

# 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](http://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](http://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.