders in the most recent round of consultations will be taken into consideration as the Remuneration Committee keeps the Policy under ongoing review, and as it determines payments and awards to be made under the terms of the Policy.

Implementation of Directors' Remuneration Policy in 2021

As covered in more detail on pages 108-109:

- Salary increases for Executive Directors for 2021 will be in line with the budget for increases for the wider UK and US corporate populations and are made following an assessment of 2020 performance.
- The non-financial measures for the 2021 Annual Performance Plan have been aligned to our key strategic objectives for recovery and our future growth priorities.
- Due to ongoing uncertainty and the related difficulty in setting absolute performance targets in particular, the measures and weightings for the 2021/23 Long Term Incentive Plan cycle have been adjusted, with the removal of the Total Gross Revenue measure. The Committee expects to re-introduce this measure in future cycles.

We continued to engage with our shareholders on the use of ESG metrics in our variable pay plans. A key element of IHG's strategy is addressing the impact of climate change and, as we are making commitments in this area, we have been considering the inclusion of an environmental metric in our variable pay plans. The Committee explored this further during the year working closely with the Responsible Business Committee. We intend to include an ESG metric for Executive Director pay once we have in place the planned upgrades to our IHG Green Engage® system, including centralised data collection, which will improve the robustness and completeness of environmental performance data from hotels; the investment has been delayed as a result of the impact of the pandemic, and we will be pressing ahead with this through recovery. The Responsible Business Committee report on page 91 and the Strategic Report on page 29 contain more information on our sustainability strategy, reporting commitments and the use of science-based targets. The Remuneration and Responsible Business Committees will continue to work together on this area in 2021.

As we reported last year, UK Executive Directors' company pension benefits will align with the maximum employer contribution rate available to all other participants in the UK pension plan (which

Directors' Remuneration Report continued

Remuneration Committee Chair's statement continued

includes UK corporate and eligible hotel employees) from 1 January 2023; and any new UK Executive Director will also receive contributions in line with this from date of appointment.

US retirement benefit arrangements, in which the CEO, Americas, participates, differ in a number of respects from UK pension arrangements, as explained on page 100. They are comprised of a 401(k) plan under which all corporate employees benefit from maximum employer contributions of a consistent 6% of salary, and a Deferred Compensation Plan for eligible senior employees under which all participants 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 intends to maintain the arrangements as they relate to the CEO, Americas.

Wider workforce remuneration and employee engagement

As outlined on page 100, we operate an aligned approach to remuneration throughout the organisation. Our actions on pay this year in response to the Covid-19 outbreak also impacted remuneration for the wider workforce as well as Executive

Directors, with scaled reductions to salary of 10% to 20% applying to corporate employees below Executive Director level.

During the year, the Company continued to engage with the workforce on a range of topics, including pay, and the Committee reviewed a number of aspects of the Company's wider workforce remuneration policy, including a deep dive on how incentives are segmented across the organisation to attract, motivate, retain and engage talent.

About this report

As always, we strive to make this report as easy to read as possible. This page has a summary of our approved DR Policy; the 'At a glance' section on page 99 highlights the key points on 2020 performance and remuneration outcomes; and on page 100 you can find further background on wider workforce remuneration at IHG in 2020.

The Annual Report on Directors' Remuneration on pages 101 to 111 will be put to an advisory vote by shareholders at the May 2021 Annual General Meeting.

Jo Harlow

Chair of the Remuneration Committee
22 February 2021

Summary of approved Directors' Remuneration Policy

Element	2021	2022	2023	2024	2025	Framework	Purpose/Link to strategy
Fixed							
Base salary						Increases generally in line with the range applying to the corporate population. Reviewed annually and fixed for 12 months from 1 April.	Recognises the value and impact of the role and the individual's skills, performance and experience.
Benefits						Relevant benefits are restricted to the typical level for the role/location.	Competitive and consistent with role/location; helps recruit and retain.
Pension/Retirement Benefit						Defined Contribution or cash in lieu for UK Directors. Employee contributions with matching company contributions. Salary is the only part of pay that is pensionable. Pension contributions and/or cash allowance for new UK Executive Directors will be aligned with the maximum company contribution available to all other participants in the UK Pension Plan; incumbent UK Executive Directors will reduce to the same level at the end of 2022.	Competitive and consistent with role/location; helps recruit and retain.
Variable							
Annual Performance Plan (cash)						Maximum annual opportunity is 200% of salary with 70% based on an operating profit measure and 30% on key strategic objectives. 50% of the award is deferred into shares for three years. Awards are subject to global affordability gate. Full vesting after three years. Malus and clawback apply.	For 2021, the key strategic objectives, linked to business strategy, are: <ul style="list-style-type: none"> • room signings (15% weighting), and • room openings (15% weighting) Further detail on the link to strategy of these measures can be found on page 108.
Annual Performance Plan (deferred shares)							
Long Term Incentive Plan (LTIP)						The maximum potential LTIP quantum is 350% of salary for the CEO and 275% of salary for other Executive Directors. A two-year post-vest holding period and malus and clawback apply	A focus on industry leading NSSG is at the heart of our strategy, balanced by a Return on Capital Employed (ROCE) underpin to reflect our commitment to deliver quality growth while maintaining returns. Together with TSR and Cash Flow, there is a strong alignment between Executive Director remuneration and shareholder interests.
Other							
Minimum shareholding requirements						The guideline shareholding requirements are 500% of salary for the CEO and 300% for other Executive Directors. The post-employment shareholding requirement, introduced in 2018, continues to apply.	

At a glance

How to use this report

Within the Directors' Remuneration Report we have used colour coding to denote different elements of remuneration. The colours used and the corresponding remuneration elements are:

- Salary
- Benefits
- Pension benefit
- Annual Performance Plan (APP)
50% cash and 50% deferred shares
- Long Term Incentive Plan (LTIP)
- Shareholding

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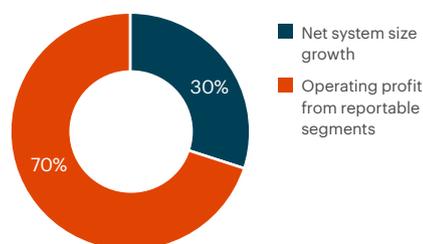
Audited information

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

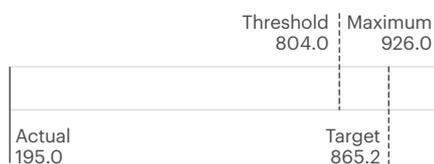
How we performed in 2020

The 2020 APP award was subject to affordability gates based on the achievement of minimum performance under the operating profit from reportable segments measure, the targets for which were set in a pre-Covid context, and the minimum performance level was not achieved. As such, no award will be made. Under the LTIP, whilst relative Total Shareholder Return (TSR) remained strong and net system size growth was in excess of the threshold performance target, the impact of the pandemic on cash flow and total gross revenue in 2020 meant these measures did not meet threshold performance levels by the end of the three-year cycle. Overall vesting under the LTIP was 30.6% of maximum.

Measures used for APP^a



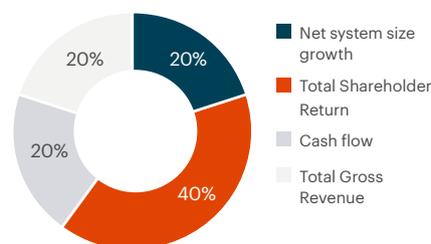
Operating profit from reportable segments: (\$m)



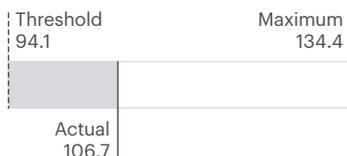
Net system size growth^b (k rooms)



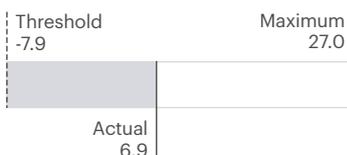
Measures used for LTIP^a



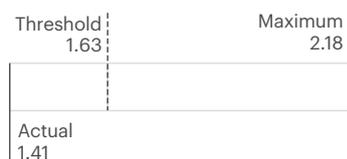
Net system size growth^b (k rooms)



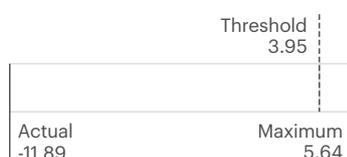
Relative TSR (%)



Cash flow (\$bn)



Total Gross Revenue^c (\$bn)



^a Further details of APP and LTIP outcomes can be found on pages 102 to 103.

^b APP System size target is based on absolute one-year target; LTIP target is based on three-year growth performance.

^c Total Gross Revenue target represents a target for growth over the LTIP period.

Executive Director remuneration

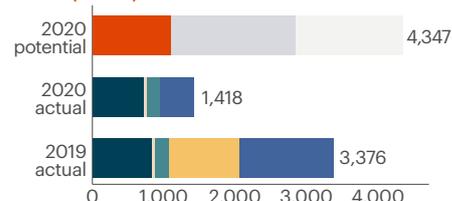
2020 remuneration

The charts below show the 2020 potential remuneration opportunity and actual achievement compared to the 2019 actual achievement.

The relevant figures for each of the elements that make up the single total figure of remuneration, as shown below for the Executive Directors, can be found in the table on page 101.

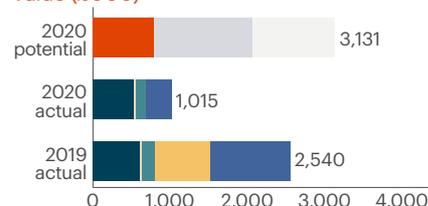
Keith Barr, Chief Executive Officer

Value (£000)



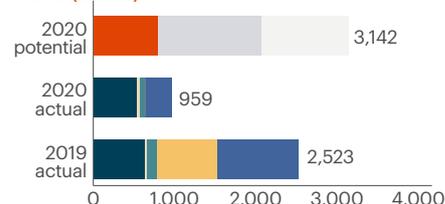
Paul Edgecliffe-Johnson, Chief Financial Officer

Value (£000)



Elie Maalouf, Chief Executive Officer, Americas

Value (£000)



Key for potential

- Maximum = Fixed pay and maximum award under APP and LTIP
- Target = Fixed pay and on-target award for APP (115%) and 50% of maximum LTIP vesting
- Minimum = Fixed pay

The potential fixed pay elements are calculated on the basis of full pay and pension, excluding the impact of temporary reductions that applied from April to September inclusive.

Directors' Remuneration Report

Remuneration at IHG – the wider context

Actions on pay as a result of the impact of Covid-19 on the business

The outbreak of Covid-19 had a significant impact on our business, as severe restrictions on travel and social contact saw demand drop to record lows. Steps had to be taken across the business to reduce costs, balanced with a need to retain key talent and continue to operate effectively as a business.

Key decisions and outcomes in 2020 were:

- Temporary salary reductions were applied from April to September inclusive (see table below).
- The merit salary increase for Executive Directors and other corporate employees for 2020 was not applied.
- A proportion of the corporate population was furloughed during June to August and following that a redundancy programme was implemented.
- No payment was made under the 2020 APP as performance targets were not met, and no discretion was used on outcomes.
- The vesting of the 2018/20 LTIP cycle was much lower than the estimated outcome prior to the pandemic.
- Increases to LTIP grant levels for Executive Directors, approved at the 2020 AGM, were not applied for the 2020/22 cycle. Maximum awards were 205% of salary rather than the new approved levels of 350% for the CEO and 275% for other Executive Directors.

Looking ahead, the Committee has taken the following actions:

- Merit salary increases are to return to the normal process for Executive Directors and other corporate employees.
- The Committee will consider the possible use of discretion to adjust the formulaic outcome under the 2019/21 and 2020/2022 LTIP cycles, at the time of vesting. Further details are provided on page 106.
- The performance measures and targets for the 2021 APP and 2021/23 LTIP cycle were carefully chosen to ensure that these were appropriate, stretching and achievable given current circumstances.
- For 2021, the full LTIP headroom under the DR Policy will be used for Executive Directors, to improve competitiveness in the US and global talent markets and to reduce pay compression within the succession plan.

How our reward practices align across all levels of the organisation

Our reward packages are designed to attract, retain and motivate top talent. We apply a consistent approach across the corporate business, ensuring we meet employees' needs and offer a market-driven package, which we regularly review against our competitors for talent.

Elements of Reward	Executive Directors	Executive Committee	Wider Workforce	Notes in respect of 2020 actions on pay
Fixed				
■ Salary	■	■	■	The planned merit salary increase was not applied for all corporate employees, including Executive Directors; salaries for Executive Directors and fees for Non-Executive Directors were reduced by 30% during April to September inclusive, whilst salaries for other corporate employees were reduced by between 10% to 20%.
■ Benefits	■	■	■	Where applicable, corporate healthcare benefits, including Employee Assistance Programmes, remained in place. Taxable travel expenses for Non-Executive Directors were lower because only the February 2020 Board meeting was held in person.
■ Pension benefit	■	■	■	A localised approach was taken to the treatment of pension benefits, based on local plan rules and regulations. See below for details of the approach taken in the UK and US, our largest corporate office locations.
Variable				
■ Annual Performance Plan (APP)	■	■	■	The minimum financial performance threshold was not met and as a result no 2020 bonus will be paid to Executive Directors or other corporate employees.
■ Long Term Incentive Plan (LTIP)	■	■	■	Performance-based LTIP largely applies at the level of Executive Committee and their direct reports. Vesting of 30.6% applies for the 2018/20 LTIP in line with performance against targets.
■ Restricted Stock Units (RSUs)		■	■	In line with typical market practice, particularly in the US, and due to line-of-sight to performance measures, a gradually greater proportion of the LTIP award is made as RSUs for eligible roles below Executive Director level. These are not subject to performance conditions and will vest fully for eligible participants in respect of the 2018/20 cycle.
■ Colleague Share Plan (introduced in 2020)			■	Contributions by furloughed employees were suspended during the period of furlough.

UK and US pension and retirement benefits

Pension and retirement benefits are provided in the UK and US in line with market practice.

UK: As disclosed in last year's report, the contribution rate for corporate and eligible hotel employees in the IHG UK Pension Plan was to be aligned in 2020 with a 2:1 matching ratio up to a maximum of 6% of salary from employees and 12% from the Company. This was due to take effect from 1 April, however was delayed until 1 December 2020. As per the approved DR Policy, this level will apply in respect of any new UK Executive Directors, and current Executive Directors' benefits will reduce to this level at the end of 2022. During 2020, all contributions and any cash in lieu of pension allowances were reduced in proportion with salary reductions. For furloughed employees, the cost of employee contributions was met by the Company during the furloughed period.

US: US retirement saving plans differ from UK pension benefits in many ways, including early access rules under 401(k) plans in the form of loans and hardship withdrawals, and minimum service-based vesting conditions for supplementary company contributions under the IHG Deferred Compensation Plan (DCP). The 401(k) for corporate US employees has a 1:1 matching contribution ratio up to a maximum of 6% of salary. Additionally, supplementary company contributions to the DCP of up to 16% are provided at senior levels (a historic grandfathered rate of 20% applies for a small number of employees who were already receiving this rate when it was removed from 1 January 2017). During 2020, company contributions to the 401(k) Plan and DCP were suspended whilst the temporary salary reductions applied.

Annual Report on Directors' Remuneration

The Annual Report on Directors' Remuneration explains how the Directors' Remuneration Policy (DR Policy) was implemented in 2020 and the resulting payments each of the Executive Directors received.

This report is subject to an advisory vote by shareholders at the 2021 AGM. The notes to the single-figure table provide further detail, where relevant, for each of the elements that make up the total single figure of remuneration for each of the Executive Directors.

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Single total figure of remuneration – Executive Directors

Executive Directors	Year	Fixed pay			Variable pay				Other £000	Total £000
		Salary £000	Benefits £000	Pension benefit £000	Subtotal £000	APP £000	LTIP £000 ^a	Subtotal £000		
Keith Barr	2020	712	45	178	935	0	483	483	-	1,418
	2019	828	36	207	1,071	983	1,322	2,305	-	3,376
Paul Edgecliffe-Johnson	2020	524	21	131	676	0	339	339	-	1,015
	2019	602	24	158	784	723	1,033	1,756	-	2,540
Elie Maalouf ^b	2020	531	30	65	626	0	333	333	-	959
	2019	622	33	121	776	743	1,004	1,747	-	2,523

^a LTIP figures for 2019 relate to the 2017/19 LTIP cycle and have been restated using actual share price on date of vesting. Figures for 2020 relate to the value of shares for the 2018/20 cycle.

^b Elie Maalouf is paid in USD and the sterling equivalent is calculated using an exchange rate of \$1 = £0.78 in 2020 and \$1 = £0.78 in 2019 (page 146).

Notes to single figure table

Fixed pay

■ **Salary:** salary paid for the year. For 2020, this includes a 30% salary reduction from April to September inclusive.

■ **Benefits:** for Executive Directors, this includes, but is not limited to, taxable benefits such as company car and healthcare. Provision during 2020 was in line with previous years and the approved DR Policy.

■ **Pension benefit:** for current Executive Directors, in line with DR Policy, the value of IHG contributions and any cash allowances, paid in lieu of pension contributions.

Keith Barr and Paul Edgecliffe-Johnson did not participate in any IHG pension plan in 2020 and instead received cash allowances of 25% of base salary; this will reduce to the maximum level available to all other participants in the UK Pension Plan at the end of 2022. Life assurance cover is provided for both Keith and Paul at four times base salary.

Elie Maalouf participated in the US 401(k) Plan and the US Deferred Compensation Plan (DCP). The US 401(k) Plan is a tax-qualified plan providing benefits on a defined contribution basis, with the member and relevant company both contributing.

Contributions made by, and in respect of Elie Maalouf in these plans for the year ended 31 December 2020 were:

	£ ^a
Director's contributions to US Deferred Compensation Plan	132,064
Director's contributions to US 401(k) Plan	20,280
Company contributions to US Deferred Compensation Plan	56,529
Company contributions to US 401(k) Plan	8,187
Age of Director at 31 December 2020	56

^a Sterling values have been calculated using an exchange rate of \$1 = £0.78.

Company contributions to the 401(k) Plan and DCP were suspended for all participants, including Elie Maalouf, during the time in which there was a temporary reduction in salaries. The overall total of 2020 Company contributions for Elie was therefore lower than normal.

As outlined on page 100, Elie's 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. The Committee reviewed US retirement benefits during 2020 and determined to retain the current structure.

Variable pay

■ **APP** (cash and deferred shares)

Operation

Award levels are determined based on salary as at 31 December 2020 and are based on achievement vs target under each measure. For operating profit from reportable segments, the 2020 award was set on the basis of a payout range of +/-7% of target payout for performance of +/- \$25m of target performance. Outside of this range, payout would be on a straight-line basis between threshold and -\$25m and between +\$25m and maximum. For net system size growth, the award was set on a straight-line basis between threshold and target, and target and maximum:

- **threshold** is the minimum level that must be achieved for there to be an award in relation to that measure; no award is made for achievement below threshold.
- **target** is the target level of achievement and results in a target award for that measure.
- **maximum** is the level of achievement at which a maximum award for that measure is received (capped at 200% of salary).

The threshold award was subject to global affordability gates:

- if operating profit from reportable segments was less than 85% of target, no award under net system size growth would be made; and
- if operating profit from reportable segments was 85% or more but less than 93% of target, half of any award under net system size growth would be made.

Directors' Remuneration Report continued

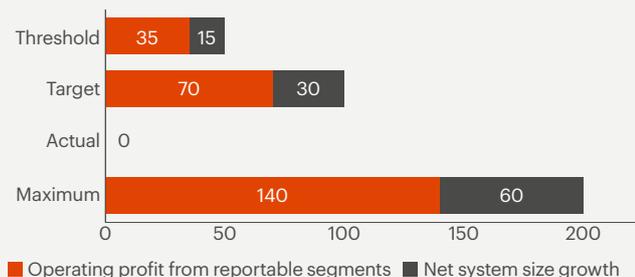
Annual Report on Directors' Remuneration continued

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APP Outcome for 2020

The performance measures for the 2020 APP were operating profit from reportable segments (70%) and net system size growth (30%) and were determined in accordance with the DR Policy. Target award was 115% of salary. The table below shows threshold, target and maximum opportunity, as well as weighting and actual 2020 achievement.

APP measures – % of total award



APP

Performance	Achievement	Weighting	Weighted achievement
Operating profit from reportable segments: performance relative to target			
Actual	\$195.0m	0%	
Threshold	\$804.0m	50%	
Target	\$865.2m	100%	70%
Maximum	\$926.0m	200%	0%
Net system size growth (k rooms)			
Actual	886.0	0%	
Threshold	902.2	50%	
Target	906.6	100%	30%
Maximum	911.1	200%	0%

Operating profit from reportable segments is a Non-GAAP measure and excludes certain items from operating profit. Additionally, in determining operating profit from reportable segments for APP purposes, budgeted exchange rates for the year are used and certain adjustments to reported 2020 operating profit from reportable segments were agreed by the Committee in order to ensure like-for-life comparison with APP target set at the start of the year. For 2020, this included the unbudgeted benefit to Group operating profit from reportable segments due to changes to the recognition of revenue in the System Fund.

Operating profit from reportable segments (at actual exchange rates) (see page 147)	\$219.2m
Difference due to exchange rates	(\$2.8m)
Adjustment for changes to income recognised in the System Fund and results from reportable segments	(\$21.4m)
Operating profit from reportable segments, after adjustments (at 2020 budget exchange rates)	\$195.0m

LTIP 2018/20 (shares)

Awards are made annually and eligible executives will receive shares at the end of that cycle, subject to achievement of the performance conditions. Conditions and weighting are described on page 103.

TSR measures the return to shareholders by investing in IHG relative to a comparator group containing the following major globally branded competitors: Accor S.A., Choice Hotels International Inc., Hilton Worldwide Holdings Inc., Hyatt Hotels Corporation, Marriott International Inc., Melia Hotels International S.A., NH Hotels Group, and Wyndham Hotels & Resorts Inc., as per data provided by our corporate bankers sourced from Thomson Reuters Datastream. In respect of Wyndham Worldwide's split into two publicly traded companies in May 2018, the performance of Wyndham Worldwide was tracked up until the split, followed by the performance of Wyndham Hotels & Resorts Inc. subsequent to the split.

Following the acquisition and delisting of Millennium & Copthorne Hotels PLC by City Developments Limited in October 2019, a Singapore-based real estate company, it was removed from the comparator group for all active LTIP cycles (2018/20 and 2019/21).

The share price in respect of the 2017/19 LTIP cycle has been restated using the volume weighted average price of 5,072p for Keith Barr and Paul Edgecliffe-Johnson and 5,057p for Elie Maalouf on the date of actual vesting on 19 February 2020. There is a slight difference in the share price at the date of vesting for Elie Maalouf as a result of the implementation of a new share administration portal which holds shares for US participants in a separate entity to non-US participants. Final vesting transactions are therefore carried out separately, resulting in a slight share price variation based on the timing that the two transactions take place. The corresponding values shown in the 2019 report (prior to the actual vesting) were an estimate calculated using an average share price over the final quarter of 2019 of 4,847p.

Outcome for 2018/20 cycle

The performance measures for the 2018/20 three-year LTIP cycle were in line with the 2017 DR Policy. The table to the right shows threshold and maximum opportunity, as well as weighting and actual achievement, for each performance measure.

LTIP Measures – % of maximum opportunity



AUDITED

Performance measure and weighting	Performance Targets		Result	Achievement (% of maximum)	Weighting	Weighted achievement
	Target	% Vesting				
Total Shareholder Return: Three-year growth relative to average of competitors 40%	Maximum 27.0%	Maximum 100%	Outcome 6.9%	54.0%	40%	21.6%
	Threshold -7.9%	Threshold 20%				
Total Gross Revenue: based on IHG's performance against an absolute total gross revenue target 20%	Maximum 5.64bn USD	Maximum 100%	Outcome -11.89bn USD	0.0%	20%	0.0%
	Threshold 3.95bn USD	Threshold 20%				
Net system size growth: based on IHG's performance against an absolute NSSG target 20%	Maximum 134.4k rooms	Maximum 100%	Outcome 106.7k rooms	45.1%	20%	9.0%
	Threshold 94.1k rooms	Threshold 20%				
Cash flow: based on IHG's performance against an absolute cash flow target 20%	Maximum 2.18bn USD	Maximum 100%	Reported Outcome 1.33bn USD	0.0%	20%	0.0%
	Threshold 1.63bn USD	Threshold 20%	Adjusted Outcome 1.41bn USD			
Total achievement (% of maximum opportunity vested)						30.6%

Adjustments to cash flow outcome

Over the performance period of the 2018-20 LTIP award, there have been accounting standard changes and events that have impacted IHG's cash flow that were unquantified or unforeseen when the original targets were set. The Committee carefully considered these and determined that it was appropriate to adjust the cash flow outcome for the impact of the events below in order to ensure that the outcomes are measured on a consistent basis with targets. An explanation of each adjustment is set out below and a reconciliation of the initial and adjusted outcome is set out to the right.

Adjustments due to changes in accounting standards:

The new accounting standard implemented during the period does not have an overall impact on Group cash flow, but does impact the LTIP target because of the reclassification of cash flows to different line items that are not included in the LTIP target:

- IFRS 16: Operating leases cash flow has been reclassified from Cash Flow from Operations to interest and movements in net debt.

Adjustments due to events unforeseen when the targets were set:

Six Senses Hotels Resorts & Spas acquisition: the material acquisition cost of Six Senses in 2019 has been removed. The Committee considered it was appropriate to exclude the cash impact because it was not incorporated into the original target and the cash flow benefits of the acquisition will be long-term.

Where applicable, the adjustments above will also apply to the cash flow outcomes of the 2019-21 LTIP award. These will be disclosed in full, along with any other adjustments, in the relevant year's Directors' Remuneration Report.

Cash flow definition for 2018-20 LTIP

Cash flow is defined as the cumulative annual cash generation over a three-year performance period. Cash generation is cash flow from operations and net cash from investing activities.

Reconciliation	Cash flow \$bn
Reported cash flow from operations	2.08
Net cash from investing activities	(0.75)
Reported outcome per definition	1.33
IFRS 16	(0.21)
Six Senses acquisition	0.29
Adjusted outcome	1.41

Adjustment to net system size growth outcome

The NSSG LTIP outcome above includes adjustments to exclude the removal from IHG brands of 16,665 rooms associated with the SVC portfolio towards the end of 2020; and 2,118 rooms associated with a small portfolio of hotels in EMEAA which left the IHG system in February 2020. Neither of these transactions were budgeted for at the time of setting the 2018/20 targets, and the Committee considered it was appropriate to adjust for them as it was consistent with the principle of not disincentivising management from making decisions that they judged to be in the long-term interests of shareholders.

Directors' Remuneration Report continued

Annual Report on Directors' Remuneration continued

AUDITED

LTIP

Achievement against target is measured by reference to the three years ended 31 December 2020. This cycle will vest on 24 February 2021 and the individual outcomes for this cycle are show below.

The share price of 4,460p used to calculate the 2018/20 LTIP cycle value shown in the single-figure table is the average over the final quarter of 2020.

Executive Director	Award cycle	Maximum opportunity at grant (number of shares)	% of maximum opportunity vested	Outcome (number of shares awarded at vest)	Total value of award £000	Value of award attributable to share price appreciation
Keith Barr	LTIP 2018/20	35,381	30.6%	10,826	483	(18)
Paul Edgecliffe-Johnson	LTIP 2018/20	24,830	30.6%	7,597	339	(13)
Elie Maalouf	LTIP 2018/20	24,426	30.6%	7,474	333	(12)

AUDITED

Other outstanding awards**Scheme interests awarded during 2019 and 2020**

During 2019 and 2020, awards were granted under the LTIP cycle and made to each Executive Director over shares with a maximum value of 205% of salary using an average of the closing mid-market share price for the five days prior to grant, as in the table below. These are in the form of conditional awards over Company shares and do not carry the right to dividends or dividend equivalents during the vesting period.

The vesting date for the 2019/21 LTIP award is the day after the announcement of our financial year 2021 Preliminary Results in February 2022. These awards will vest to the extent performance targets are met and will then be restricted for a further two years, transferring to the award-holder in February 2024.

The vesting date for the 2020/22 LTIP award is the day after the announcement of our financial year 2022 Preliminary Results in February 2023. These awards will vest to the extent performance targets are met and will then be restricted for a further two years, transferring to the award-holder in February 2025.

At the 2020 AGM, shareholders approved the new DR Policy which included an increase in LTIP opportunities to 350% of salary for the CEO and 275% for the other Executive Directors. These were intended to apply to awards granted in 2020; however, to demonstrate pay restraint in response to Covid-19 and to reflect the fall in share price since the grant of awards in 2019, the increased headroom was not used, equating to a reduction of around 40% for the CEO and 25% for the other Executive Directors compared to the approved higher LTIP award levels.

The Committee discussed the views of some investors in relation to the size of share awards where the share price had fallen substantially, and the potential windfall gains when share prices recovered. The grant price for the 2020/22 cycle was £34.96, representing a reduction of c.29% from the grant price for the 2019/21 cycle awards. Given the continued uncertainty as to the likely share price recovery at the time of grant, it was determined not to use an alternative grant price or methodology to determine the number of shares granted. The use of lower opportunity levels resulted in fewer shares being awarded to the Executive Directors than would have been the case if awards were granted at the originally intended levels as outlined above. The Committee will consider whether it is appropriate to exercise discretion to adjust the formulaic outcome at the time of vesting, including taking into account the movement in share price between grant and vesting dates, as a further precaution against windfall gains.

Executive Director	Award date	Maximum shares awarded	Market price per share at grant £	Face value of award at grant £000	Number of shares received if minimum performance achieved
2019/21 cycle					
Keith Barr	10 May 2019	34,693	49.43	1,718	6,938
Paul Edgecliffe-Johnson	10 May 2019	25,509	49.43	1,263	5,101
Elie Maalouf	10 May 2019	25,802	49.43	1,278	5,160
2020/22 cycle					
Keith Barr	12 May 2020	49,153	34.96	1,718	9,830
Paul Edgecliffe-Johnson	12 May 2020	36,140	34.96	1,263	7,228
Elie Maalouf	12 May 2020	38,463	34.96	1,345	7,692

Performance measures and consideration of discretion

The performance measures are as agreed in the 2017 and 2020 Remuneration Policies. Total Shareholder Return, Total Gross Revenue, net system size growth and cash flow are measured by reference to the three years ending 31 December 2021 for the 2019/21 cycle and 31 December 2022 for the 2020/22 cycle; NSSG for 2020/22 is the first relative cycle, and is measured to 30 September 2022 rather than 31 December 2022. Minimum performance is equal to 20% of the maximum award.

As a result of the unavoidable impact of the Covid-19 pandemic on the business performance, in most cases performance against the absolute measures (TGR, cash flow and, for the 2019/21 cycle, NSSG) is tracking below the threshold level required for vesting for both

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Other outstanding awards continued**Performance measures and consideration of discretion** continued

cycles. No adjustments to the targets are proposed, in line with the UK investor and proxy guidance. However, the Committee may consider it appropriate to use discretion to adjust the formulaic outcomes upwards when more of the inflight LTIP cycles vest, considering a range of factors including those shown on page 106. No decisions have yet been made regarding the use of discretion; however, the following approaches are under discussion for the 2020/22 cycle:

- Cash flow – the absolute cash flow targets were set prior to the outbreak of Covid-19 and following revised forecasts it is unlikely that these will be achieved. The TGR target for this cycle was set later in the year reflecting guidance from investor bodies that awards could be granted at the usual time, with a commitment to set performance conditions within the next six months, and therefore is reflective of performance expectations assessed after the initial impact of the pandemic became evident. To continue to incentivise participants to maintain a solid cash position, the Committee is also tracking a ‘shadow’ cash flow target, which has been formulated alongside the TGR target based on our understanding at the time of the potential recovery trajectory. This shadow target does not replace the original cash flow target which has not been adjusted and will continue.
- ROCE underpin: ROCE performance has been significantly impacted by the pandemic. The ROCE underpin for the relative NSSG measure for the 2020/22 cycle was set at 20%; if this target is not met, the Committee has the discretion, but not the obligation, to reduce the outcome under the NSSG measure at the time of vesting, taking into consideration criteria including the reason the ROCE underpin has not been met. The underpin was introduced to ensure IHG’s high returns on capital were prioritised in strategic decision-making (e.g. M&A activity) as opposed to simply reflecting trading performance. Based on discussions to date, if the ROCE underpin was not met for this cycle, the Committee would be minded not to reduce the NSSG vesting outcome by reason only of the impact on earnings of the pandemic.

Any use of discretion, including the factors influencing the decision, will be clearly communicated in the Directors’ Remuneration Report for the year in which the decision is made.

AUDITED

Statement of Directors’ shareholdings and share interests

The Committee believes that share ownership by Executive Directors and senior executives strengthens the link between the individuals’ personal interests and those of shareholders.

■ Guideline Executive Director shareholding requirement

Executive Directors are required to hold shares equal to 500% of salary for the Chief Executive Officer and 300% for any other Executive Director. Executive Directors are expected to hold all net shares earned until the previous guideline shareholding requirement is achieved (300% for the CEO and 200% for other Executive Directors) and at least 50% of all subsequent net shares earned until the current guideline shareholding is met. The number of shares held outright includes all directors’ beneficial interests and those held by their spouses and other connected persons. It also includes the net value of unvested shares that are not subject to any further performance conditions.

Percentages are calculated using the 31 December 2020 share price of 4,690p.

The full guideline minimum shareholding requirement continues for six months after cessation of employment and 50% of the requirement continues for an additional six months. As a part of this requirement, since 2019, shares have been granted and all unvested awards held in a nominee account and Executive

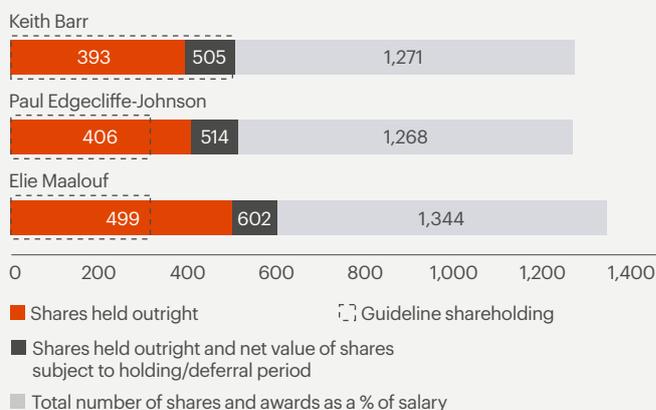
Current Directors’ shareholdings

The APP deferred share awards are not subject to performance conditions. Details on the performance conditions to which the unvested LTIP awards are still subject can be found on pages 104-105. There have been no changes in the shareholding interests of any of the directors since the end of the financial year up to the publication of this report.

Shares and awards held by Executive Directors as at 31 December 2020: number of shares

	Number of shares held outright		APP deferred share awards		LTIP share awards (unvested)		Total number of shares and awards held	
	2020	2019	2020	2019	2020	2019	2020	2019
Keith Barr	70,279	52,832	37,705	32,697	119,227	102,537	227,211	188,066
Paul Edgecliffe-Johnson	53,376	38,562	26,751	25,637	86,479	76,150	166,606	140,349
Elie Maalouf	67,428	43,652	25,417	32,591	88,691	74,695	181,536	150,938

Directors electronically sign an agreement to the terms of the grant, including the post-employment shareholding requirement.

Shares and awards held by Executive Directors as at 31 December 2020: % of salary

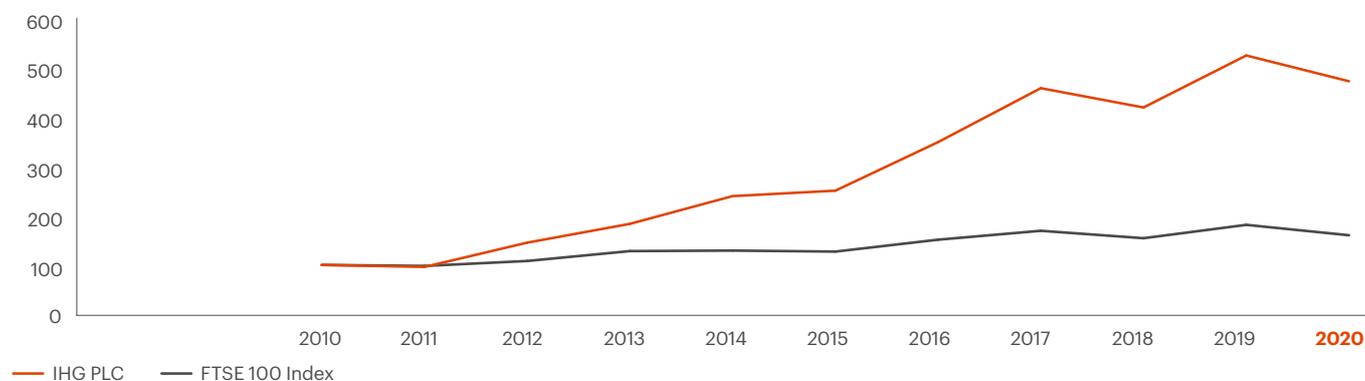
Percentages have been calculated using a combined tax and social security rate of 47% for Keith Barr and Paul Edgecliffe-Johnson and a rate of 45.1% for Elie Maalouf.

Directors' Remuneration Report continued

Annual Report on Directors' Remuneration continued

Relative performance graph

InterContinental Hotels Group PLC is a member of the FTSE 100 share index, and the graph below shows the Company's Total Shareholder Return (TSR) performance from 31 December 2010 to 31 December 2020, assuming dividends are reinvested, compared with the TSR performance achieved by the FTSE 100.



Chief Executive Officer's remuneration

The table below shows the Chief Executive Officer's single figure of total remuneration for the 10 years to 31 December 2020.

Single figure	CEO	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Single figure of remuneration (£000)	Keith Barr							2,161	3,143 ^a	3,376	1,418
	Richard Solomons	4,724	4,881	3,131	6,611 ^b	3,197	3,662	2,207 ^c			
	Andrew Cosslett	3,770									
Annual incentive received (% of maximum)	Keith Barr							69.7	84.1	58.7	0
	Richard Solomons	83.0	68.0	74.0	74.0	75.0	63.9	66.8			
	Andrew Cosslett	43.3									
Shares received under the LTIP (% of maximum)	Keith Barr							46.1	45.4	78.9	30.6
	Richard Solomons	73.9	100.0	59.0	56.1	50.0	49.4	46.1			
	Andrew Cosslett	61.6									

^a For Keith Barr, the 2018 figure includes a one-off cash payment for relocation costs in lieu of benefits received whilst on international assignment prior to CEO position, fully explained in the 2017 report.

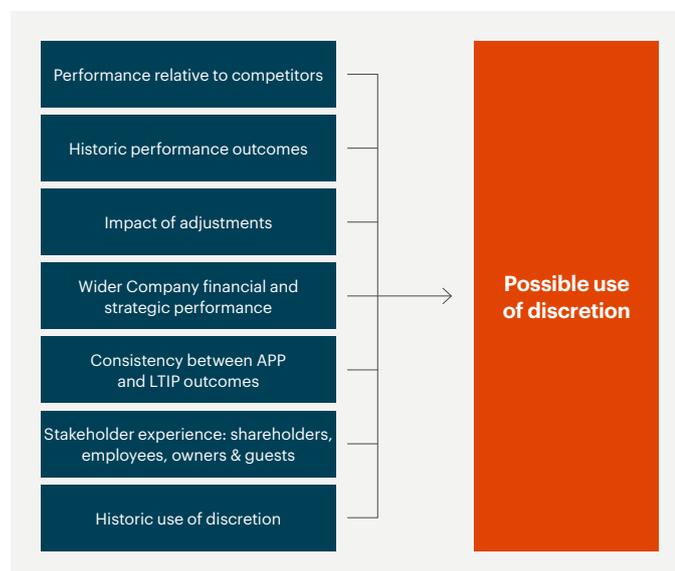
^b For Richard Solomons, the 2014 figure includes a one-off cash payment in respect of pension entitlements which was fully explained in the 2014 report.

^c In respect of period 1 January to 30 June 2017.

Other information relating to Directors' remuneration

Consideration of use of discretion

In line with the UK Corporate Governance Code, the Committee has adopted a formal framework which it will use to determine whether to exercise discretion. Some of the key factors the Committee will consider are shown below.



No bonus was paid to Executive Directors or other corporate employees for 2020.

The formulaic vesting outcome for the 2018/20 LTIP cycle was 30.6% of maximum. During the 2018/20 cycle, the Committee tracked forecast performance against the targets. As at the end of 2019, before the impact of Covid-19 was taken into account, the estimated vesting level was c.76% significantly higher than the final performance outcome. The Committee took a number of matters into account in considering whether to use any discretion to adjust the formulaic outcome of the 2018/20 LTIP, in accordance with the Committee's discretion assessment framework. These included the strong performance of the Executive Directors in addressing the exceptional circumstances resulting from the pandemic to the benefit of shareholders, owners, colleagues and other stakeholders, as well as the unavoidable loss of employment for impacted corporate and hotel colleagues. The Committee concluded that the formulaic vesting outcome was appropriate for this award.

The Committee also held discussions on the possible use of discretion for the vesting outcome for the 2019/21 and 2020/22 LTIP cycles. No decisions will be made until the end of each cycle's performance period; however, a possible approach for the cash flow target and ROCE underpin for the 2020/22 cycle is described on page 105.

Dividends paid to Executive Directors

No dividends were paid out by IHG in 2020.

CEO pay ratio

As we have noted in previous Annual Reports, pay ratios will differ significantly between companies, even within the same industry, depending on demographics and business models. The Group's UK employee demographic, which primarily consisted of largely professional, management and senior corporate roles, changed in 2019 with the addition of a number of hotel employing entities which include a large proportion of part-time and flexible-working support and service roles. As per last year's report, we show below the ratio both including and excluding the new UK employing entities.

On a like-for-like population basis with our original disclosure in the 2018 Annual Report, the median ratio, has decreased from 49:1 in 2019 to 25:1 in 2020. The more substantive temporary reduction to pay taken by the CEO in 2020 compared with the wider workforce will be a contributing factor to this decrease, as will the greater extent to which Executive Directors are rewarded through variable performance-related incentives, which were lower or did not pay out in 2020 compared to 2019.

Year	Method	Full population			Population excluding hotel employing entities		
		25th	Median	75th	25th	Median	75th
Financial year ended 31 December 2020	Option C	85:1	43:1	24:1	33:1	25:1	17:1
Financial year ended 31 December 2019	Option C	180:1	122:1	59:1	71:1	49:1	32:1
Financial year ended 31 December 2018	Option C	-	-	-	72:1	48:1	29:1

The 2018 and 2019 figures have been restated to reflect the value of the CEO's LTIP awards on the date of actual vesting rather than the estimated vesting levels used in the respective years' Annual Reports.

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

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

- a greater proportion of performance-related variable pay and share-based incentives apply for the more senior executives, including Executive Directors, who will have a greater degree of influence over performance outcomes;
- additional and enhanced benefit provision, such as company car and healthcare benefits, apply as roles and responsibilities increase throughout the organisation;
- role-specific specialist plans apply in certain areas such as corporate reservations, sales and hotel development. Incentive plans for General Managers of IHG managed, owned, leased and managed lease hotels commonly include targets based on gross operating profit, guest satisfaction and employee engagement. The target and maximum amounts that can be earned under these plans are typically a higher percentage of base salary for more senior employees, which in turn affect the pay ratio; and
- incentive plans for other corporate employees are typically based on a combination of individual performance and the Group's operating profit from reportable segments.

Calculation methodology and supporting information

Option C has been selected for the identification of the percentile employees. IHG prefer to use this method as we are able to produce the most accurate total remuneration figure for all UK employees on a basis comparable with the statutory reporting for Executive Directors using the most available data at the time of producing the Annual Report. Due to the non-payment of bonus for 2020, this year we have been able to include more accurate in-year data to identify the percentile employees than using the Gender Pay Gap data. Specifically, this has involved:

- compiling all monthly payroll data for all UK employees throughout 2020 detailing complete variable and fixed remuneration, including pension and taxable benefits such as company car and healthcare; and
- excluding the value of any deferred shares from the 2017 bonus that vested in 2020.

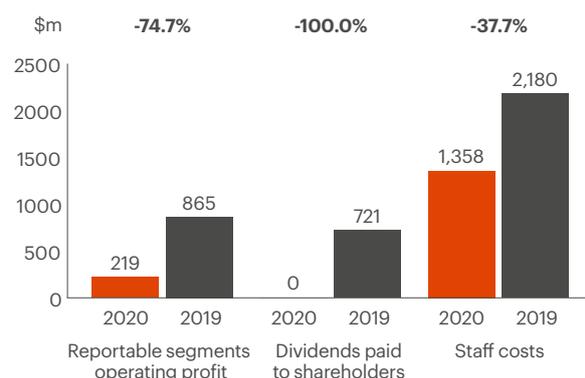
Option C requires three UK employees to be identified as the equivalent of the 25th, 50th and 75th percentile. Having identified these employees, the 2020 remuneration is calculated on the same basis as the CEO single total figure of remuneration.

The 2020 salary and total pay for the individuals identified at the lower, median and upper quartiles are set out below.

Year		25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
Financial year ended 31 December 2020 – Full population	Salary £	16,103	32,470	52,833
	Total remuneration £	16,736	33,366	58,761
Financial year ended 31 December 2020 – Excluding hotel employing entities	Salary £	38,675	51,420	65,882
	Total remuneration £	43,012	56,764	83,182

Relative importance of spend on pay

The chart below sets out the actual expenditure of the Group in 2020 and 2019, showing the differences between those years. Further information, including where 2019 figures have been restated, can be found in the Group Financial Statements starting on page 112 and the accompanying notes.



Directors' Remuneration Report continued

Annual Report on Directors' Remuneration continued

Annual percentage change in remuneration of Directors compared to employees

	2020		
	Salary	Bonus	Taxable benefit
Executive Directors			
Keith Barr	-14%	-100%	25%
Paul Edgecliffe-Johnson	-13%	-100%	-14%
Elie Maalouf	-15%	-100%	-10%
Non-Executive Directors			
Patrick Cescau	-13%	N/A	-53%
Graham Allan	-	N/A	-
Anne Busquet	-13%	N/A	-87%
Arthur de Haast	-	N/A	-
Ian Dyson	-13%	N/A	-90%
Duriya Farooqui	-	N/A	-
Jo Harlow	-13%	N/A	-94%
Jill McDonald	-13%	N/A	-87%
Dale Morrison	-13%	N/A	-83%
Sharon Rothstein	-	N/A	-
Average employee	-6%	-100%	-9%

The table to the left shows the percentage change in all Directors' remuneration compared to that of an average employee between the financial year ended 31 December 2019 and the financial year ended 31 December 2020.

The remuneration figures for the Directors' were taken from the data used to compile single figure tables of remuneration shown on pages 101 and 110 excluding any rounding up or down. No employees are directly employed by the Group's Parent Company, so the average employee data for this year's report is based on the same UK corporate employee population as that on which the CEO pay ratio is calculated.

The percentage change in salary and fees takes into account the temporary reductions from April to September 2020 inclusive and the cancellation of the planned 2020 merit increase.

No bonus is payable for 2020 to Executive Directors or other corporate employees, which is reflected in the bonus percentage change. Non-Executive Directors are not eligible for a bonus.

Taxable benefits for Non-Executive Directors are largely consituted of travel expenses, which were significantly impacted by travel restrictions during 2020, whereas Executive Director and average employee benefits typically comprise elements of their reward package such as company car and healthcare benefits.

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Payments for loss of office

There were no payments for loss of office in 2020.

Pension entitlements

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

Payments to past Directors – benefits

Sir Ian Prosser

Sir Ian Prosser, who retired as Director on 31 December 2003, had an ongoing healthcare benefit of £1,690.00 during the year.

Implementation of Directors' Remuneration Policy in 2021

This section explains how the DR Policy will be applied in 2021.

Salary: Executive Directors

Directors' salaries are agreed annually in line with the DR Policy. Last year, we stated that Executive Directors' would receive a 2% salary increase from 1 April 2020 however, as explained on page 100, these increases were rescinded. Furthermore, temporary reductions to salary were taken between April and September inclusive; Executive Directors' received a 30% reduction in salary during this period.

The following salaries will apply from 1 April 2021.

Executive Director	Increase %	2021	2021	2020	2020
		£	\$	£	\$
Keith Barr	3	863,300		838,200	
Paul Edgecliffe-Johnson	3	634,800		616,300	
Elie Maalouf ^a	3	836,600			812,200

^a Elie Maalouf is paid in USD and his annual base salary for 2020 and 2021 is shown in USD. The sterling equivalent values calculated using an exchange rate of \$1 = £0.78 are: 2020 – £633,516 and 2021 – £652,548.

The increases above are in line with the budget for the wider UK and US corporate workforce.

Measures for 2021 APP

The 2021 APP structure is in line with the approved DR Policy and will be based on a 70% weighting for a measure of operating profit and a 30% weighting for 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. Having reviewed a number of potential strategic measures, the Committee has determined that for 2021, it is particularly 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 retrospectively. It is important to note that the targets and payment schedule for operating profit from reportable segments and the strategic measures are set in an environment of continued uncertainty as a result of the Covid-19 pandemic.

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	Absolute number of new room signings	15	Achievement against target
Room openings	Absolute number of new room openings	15	Achievement against target

A gateway test applies to the strategic element based on the Committee's overall assessment of performance against IHG's Global Metrics. These are based on a range of KPIs including several ESG measures such as carbon reduction, employee engagement and guest satisfaction. As for 2020, given the continued volatile environment and forecasting challenges, a formula will not be applied. Instead the gateway will be structured such that 2021 performance against the Global Metrics, together with data on relative performance against peers, will be tracked and used by the Committee as reference points in considering whether to use discretion to adjust the formulaic outcome on the strategic element.

2021/23 LTIP cycle performance measures and targets

Total gross revenue (TGR) has been removed from the LTIP metrics for the 2021/23 cycle. TGR is heavily impacted by the pace of market RevPAR recovery which is very unpredictable and outside of management's control. This led to difficulties in setting targets for the 2020 LTIP, with target-setting still challenging in 2021 due to the continued uncertainty. This approach will be kept under review for future cycles.

As a result of the removal of the TGR metric, relative NSSG and absolute cash flow have both had their weighting increased by 10%, maintaining a similar balance between absolute and relative measures as for the previous cycle.

The measures for the 2021/23 LTIP cycle are as follows:

Measure	Definition	Weighting (%)	Performance objective
Relative Total Shareholder Return (TSR)	IHG's performance against a comparator group of global hotel companies. 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.	30	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 with ROCE underpin	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., Choice Hotels International Inc. Targets will be set based on increased room count that is consistent with the relevant company's business plan objectives and practice as at the start of the LTIP cycle.	40	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. This measure is subject to the achievement of a Return on Capital Employed underpin. See below for further details.
Absolute cash flow	Cumulative annual cash generation over three-year performance period.	30	In view of the uncertain forecasting environment, the cash flow targets had not been approved by the Committee at the time of publication of this report. The targets are scheduled to be finalised and published on our website in advance of the May 2021 AGM.

Operation of Return on Capital Employed (ROCE) underpin

The Committee has the discretion to reduce the amount of the award vesting under the net system size growth measure by any amount, including to zero, in the event that a Return on Capital Employed (ROCE) falls below a predetermined level over the period of an LTIP cycle. The extent of reduction would be determined taking into consideration criteria including:

- the reason the ROCE underpin has not been met;
- the impact on other metrics, including cash flow and total gross revenue; and
- the materiality of the circumstances under which the underpin has not been met.

ROCE is defined as operating profit from reportable segments divided by Capital Employed. For Capital Employed, we expect to define this as Total Assets less Current Liabilities, adjusted for deferred revenue and deferred tax assets/liabilities. At the end of each cycle, the Committee will agree the appropriate capital base of the Company taking into account any short-term impacts that are not part of the long-term capital of the business.

For the 2021/23 LTIP cycle, the underpin will remain at the 20% level set for the 2020/22 cycle. Under normal circumstances, the Committee considers this an appropriate level to protect shareholder interests without disincentivising the pursuit of long-term strategically advantageous return-enhancing opportunities, which could have a short-term impact on ROCE. However, it should be noted that, as outlined on page 105, the Committee is minded not to reduce the NSSG outcome if the ROCE underpin is not met for the 2020/22 cycle solely due to the impact on earnings of the pandemic.

Performance and vesting outcomes and any use of discretion will be fully disclosed and explained in the relevant Directors' Remuneration Report.

Directors' Remuneration Report continued

Annual Report on Directors' Remuneration continued

AUDITED

Single total figure of remuneration: Non-Executive Directors

Non-Executive Director	Committee appointments		Date of original appointment	Fees £000		Taxable benefits £000		Total £000	
				2020	2019	2020	2019	2020	2019
Patrick Cescau		N	01/01/13	377	435	7	14	384	449
Graham Allan	A	R	01/09/20	24	-	0	-	24	-
Anne Busquet	A	RB	01/03/15	66	77	1	5	67	82
Arthur de Haast	R	RB	01/01/20	66	-	0	-	66	-
Ian Dyson	A	R N	01/09/13	88	102	0	2	88	104
Duriya Farooqui	A	RB	07/12/20	5	-	0	-	5	-
Jo Harlow		N R	01/09/14	88	102	0	2	88	104
Luke Mayhew	A	RB N	01/07/11	64	77	2	2	66	79
Jill McDonald	A	RB N	01/06/13	78	90	0	2	78	92
Dale Morrison	A	N R	01/06/11	95	110	2	11	97	121
Malina Ngai		RB R	01/03/17	25	77	0	8	25	85
Sharon Rothstein	A	RB	01/06/20	38	-	0	-	38	-

 See page 75 for Board and Committee membership key and attendance.

Fees: Fees are paid in line with the DR Policy. As explained on page 100, Non-Executive Directors' fees were reduced by 30% from 1 April 2020 to 30 September 2020. Malina Ngai stepped down from the Board on 07 May 2020 and Luke Mayhew stepped down on 18 December 2020 so all fees and taxable benefits for these Directors ceased on those dates.

Benefits: For Non-Executive Directors, benefits include taxable travel and accommodation expenses to attend Board meetings away from the designated home location. Under concessionary HM Revenue and Custom rules, non-UK based Non-Executive Directors are not subject to tax on travel expenses for the first five years; this is reflected in the taxable benefits for Anne Busquet, Dale Morrison, Malina Ngai and Sharon Rothstein. Due to global restrictions on travel during 2020 as a result of the Covid-19 pandemic, only the February Board meeting was held in person so taxable travel and accommodation expenses are lower this year.

Other: Non-Executive Directors are not eligible for any incentive awards or for any pension contributions or benefit.

Shares held by Non-Executive Directors as at 31 December 2020:

The Non-Executive Directors who held shares are listed in the table below:

Non-Executive Director	2020	2019 ^a
Patrick Cescau	11,135	3,605
Ian Dyson	1,500	-
Arthur de Haast	1,000	-
Jo Harlow ^a	950	950
Dale Morrison ^a	2,960	2,960

^a Shares held in the form of American Depositary Receipts.

^b 2019 shares were subject to a share consolidation on 14 January 2019 on the basis of 19 new ordinary shares for every 20 existing ordinary shares.

Fees: Non-Executive Directors

The fees for Non-Executive Directors are reviewed and agreed annually in line with the DR Policy. The Chair and Non-Executive Directors have waived any increase for 2021 and fee levels for 2021 will therefore remain as follows:

Non-Executive Director	Role	2021 £000	2020 £000
Patrick Cescau	Chair of the Board	444	444
Graham Allan	Non-Executive Director	78	78
Anne Busquet	Non-Executive Director	78	78
Arthur de Haast	Non-Executive Director	78	78
Ian Dyson	Chair of Audit Committee	104	104
Duriya Farooqui	Non-Executive Director	78	78
Jo Harlow	Chair of Remuneration Committee	104	104
Jill McDonald	Chair of Responsible Business Committee	92	92
Dale Morrison	Senior Independent Non-Executive Director	112	112
Sharon Rothstein	Non-Executive Director	78	78

Non-Executive Directors' letters of appointment and notice periods

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

Patrick Cescau, Non-Executive Chair, is subject to 12 months' notice. No other Non-Executive Directors are subject to notice periods. All Non-Executive Directors are subject to election annual re-election by shareholders at the AGM.

Remuneration Committee details

Key objectives and summary of responsibilities

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

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

The Committee's key focus areas during the year have been:

- evaluating absolute and relative performance on incentive plans for the year ended 2020; and
- evaluating potential measures and targets for 2021+ short and long-term incentive plans.

Membership and attendance at meetings

Details of the Committee membership and attendance at meetings are set out on page 75.

During 2020, the Committee was supported internally by the Chair, the Group's CEO and CFO, and the heads of Human Resources and Reward as necessary. All attend by invitation to provide further background information and context to assist the Committee in its duties. They are not present for any discussion that relate directly to their own remuneration or where their attendance would not be appropriate.

Reporting to the Board

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

Stakeholder engagement

The Chair of the Committee engaged extensively with shareholders during 2020 in respect of the DR Policy, both in advance of the AGM and following the vote of less than 80% support at the AGM, in order

to outline the rationale for the changes made to the policy and to understand the range of views held by shareholders and to take these into account in setting and implementing the policy.

In terms of employee engagement, the Company carried out a global engagement survey to address employee satisfaction, covering a number of areas including competitive pay and benefits. These stakeholder engagement processes have informed our review of Executive Director remuneration.

 The Company's approach to wider workforce engagement under the Corporate Governance Code is set out on page 92.

Effectiveness of the Committee

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

Other focus areas and activities

In addition to stakeholder consultation following the DR Policy vote, the other focus areas and activities discussed by the Committee during 2020 were:

- monitoring 2020 performance against agreed targets as well as in the wider business context and the impact on key stakeholders including employees and shareholders;
- reviewing and approving the 2020 annual and long-term incentive results for the Executive Directors and other members of the Executive Committee (EC), including assessing the use of discretion;
- reviewing potential measures and targets for 2021+ annual and long-term incentive plans, including working with the Responsible Business Committee on ESG metrics; and
- reviewing wider workforce remuneration policy and practice, including EC and wider workforce retirement benefits in the UK and US.

Remuneration advisers

In 2019, IHG appointed Deloitte LLP to act as independent adviser to the Committee and they commenced work in October 2019. PricewaterhouseCoopers LLP formally stepped down in early 2020.

Deloitte and PwC are both members of the Remuneration Consultants Group and, as such, operate under the code of conduct in relation to executive remuneration consulting in the UK. The Committee is satisfied that the advice received is objective and independent. Fees of £129,500 were paid to Deloitte and £18,300 to PwC in respect of advice provided to the Committee in 2020. This was in the form of an agreed fee for support in preparation of papers and attendance at meetings, with work on additional items charged at hourly rates. The terms of engagement for Deloitte are available from the Company Secretary's office upon request. Separately, other parts of Deloitte LLP also advised the Company in relation to corporation tax, mobility and consulting services.

Voting at the Company's AGMs

There was a vote in respect of the new DR Policy at the 2020 AGM. The outcome of the votes in respect of the DR Policy and Report for 2018 to 2020 are shown below:

AGM	Directors' Remuneration Policy (binding vote)			Directors' Remuneration Report (advisory vote)		
	Votes for	Votes against	Abstentions	Votes for	Votes against	Abstentions
2020	112,098,213 (77.14%)	33,210,269 (22.86%)	3,308,499	143,279,761 (96.49%)	5,212,375 (3.51%)	124,844
2019	-	-	-	120,939,401 (83.95%)	23,116,948 (16.05%)	3,867,287
2018	-	-	-	118,770,985 (82.33%)	25,486,193 (17.67%)	2,664,237

Jo Harlow

Chair of the Remuneration Committee
22 February 2021