

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.