

## Corporate governance statement



**Bob Ivell**  
Chairman

*“This Corporate Governance Statement sets out our report to shareholders on the status of our corporate governance arrangements.”*

The Board is responsible for ensuring that the activities of the Group and its various businesses are conducted in compliance with the law, regulatory requirements and rules, good practices, ethically and with appropriate and proper governance and standards. This includes reviewing internal controls, ensuring that there is an appropriate balance of skills and experience represented on the Board, compliance with the applicable UK Corporate Governance Code, which is issued by the Financial Reporting Council and which is available at [www.frc.org.uk](http://www.frc.org.uk), and maintaining appropriate relations with shareholders and other stakeholders.

The latest financial information for Mitchells & Butlers and its group of companies is included in the 2021 Annual Report and Accounts (of which this Corporate Governance Statement forms part) and which is available online at: [www.mbplc.com/investors](http://www.mbplc.com/investors)

This includes a statement on the Company's reaction to the Covid-19 pandemic and measures taken to ensure the safety of the business and its guests which may be found on pages 12 to 15 of the Strategic Report. Additional corporate governance measures were also implemented during the financial year in order to monitor the changing situation and ensure compliance with the legal obligations arising therefrom.

### Shareholder relations

The Board recognises that it is accountable to shareholders for the performance and activities of the Company. The Company regularly updates the market on its financial performance, at the half year and full year results in May and November respectively, and by way of other announcements as required. The content of these updates is available by webcast on the Company's website, together with general information about the Company so as to be available to all shareholders. The Company has a regular programme of dialogue with its larger shareholders which provides an opportunity to discuss, on the basis of publicly available information, the progress of the business.

On a more informal basis, the Chairman, Chief Executive and the Chief Financial Officer regularly report to the Board the views of larger shareholders about the Company, and the other Non-Executive Directors are available to meet shareholders on request and are offered the opportunity to attend meetings with larger shareholders.

The AGM provides a useful interface with shareholders, many of whom are also guests in our pubs, bars and restaurants. All proxy votes received in respect of each resolution at the AGM are counted and the balance for and against, and any votes withheld, are indicated.

At the March 2021 Annual General Meeting, the Company had four resolutions where 20% or more of votes cast were cast against the resolution. These were in respect of the re-election of Bob Ivell, Eddie Irwin, Josh Levy and Ron Robson and resulted in the Company featuring in the Investment Association's public register of shareholder dissent. The Company's response to its inclusion in that register can be found in the register itself and on the Company's website [www.mbplc.com](http://www.mbplc.com)

While it is understood that the votes against were the result of Board and Committee composition in the case of the Chairman, and the status as representatives of our two largest shareholders for the remaining three Directors concerned, the Company continues to believe that the statements made in that response remain true. Further, the response required to deal with the threat posed to the business by Covid-19 means that further changes to the Board are not currently being considered.

Colin Rutherford and Imelda Walsh both stepped down from the Board on 19 July 2021 and Ron Robson stepped down from the Board on 31 July 2021. No other changes to the Board were made during the year and the Board currently consists of nine members, three of whom are independent Non-Executive Directors (including two female independent Non-Executive Directors). A more detailed explanation is set out at page 65.

### Corporate governance arrangements during FY 2021 in response to the continued Covid-19 pandemic

In its 2020 Annual Report the Company set out in detail how it had discharged its governance arrangements during the period from March 2020 onwards up to and including the date of publication of that report in the context of the adjustments which were required to address the challenges of the Covid-19 pandemic. In this section, the Company sets out how such arrangements were discharged during FY 2021 which was, of course, also significantly affected by the same or similar challenges.

Clearly, during the financial year there were two separate periods of enforced closure of the Group's businesses in England, Wales, Scotland and Northern Ireland together with various periods of mandatory closure in respect of its ALEX business in Germany.

The principal impact of these closure periods was during November 2020 and then from the start of January 2021 leading to a phased reopening of the Group's businesses in England, Scotland, Wales and Northern Ireland at various times, and with various levels of restrictions, in the period from April 2021 to August 2021 and, similarly, for the German businesses over a period from May 2021 onwards.

Before these closures and between the closure periods and as the phased reopening was permitted, the relevant authorities also mandated various sets of operating restrictions in a series of 'Tiers' or 'Levels' or similar phases which differed across all the jurisdictions concerned both in terms of extent and the times when they came into operation or were adjusted.

During the financial year, the United Kingdom's transition period for its exit from the European Union ended on 31 January 2021. Whilst that was during a period when the Group's businesses were subject to Covid-19 pandemic closure requirements and so the immediate impact on operations was mitigated, there was, nonetheless, a significant amount of preparatory work undertaken by the Group in the period leading up to that exit date to secure supplies and continuity of the availability of staff.

After the removal of the majority of the pandemic-related restrictions, the Group also faced difficulties in addressing supply chain shortages due to a national lack of available drivers and the closure of its trading sites due to staff being required to isolate following a notification from NHS Test and Trace. These two challenges remain as at the date of publication of this report.

All of these matters led to a very confused environment in which to conduct the Group's activities. Therefore, the governance regime which had existed throughout the second half of FY 2020 (as set out on pages 59 to 61 in the 2020 Annual Report) remained largely in place throughout FY 2021.

In summary, the Board continued to maintain its regular set of scheduled meetings together with some additional meetings required to give effect to the Open Offer which closed in March 2021. These meetings were conducted virtually up until the Board and Audit Committee meetings held in September 2021, which were the first physical meetings since early March 2020.

The Chief Executive Officer, Phil Urban, provided a weekly written report to the Board during the periods of closure setting out the key developments relating to the Group's businesses and trading relationships and its arrangements with other stakeholders such as suppliers, landlords, the Trustees of the Group's pension schemes, and the lobbying activities of UK Hospitality with the UK Government on behalf of the industry.

The Remuneration Committee and the Audit Committee carried on with their scheduled meetings and agreed work programmes although, as there were no formal matters for it to consider, there were no meetings of the Nomination Committee.

The details of the numbers of meetings of the Board and the Audit and Remuneration Committees in the period, are set out on page 68.

The Executive Committee which is the principal operational decision-making forum of the Group, continued with its monthly cycle of meetings with a full agenda of both pandemic-related and 'business as usual' issues. The output of the Executive Committee meetings is also reported to the Board. The Executive Committee addressed in particular all stakeholder arrangements including the relationships and dialogue with employees, shareholders, supplier arrangements and the Group's pension arrangements (including agreed temporary suspensions of contributions payable to the Trustees of the Group's pension schemes).

From December 2020 to May 2021 the Chairman, Chief Executive, Chief Financial Officer and the Company Secretary and General Counsel met virtually each week to assess developments, particularly in relation to the Company's financing arrangements, to ensure that any potentially announceable events were identified and dealt with appropriately under the Disclosure Guidance and Transparency Rules and the Listing Rules, with, as required, input from the Company's external legal advisers.

On a weekly basis, the Covid-19 Steering Committee which had been established in March 2020 and continued in operation, met to deal with emerging and developing issues which arose from the operational restrictions imposed upon the Group and to ensure appropriate communication with employees, to monitor industry lobbying efforts with Government, to manage relationships with suppliers and to ensure appropriate action was taken and resources made available to protect the business and its assets. The work of that Steering Committee and its decisions and actions in relation to the management of the pandemic's impact on the Group were included in the weekly report by the Chief Executive Officer to the Board. This Steering Committee continued to meet weekly until September 2021.

At the various times when it became clear that the Group's businesses were likely to be able to reopen, the separate Reopenings Review Group (which was referred to in detail in the 2020 Annual Report) was re-established to oversee the detailed arrangements for safe and effective reopening of the Group's trading sites in the UK. Similar arrangements were also implemented in Germany.

In addition to all of these activities, the Chief Executive Officer continued to issue a fortnightly briefing note to all employees via the Company's intranet which explained the current position, the Company's expectations looking forward and set out not only the issues faced by the business but how it was intending to deal with them. These updates were available to all employees, whether or not on furlough.

Overall, the governance arrangements set out in the 2020 Annual Report were continued throughout FY 2021 with adjustments and flexibility to reflect the often-changing operating and trading environment in which the Group operated throughout FY 2021.

## Corporate governance statement *continued*

### Employee wellbeing arrangements and workplace implications:

The Company has an established wellbeing strategy that encompasses five pillars of wellbeing; social, environmental, physical, mental and financial. Within these pillars there are a range of resources and tools available for line managers and employees to access, including:

- our employee assistance programme which is run by the Licensed Trade Charity. They operate a free, 24/7 confidential helpline and a website available to all employees.
- an online wellbeing centre that provides access to workout videos, nutritional advice, financial wellbeing tools and mindfulness and meditation videos and articles.
- financial wellbeing tools and support via Nudge.
- mental health training available for all line managers to assist them in supporting their teams. In addition the business has trained a number of mental health first aiders.
- wellbeing days, which are now intended to be held virtually and this will enable all employees to participate in the various activities and workshops.

During periods of lockdown the business operated with a skeleton team of support centre employees. During the reopening phase the Retail Support Centre and other offices gradually reopened in line with Government guidance and additional safety measures were put in place to provide employees with further reassurance. These included a pre-booking facility for office attendance, enhanced cleaning and regular lateral flow testing.

Ahead of reopening in April employees were invited to participate in a survey in order to assess any concerns they may have had in relation to returning to work and this enabled reopening plans to be developed.

### Corporate governance code reporting

For FY 2021, the Company has reported under the 2018 Code. Its requirements are:

1. enhanced board engagement with the workforce and wider stakeholders, including describing how the Company complies with its obligations to take into account stakeholder views pursuant to Section 172 Companies Act 2006;
2. demonstration of a clear business strategy aligned with a healthy corporate company culture;
3. a high-quality and diverse board composition; and
4. proportionate executive remuneration that supports the long-term success of the business.

The Board established a Corporate Responsibility Committee in June 2019. The purpose of this Committee is to allow more executive, leadership and functional management involvement in key areas of significant importance including environmental impacts of the Group's activities, community relationships and the role of the Company in society. The existence of this Committee demonstrates a significant commitment to the enhancement of governance in general and matters such as stakeholder engagement. More details of this Committee and its membership are set out on page 71 and its Terms of Reference are on the Company's website [www.mbplc.com](http://www.mbplc.com)

### Alignment to the 2018 Code

As part of its alignment with the 2018 Code, the following operational and administrative framework is in place.

#### 1. Enhanced board engagement with the workforce and wider stakeholders

The 2018 Code recommends that the Board should consider wider stakeholder views, in particular implementing arrangements for gathering the views of the workforce. The 2018 Code permits a designated Non-Executive Director to fill this role and in 2019 the Board designated Dave Coplin for this role. The purpose of this appointment under the 2018 Code is to gather employee views, ensure employee views are taken into account in Board discussions and decision-making, and engage with the workforce to explain how executive remuneration aligns with the Company's remuneration policy. This commenced in FY 2019 with Dave Coplin being

introduced to those executive managers who could help ensure that meetings and site visits were effective. Progress continued during FY 2020 and FY 2021, though progress was necessarily delayed during lockdown, given social distancing requirements.

Mitchells & Butlers has an Employee Forum with elected representatives which normally meets with the Executive Directors and members of the Executive Committee twice a year. Dave Coplin also attends these meetings. Due to lockdown restrictions no meetings were held in FY 2021. The next meeting is scheduled for Spring 2022. Questions from the workforce in general are sought through the intranet to seek areas of concern or enquiry and to enable the Company to respond. The Employee Forum agenda includes an overview of how executive pay is aligned with the Company's strategic objectives. The Terms of Reference of the Employee Forum reflect this. Meetings of the Employee Forum will recommence in early 2022, having been postponed following closure of the business in March 2020.

The results of regular Board roadshows are used to update managers on performance and the latest developments affecting the Group, and employee feedback is included in Board papers where appropriate as part of the decision-making process.

#### 2. A clear business strategy aligned with a healthy corporate company culture

In July 2018 the Financial Reporting Council published 'Guidance on the Strategic Report', strengthening the link between the purpose of the Strategic Report and the Directors' duty under Section 172 Companies Act 2006, to promote the success of the Company. The requirement under the Companies Act 2006 is that the Strategic Report must inform members of the Company, and help them assess, how the Directors have performed their duty under Section 172 to promote the success of the Company. The revised guidance encourages companies to consider the broader matters that may impact upon the performance of the Company over the longer term including the interests of wider stakeholders, and it is now established Mitchells & Butlers practice that strategic proposals put to the Company's Board meetings include a requirement to consider the Directors' duties under Section 172. A detailed explanation of the manner in which the Board has discharged its responsibilities under Section 172 is set out in the Compliance Statements on pages 40 to 42.

The specific provisions of Section 172 require Directors to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, have regard to the interests of other stakeholders. The specific requirements of Section 172 are that Boards should consider:

- the likely consequences of decisions in the long term;
- the interests of the Company's employees;
- the fostering of business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

The 2018 Code specifically requires that the Board should understand the views of the Company's key stakeholders (including employees, suppliers, customers and others) and keep stakeholder engagement mechanisms under review so they remain effective. The 2018 Code also recommends that there should be regular reporting as to how the Board has complied with this engagement approach in its decision-making processes and how the interests of different shareholders have been considered. The 2018 Code sets out a series of aspects to be taken into account in demonstrating the Board has complied with its Section 172 responsibilities. These are listed below, together with Company procedures which align Mitchells & Butlers' corporate behaviour with the spirit and values of the 2018 Code and how the Board has employed its oversight of the Company's purpose. This purpose is set out in more detail on page 1.

### a. Culture

Mitchells & Butlers has in place a set of PRIDE values of Passion, Respect, Innovation, Drive and Engagement which underpin its key priorities of People, Practices, Profits and Guests. The Board observes these PRIDE values in discharging its everyday responsibilities and considering decisions and proposals and encourages all levels of the organisation to do so.

### b. Strategy

In demonstrating that the Board is promoting the success of the Company and taking decisions with regard to their long-term impact, the Board must ensure it has in place, and regularly reviews, its agreed strategy.

Developments arising from the strategy review are followed up, documented and, on a regular basis, the Board reviews whether the Company is operating in line with that strategy and/or there needs to be a revision of the strategy to reflect external and possibly internal changes in the dynamics of the business. Board papers refer to whether they reflect a proposal that is aligned to, or diverges from, the agreed strategy.

Principle B and Provisions 1 and 2 of the 2018 Code require the Board to:

- describe how opportunities and risks to the future success of the business have been considered and addressed, the sustainability of the Company's business model and how its governance contributes to the delivery of its strategy;
- establish the Company's purpose, values and strategy, ensure that these and its culture are aligned and describe the activities the Board takes to monitor and implement this culture; and
- describe the Company's approach to investing in and rewarding its workforce.

Details of how the Board achieves this are given in the Strategic Report on pages 10 to 46.

### c. Training and awareness

There is an induction process for all Directors on appointment and the Company Secretary is available to all Directors, whether of the Company or any of the subsidiaries, for consultation and guidance on matters of governance in relation to any aspects of the affairs of any part of the Group. As circumstances or new areas develop, whether in the operations of the business or externally, appropriate training will be considered to ensure that each Director is involved in decision-making and oversight with the benefit of the correct amount of knowledge as to what is relevant for consideration.

The induction process ensures that Directors are aware of, and understand, the requirements under Section 172. Nevertheless, in April 2019, a comprehensive guide was sent to all subsidiary Directors to provide training below Board level in relation to Section 172 requirements, focusing on how such considerations should be documented in the future, to ensure a proper understanding of what needs to be considered and what evidence is required to be presented when putting proposals to the Board.

This process continued in FY 2021 and, in particular, during FY 2021, the Board received specific focused training sessions on two occasions from its external legal advisers, Freshfields Bruckhaus Deringer LLP, on their duties and responsibilities generally, which was a refresher session building on a similar training event in the preceding year and a bespoke training programme related to the Company's issue of a Prospectus pursuant to the Open Offer made in February 2021. As part of the review and refreshing of the roles and responsibilities of subsidiary Directors at the outset of the Covid-19 disruption and the closure of the Group's businesses, a bespoke training session for subsidiary company Directors was presented by the Group's legal advisers, Freshfields Bruckhaus Deringer LLP.

Ongoing training and guidance on their responsibilities continues to be provided to subsidiary company Directors.

### d. Information

Board paper procedures now contain specific references to the factors referred to in Section 172 Companies Act 2006, so they can be brought to the Board's attention where appropriate.

### e. Policies and processes

The business has an existing comprehensive suite of policies and processes across a wide spectrum of its operations and practices and these are updated, revised and re-communicated regularly.

### f. Stakeholder engagement

Engagement with the workforce is addressed above and engagement with guests is dealt with through the Guest Health initiatives. Engagement with key, critical suppliers is addressed through the supplier segmentation tiering process where we consult with suppliers on a regular basis. This varies from monthly interaction to annual reviews, depending on where the supplier appears on the Company's tier 1 to tier 4 ranking (which is a multi-factor process involving criticality, volume, spend size and availability of substitute products).

## 3. Board composition and diversity

### a. Board composition

Following three of the Board's Non-Executive Directors stepping down in July 2021, the Board is currently comprised of nine members. These are the Chairman, Chief Executive and Chief Financial Officer, three independent Non-Executive Directors and three Non-Executive Directors nominated by the Company's largest shareholders who are part of the Odyzean Group. Of these, two independent Non-Executive Directors, representing 22% of the Board are female, one of whom is also the Senior Independent Director. Also, the Chairman, Bob Ivell, has served on the Board since May 2011.

The Board acknowledges that this level of gender diversity and the Chairman's period of tenure on the Board do not meet the expectations of the Davies Report, the Hampton-Alexander Review, the best practice recommendations of the UK Corporate Governance Code or some shareholders and, whilst this overall composition of the Board remains a matter for continuous review, it should be noted that in its Open Offer Prospectus, the Company confirmed that the Odyzean Group had indicated that it would disregard specific corporate governance requirements around tenure and that it expected the Board to focus on retaining and acquiring skill sets amongst the independent Non-Executive Directors that are required to optimise the development of the business going forward.

The Company has not received any indication of a change in approach on these issues by the Odyzean Group.

### b. Board diversity

Principle J of the 2018 Code states that Boards are encouraged to 'promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths' through their appointments and succession planning. The purpose is to ensure that there is a balance of views from different genders and other experiences and skill sets around the Board table so that decision-making can be made with good oversight of all relevant factors.

Dave Coplin has been identified by the Board as the Director responsible for oversight of the Company's Diversity and Inclusion arrangements. The Company has had a Board Diversity Policy in place for some time, but during FY 2019 it was also agreed that talent pipeline presentations to the Board should include the extent to which diversity aspects have been taken into account in development plans/recruitment, and that ethnicity and disability reporting should be addressed, to the extent that the Company has reliable data. Talent pipeline presentations continued to be made in the early part of FY 2020 but this process was put on hold from late March 2020 when over 99% of the Company's employees were furloughed during Covid-19 restrictions and this situation continued into FY 2021. As the Group's business and activities have gradually returned to a degree of normality, this programme has now been resumed.

Gender Pay Gap data is already overseen by the Remuneration Committee and details are set out on page 84 of the Report on the Directors' remuneration.

## 4. Proportionate executive remuneration

This is dealt with on pages 84 and 94 of the Report on the Directors' remuneration.

*Corporate governance statement continued***Corporate governance**

The Board is committed to high standards of corporate governance. The Board considers that the Company has complied throughout the year ended 25 September 2021 with all the Provisions and best practice guidance of the 2018 Code except certain specific aspects related to Board composition and the constitution of Board Committees. This Corporate Governance Statement addresses the small number of areas where, for reasons specific to Mitchells & Butlers, there are divergences from the 2018 Code as described below.

The Audit Committee Report and Nomination Committee Report, which are set out on pages 75 to 78 and page 70 respectively of the Annual Report, also form part of this Corporate Governance Statement and they should all be considered together.

The Board recognises the importance of good corporate governance in creating a sustainable, successful and profitable business and details are set out in this statement of the Company's corporate governance procedures and application of the principles of the 2018 Code. There are, however, a small number of areas where, for reasons specifically related to the Company, the detailed Provisions of the 2018 Code were not fully complied with in FY 2021. These areas are kept under regular review. A fundamental aspect of the 2018 Code is that it contains best practice recommendations in relation to corporate governance yet acknowledges that, in individual cases, these will not all necessarily be appropriate for particular companies. Accordingly, the 2018 Code specifically recognises the concept of 'Comply or Explain' in relation to divergences from it.

**Compliance with the Code**

Except for the matters which are explained below (in line with the 'Comply or Explain' concept), the Company complied fully with the Principles and Provisions of the 2018 Code throughout the financial year in respect of which this statement is prepared (and continues to do so as at the date of this statement).

**Explanation for non-compliance with parts of the Code**

The current Board consists of the two executive directors and the Chairman, the three Independent Non-Executive Directors and three representative directors of the Odyzean Group which holds approximately 57 per cent. of the issued share capital. The Board does not currently intend to change this arrangement, and believes that, despite not strictly complying with the 2018 Code, the current structure strengthens corporate governance as it is both representative of the Company's shareholder base and demonstrates the Odyzean Group's ongoing commitment and support to the overall strategy and management of the Company.

The assessment of the composition of the Board and its Committees and the Chairman's tenure should be considered in the context of the explanation already set out under the heading of 'Board composition and diversity' on page 65.

During the year, there were four separate areas of divergence from full compliance with the 2018 Code, as set out below by reference to specific paragraphs in the 2018 Code.

**1. Chairman's tenure (Provision 19)**

Provision 19 of the 2018 Code states:

"The chair should not remain in post beyond nine years from the date of their first appointment to the board. To facilitate effective succession planning and the development of a diverse board, this period can be extended for a limited time, particularly in those cases where the chair was an existing non-executive director on appointment. A clear explanation should be provided."

Bob Ivell was appointed to the Board in May 2011 and, as such, his appointment extended beyond the normal nine-year tenure, which expired in May 2020. The Board had already reviewed this in advance in 2019 and concluded that it was appropriate that he should remain in place as Chairman. The extraordinary events of 2020 which continued into 2021 and the challenges which the Group has faced as a result of the Covid-19 pandemic have made it clear that the decision to confirm that Mr Ivell should remain in place, which therefore allowed him to co-ordinate the Board's oversight of the senior executive team's response to the pandemic, was the correct one.

The uncertainties about the effect of Covid-19 on the hospitality industry and Mitchells & Butlers in particular continued well into 2021, and therefore the Board's view, supported by the Odyzean Group and the Executive Directors, is that this is not an appropriate time for the Board to be considering changes in the existing arrangements as the stability which the current position engenders, together with Mr Ivell's extensive industry experience and his involvement with such influential bodies as UK Hospitality, have been of great assistance to the Company in how it has addressed these events.

The above represents the Company's position in relation to Provision 19 of the 2018 Code on Bob Ivell's Chair tenure, but in any event, the Board considered it essential to have a stable and experienced Board while dealing with the emergency measures required to deal with the ongoing effects of Covid-19, and so no further consideration was given to Provision 19 of the 2018 Code during FY 2021. This will remain the case while the Company continues to deal with the rebuilding of its business.

**2. Composition of the Board (Provision 11)**

Throughout the year, Provision 11 of the 2018 Code, which requires that at least half the board, excluding the chair, should be non-executive directors whom the board considers to be independent, was not complied with. Accordingly, this had consequential implications on the composition of the Nomination, Audit and Remuneration Committees.

The Board does not comply fully with the requirement for at least half of its members to be independent, due to the presence of three shareholder representatives on the Board, representing members of the Odyzean Group. These shareholders maintain a dialogue via their representatives on the Board, all of whom are careful to ensure that there is no conflict between that role and their duty to the Board and other shareholders.

The members of the Odyzean Group made extremely significant investments in the Company and currently hold approximately 57 per cent. of the Company's issued share capital. The Board considers their investment objectives to be fully aligned with those of the Group and of other shareholders. The Board maintains excellent relations with its major shareholders and considers their commitment to be a significant factor in the ongoing stability of the Board, particularly as a result of their strong support of the Board's long-term strategy, including the recent Ignite initiatives. Their continued investment and presence on the Board adds value as the Group works towards common goals, and in pursuit of the Company's published strategy. In particular, the members of the Odyzean Group have been very supportive of the Board's actions when the Company had to deal with the forced closure of the business during the Covid-19 pandemic, followed by the need for an Open Offer, which they subscribed for in full. Their respective representatives continued to offer valuable advice and experience while the Board considered options in the face of such unprecedented circumstances.

The Board intends to continue to work closely with the representatives of its major shareholders to further the interests of the Company. Ron Robson, a shareholder representative of Piedmont Inc., stepped down from the Board on 31 July 2021, though the Company is not aware of any further changes being proposed to the shareholder representative profile of the Board in the immediate future.

### 3. Constitution of Committees

Throughout FY 2021, the Company had (and continues to have) fully functioning Nomination, Audit and Remuneration Committees as required by the 2018 Code.

#### (i) Nomination Committee (Code Provision 17)

The Nomination Committee was not fully compliant with the Code in FY 2021, in that it did not contain a majority of independent Non-Executive Directors as required by Code Provision 17. This occurred for a short period only, which started in the period following Colin Rutherford and Imelda Walsh leaving the Board on 19 July 2021, and ceased following Ron Robson leaving the Board on 31 July 2021, which decreased the number of non-independent Directors on the Nomination Committee. At the year end of 25 September 2021, the Nomination Committee was fully compliant with 2018 Code Provision 17.

#### (ii) Audit Committee (Code Provision 24)

For part of the year, the Audit Committee was not fully compliant with the relevant Provisions of the 2018 Code. Provision 24 of the 2018 Code specifies that the Audit Committee should consist of independent Non-Executive Directors and, for part of the year, the Audit Committee included the presence of representatives of major shareholders who are members of the Odyzean Group. Ron Robson (who represented Piedmont Inc.) and Eddie Irwin (who represents Elpida Group Limited) stepped down from the Audit Committee on 31 July 2021 and 9 September 2021 respectively, and consequently at the year end of 25 September 2021, the Audit Committee was fully compliant with Provision 24 of the 2018 Code.

#### (iii) Remuneration Committee (Code Provision 32)

The Remuneration Committee is not fully compliant with the relevant Provisions of the 2018 Code. Provision 32 of the 2018 Code specifies that the Remuneration Committee should consist of independent Non-Executive Directors and the Remuneration Committee included the presence of representatives of major shareholders who are members of the Odyzean Group. In September 2021, Eddie Irwin stepped down from the Remuneration Committee, but it remains non-compliant as Josh Levy, a representative of Piedmont Inc., is a member of the Committee. As set out on page 55, under the terms of the Deed of Appointment between the Company and Piedmont Inc., Piedmont is entitled to have a Director attend, and receive all the papers relating to, meetings of the Remuneration Committee. The Board has, in the circumstances, agreed that Mr Levy should be a member of the Committee. The Board has carefully considered the implications of these arrangements and has concluded that they constitute a valid exception under the 'Comply or Explain' regime of the 2018 Code, in that the shareholders concerned are committed to the progression and growth of the Company, have made a substantial financial commitment and are fully supportive of the Group's strategy. The shareholder representatives have significant commercial and financial experience and make a substantial contribution to the Committees and the Group remains fully committed to working with them on matters affecting the Group and its activities in the future.

### 4. Board Effectiveness Review (Provision 21)

In light of the circumstances in which the Company was operating, and as reported on page 66, the Chairman, has kept the skills, contributions and experience of the Board members under close review throughout FY 2021.

An externally facilitated Board evaluation is recommended to be carried out every three years and last took place in FY 2018. In view of the ongoing issues caused by Covid-19, the Board took the decision not to proceed with an evaluation during FY 2021, either internal or externally facilitated. The Board will consider if it is appropriate to carry out such an evaluation, whether internal or using an external facilitator, in FY 2022.

The information required by Disclosure Guidance and Transparency Rule ('DTR') 7.1 is set out in the Audit Committee report on pages 75 to 78. The information required by DTR 7.2 is set out in this corporate governance statement, other than that required under DTR 7.2.6 which is set out in the Directors' report on pages 53 to 60.

### Board composition

The Board started the year with 12 Directors. During the year Colin Rutherford, Imelda Walsh and Ron Robson resigned and the table on page 68 lists the composition of the Board during the year.

As indicated on page 65, at the present time no further significant changes to the leadership and oversight of the Group by its Board and its Committees are currently being considered due to the continuing uncertainties around the Company's trading environment caused by the need to re-establish the business as, it is hoped, the effects of the Covid-19 pandemic lessen over time.

### The Board

The Board is responsible to all stakeholders, including its shareholders, for the strategic direction, development and control of the Group. It approves strategic plans and annual capital and revenue budgets. It reviews significant investment proposals and the performance of past investments and maintains oversight, supervision and control of the Group's operating and financial performance. It monitors the Group's overall system of internal controls, governance and compliance and ensures that the necessary financial, technical and human resources are in place for the Company to meet its objectives. Our website includes a schedule of matters which have been reserved for the main Board.

During FY 2021 there were 17 Board meetings, which were more Board meetings than would be typical. This was due to the need for additional Board meetings to consider the refinancing arrangements, including the Open Offer, which were implemented in the year and the implications of the imposition of restrictions on operations and the closures, lockdowns and subsequent reopening of the business which occurred during the period. More details of the governance arrangements during the Covid-19 disruption are set out on page 63. There were also five meetings of the Audit Committee and five meetings of the Remuneration Committee but, due to there being no formal matters for it to consider, no meeting of the Nomination Committee. The table on the following page shows attendance levels at the Board and Committee meetings held during the year; the numbers in brackets confirm how many meetings each Director was eligible to attend during the year.

Except as noted in the table on the following page, full attendance was recorded for all Directors in respect of all Board and Committee meetings during FY 2021, but where Directors are unable to attend a meeting (whether of the Board or one of its Committees), they are provided with all the papers and information relating to that meeting and are able to discuss issues arising directly with the Chairman of the Board or Chair of the relevant Committee.

In addition, the Board members ordinarily meet more informally approximately three or four times a year and the Chairman and the Non-Executive Directors ordinarily meet without the Executive Directors twice a year. However, due to the constraints on meetings during FY 2021, these meetings have been limited to only one physical meeting in FY 2021 although there has been regular dialogue between the Board members, facilitated by the Chairman, throughout the financial year.

There are nine Board meetings currently planned for FY 2022.

The Company Secretary's responsibilities include ensuring good information flows to the Board and between senior management and the Non-Executive Directors. The Company Secretary is responsible, through the Chairman, for advising the Board on all corporate governance matters and for assisting the Directors with their professional development. This includes regular corporate governance and business issues updates, as well as the use of operational site visits and the provision of external courses where required. The Company Secretary facilitates a comprehensive induction for newly appointed Directors, tailored to individual requirements and including guidance on the requirements of, and Directors' duties in connection with, the 2018 Code and the Companies Act 2006 as well as other relevant legislation.

The appointment and removal of the Company Secretary is a matter reserved for the Board.

Corporate governance statement *continued*

## Attendance levels at Board and Committee meetings

Directors who served during the year	Board	Audit Committee	Remuneration Committee	Nomination Committee
Bob Ivell	17 (17)	n/a	5 (5)	n/a
Keith Browne	17 (17)	n/a	n/a	n/a
Dave Coplin	17 (17)	5 (5)	5 (5)	n/a
Eddie Irwin (*stepped down on 9 September 2021)	17 (17)	5 (5)*	5 (5)*	n/a
Tim Jones	17 (17)	n/a	n/a	n/a
Josh Levy	17 (17)	n/a	5 (5)	n/a
Jane Moriarty	17 (17)	5 (5)	5 (5)	n/a
Susan Murray	17 (17)	5 (5)	5 (5)	n/a
Ron Robson (resigned 31 July 2021)	15 (16)	4 (4)	n/a	n/a
Colin Rutherford (resigned 19 July 2021)	15 (15)	4 (4)	5 (5)	n/a
Phil Urban	17 (17)	n/a	n/a	n/a
Imelda Walsh (resigned 19 July 2021)	14 (15)	4 (4)	5 (5)	n/a

Mr Robson was unable to participate in the Board meeting held on 19 February 2021 as it was convened on short notice and he had another pre-existing and unavoidable work commitment. Ms Walsh was not able to participate in the meeting held on 22 April 2021 due to a pre-existing medical appointment. Both Directors submitted apologies in advance of the relevant meeting and passed their respective comments on the matters to be considered by the Board at the relevant meeting, to the Chairman and the Company Secretary and these were reported to, and included in the consideration of those matters by, the Board.

## Directors

The following were Directors of the Company during the year ended 25 September 2021:

Directors who served during the year		Date appointed	Date of change of role
Bob Ivell	Independent Non-Executive Director <sup>1</sup>	09/05/11	14/07/11
	Interim Chairman <sup>1</sup>	14/07/11	26/10/11
	Executive Chairman	26/10/11	12/11/12
	Non-Executive Chairman	12/11/12	–
Keith Browne <sup>2</sup>	Non-Executive Director	22/09/16	–
Dave Coplin	Independent Non-Executive Director	29/02/16	–
Eddie Irwin <sup>2</sup>	Non-Executive Director	21/03/12	–
Tim Jones	Chief Financial Officer	18/10/10	–
Josh Levy <sup>3</sup>	Non-Executive Director	13/11/15	–
Jane Moriarty	Independent Non-Executive Director	27/02/19	–
Susan Murray	Independent Non-Executive Director and Senior Independent Director	08/03/19	–
Ron Robson <sup>3</sup>	Non-Executive Director	22/01/10	(stepped down from the Board 31 July 2021)
	Deputy Chairman	14/07/11	(stepped down from this role 31 July 2021)
Colin Rutherford	Independent Non-Executive Director	22/04/13	(stepped down from the Board 19 July 2021)
Phil Urban	Chief Executive	27/09/15	–
Imelda Walsh	Independent Non-Executive Director	22/04/13	(stepped down from the Board 19 July 2021)

1. Independent while in the role specified.
2. Nominated shareholder representative of Elpida Group Limited.
3. Nominated shareholder representative of Piedmont Inc.

At the start of the year, the Board was made up of nine male and three female Directors. Colin Rutherford and Imelda Walsh stepped down from the Board on 19 July 2021 and Ron Robson stepped down from the Board on 31 July 2021. At the year end, the Board consisted of seven male and two female Directors.

The Executive Directors have service contracts. The Chairman and each of the Non-Executive Directors have letters of appointment. Copies of the respective service contracts or letters of appointment of all the members of the Board are available on the Company's website. In addition, they are available for inspection at the registered office of the Company during normal business hours and at the place of the Annual General Meeting from at least 15 minutes before and until the end of the meeting.

At the Company's forthcoming Annual General Meeting in 2022, all Directors will be required to stand for annual re-election, in accordance with the Company's Articles of Association. Their biographical details as at 24 November 2021 are set out on pages 50 to 52, including their main commitments outside the Company. In addition, Provision 18 of the 2018 Code requires that the papers accompanying the resolutions to elect or re-elect directors, set out the specific reasons why the individual director's contribution is, and continues to be, important to the Company's long-term sustainable success and this information is included in the Notice of Meeting.

Provision 15 of the 2018 Code states that full-time executive directors should not take on more than one non-executive directorship in a FTSE 100 company or other significant appointments. The Mitchells & Butlers policy is that Executive Directors may be permitted to accept one external Non-Executive Director appointment with the Board's prior approval and as long as this is not likely to lead to conflicts of interest. During FY 2021, neither of the Executive Directors held any such external directorship, nor did they hold any other significant appointments, as a director or otherwise, and that remains the case as at the date of this Annual Report.

#### Division of responsibilities between Chairman and Chief Executive

In accordance with Provision 9 of the 2018 Code, the roles of Chairman and Chief Executive should not be exercised by the same individual.

The division of responsibilities between the Chairman and the Chief Executive is clearly established as required by Principle G of the 2018 Code and these are set out in writing and have been agreed by the Board. In particular, it has been agreed in writing that the Chairman shall be responsible for running the Board and shall provide advice and assistance to the Chief Executive. He also chairs the Nomination Committee, is a member of the Remuneration Committee and attends, by invitation, meetings of the Audit Committee. He also chairs the Market Disclosure Committee, Corporate Responsibility Committee, the Property Committee and the Pensions Committee.

It is also agreed in writing that the Chief Executive has responsibility for all aspects of the Group's overall commercial, operational and strategic development. He chairs the Executive Committee (details of which appear on page 71) and attends the Nomination, Remuneration and Audit Committees by invitation, not necessarily for the entirety of such meetings depending upon the subject matter. He is also a member of the Market Disclosure Committee, the Property Committee and the Pensions Committee.

The segregation of responsibilities between the Chairman and the Chief Executive is set out in the Company's Corporate Governance Compliance Statement, which is available on our website, [www.mbplc.com](http://www.mbplc.com)

All other Executive Directors (currently just the Chief Financial Officer) and all other members of the Executive Committee report to the Chief Executive.

#### Chairman

Provision 9 of the 2018 Code provides that the Chairman should, on appointment, meet the independence criteria set out in Provision 10 of the 2018 Code. Bob Ivell met these independence criteria on appointment.

Bob Ivell was appointed to the role of Executive Chairman on 26 October 2011 on the departure of the then Chief Executive and reverted to the role of Non-Executive Chairman on 12 November 2012.

The Chairman ensures that appropriate communication is maintained with shareholders. He ensures that all Directors are fully informed of matters relevant to their roles. An explanation of the Board's view on the Chairman's tenure is set out at page 66.

#### Chief Executive

Phil Urban was appointed Chief Executive on 27 September 2015. He has responsibility for implementing the strategy agreed by the Board and for the executive management of the Group.

#### Senior Independent Director

Susan Murray became Senior Independent Director immediately upon her appointment to the Board on 8 March 2019.

The Senior Independent Director supports the Chairman in the delivery of the Board's objectives and ensures that the views of all major shareholders and stakeholders are conveyed to the Board. Susan Murray is available to all shareholders should they have any concerns if the normal channels of Chairman, Chief Executive or Chief Financial Officer have failed to resolve them, or for which such contact is inappropriate.

Ordinarily, the Senior Independent Director also meets with Non-Executive Directors, without the Chairman present, at least annually, and conducts the annual appraisal of the Chairman's performance and provides feedback to the Chairman on the outputs of that appraisal. Due to the constraints experienced by the Board during FY 2021 and the need to focus attention on the re-establishment of the Group's business, no such appraisal was carried out in FY 2021. This will be reconsidered in FY 2022. However, all Directors have the ability to raise any relevant views which they have with the Senior Independent Director if they feel this is needed.

#### Non-Executive Directors

The Company has experienced Non-Executive Directors on its Board.

Josh Levy was appointed to the Board as a representative of one of the Company's largest shareholders, Piedmont Inc., a member of the Odyzean Group, and was therefore not regarded as independent in accordance with the 2018 Code.

Eddie Irwin and Keith Browne were appointed to the Board as representatives of another of the Company's largest shareholders, Elpida Group Limited, which is also a member of the Odyzean Group, and were therefore not regarded as independent in accordance with the 2018 Code.

There are currently three independent Non-Executive Directors on the Board: Dave Coplin, Jane Moriarty and Susan Murray.

Other than their fees, and reimbursement of taxable expenses which are disclosed on page 88, the Non-Executive Directors received no remuneration from the Company during the year.

With effect from 1 January 2022, the base fee for Non-Executive Directors will remain at £53,000 per annum, the fee paid to Non-Executive Directors for chairing a Committee or for the role of Senior Independent Director will remain at £13,000 per annum, and the fee paid to Dave Coplin for his role as the Board representative for 'employee voice' will remain at £13,000 per annum.

When Non-Executive Directors are considered for appointment, the Board takes into account their other responsibilities in assessing whether they can commit sufficient time to their prospective directorship. On average, the Non-Executive Directors spend two to three days per month on Company business, but this may be more depending on the circumstances from time to time.



## Corporate governance statement *continued*

### Board information and training

All Directors are briefed by the use of comprehensive papers circulated in advance of Board meetings and by presentations at those meetings, in addition to receiving minutes of previous meetings. Their understanding of the Group's business is enhanced by business specific presentations and operational visits to the Group's businesses. Separate strategy meetings and meetings with senior executives and representatives of specific functions, brands or business units are also held throughout the year.

The training needs of Directors are formally considered on an annual basis and are also monitored throughout the year with appropriate training being provided as required, including corporate social responsibility and corporate governance as well as the environmental impacts of the Company's activities.

### Independent advice

Members of the Board may take independent professional advice in the furtherance of their duties and the Board has agreed a formal process for such advice to be made available.

Members of the Board also have access to the advice and services of the Company Secretary and General Counsel, the Company's legal and other professional advisers and its external auditor.

The terms of engagement of the Company's external advisers and its external auditor are regularly reviewed by the Company Secretary and General Counsel.

### Committees

The Audit, Remuneration, Nomination and Corporate Responsibility Committees have written terms of reference approved by the Board, which are available on the Company's website [www.mbplc.com](http://www.mbplc.com). Those terms of reference are each reviewed annually by the relevant Committee to ensure they remain appropriate.

#### Audit Committee

Details of the Audit Committee and its activities during the year are included in the Audit Committee report on pages 75 to 78 which is incorporated by reference into this statement.

#### Remuneration Committee

Details of the Remuneration Committee and its activities during the year are included in the Report on the Directors' remuneration on pages 79 to 96. The Remuneration Committee report has been signed by the Chairman, Bob Ivell, following the resignation of Imelda Walsh, who was Chair of the Remuneration Committee. The Board is undertaking a search for a replacement and will appoint a suitable candidate once their search is concluded. Any appointment will be made with due consideration for the Davies Report, the Hampton-Alexander Review and the best practice recommendations of the UK Corporate Governance Code. Notwithstanding this, all Board and Committee appointments will always be made on merit.

#### Nomination Committee

The Nomination Committee is responsible for nominating, for the approval of the Board, candidates for appointment to the Board. It is also responsible for succession planning for the Board and the Executive Committee and reviewing the output of the Board effectiveness review. In compliance with the disclosure requirements of Provision 23 of the 2018 Code, there is an ongoing process of review of the make-up of the Board and for Board succession, which is carried out by the Nomination Committee and led by the Chairman. The Nomination Committee engages external search agencies when required and ensures that all candidates are identified and assessed against pre-determined criteria. Gender balance is dealt with by the Nomination Committee on a regular basis and includes assessment of gender balance at senior management level.

The following were members of the Nomination Committee during the year:

	Appointment date	Member at 25/09/21
Bob Ivell (Chair)	11/07/13	Yes
Dave Coplin	29/02/16	Yes
Eddie Irwin	11/07/13	Yes
Jane Moriarty	27/02/19	Yes
Susan Murray	08/03/19	Yes
Ron Robson (resigned 31 July 2021)	11/07/13	No
Colin Rutherford (resigned 19 July 2021)	11/07/13	No
Imelda Walsh (resigned 19 July 2021)	11/07/13	No

In accordance with the disclosure requirement in Provision 23 of the 2018 Code, as at the date of this report, the gender balance for those in the senior management team and their direct reports, was split as to 46% female and 54% male. For this purpose, the senior management team comprises the Executive Committee.

The gender balance of the Executive Committee (which includes two Board members) is 70% male and 30% female. Further information on the Executive Committee is given on page 71.

Although there were no formal meetings of the Committee in the year, through dialogue amongst the Committee members, the Committee considered the composition of the Board. The Nomination Committee agrees the importance of having diversity on the Board, including female representation and individuals with different experiences, skill sets and expertise, so as to maintain an appropriate balance within the Company and on the Board.

### Diversity and Inclusion Steering Group and Board Diversity Policy

The Company has a Diversity and Inclusion Steering Group which examines the implementation of diversity within the Group. As referred to on page 65, Dave Coplin has been identified by the Board as the Director with responsibility for oversight of the Company's Diversity and Inclusion arrangements.

The Board has approved a Board Diversity Policy. The key statement and objectives of that policy are as follows:

#### Statement:

The Board recognises the benefits of diversity. Diversity of skills, background, knowledge, international and industry experience, and gender, amongst many other factors, will be taken into consideration when seeking to appoint a new Director to the Board. Notwithstanding the foregoing, all Board appointments will always be made on merit.

#### Objectives:

- The Board should ensure an appropriate mix of skills and experience to ensure an optimum Board and efficient stewardship. All Board appointments will be made on merit while taking into account individual competence, skills and expertise measured against identified objective criteria (including consideration of diversity).
- The Board should ensure that it comprises Directors who are sufficiently experienced and independent of character and judgement.
- The Nomination Committee will continue to review what steps and recruitment processes are appropriate for achieving diversity on the Board with due regard being given to the recommendations set out in the Davies Report, the Hampton-Alexander Review and the 2018 Code. These will be reviewed on an annual basis.

#### Progress against the policy:

The Board continues to monitor progress against this policy. In terms of Board diversity, the proportion of women on the Board was 25% up until 19 July 2021, when Imelda Walsh stepped down from the Board. Colin Rutherford also stepped down from the Board on the same date and Ron Robson stepped down from the Board on 31 July 2021, as a result of which the Board reduced to nine members of which two were female, leaving the

proportion of women on the Board at the year-end as 22%. Any future appointments will always be made on merit and will continue to take into account diversity, not only in terms of gender, but also in terms of the appropriate mix of skills and experience. The assessment of the composition of the Board and its Committees and the Chairman's tenure should be considered in the context of the explanation already set out under the heading of 'Board composition and diversity' on page 65.

Details of the Mitchells & Butlers Diversity Policy, which applies to diversity in relation to employees of the Mitchells & Butlers Group, can be found in the Value Creation section on page 26.

A detailed description of the duties of the Nomination Committee is set out within its terms of reference which can be viewed at [www.mbplc.com/investors/businessconduct/boardcommittees/](http://www.mbplc.com/investors/businessconduct/boardcommittees/)

### Market Disclosure Committee

The EU Market Abuse Regulation (MAR) which took effect in July 2016, brought about substantial changes relating to announcements of material information about the Company and its affairs, and relating to dealings in shares or other securities by Directors and other senior managers, including tighter controls on permitted 'dealings' during closed periods and the handling of information relating to the Company. MAR requires companies to keep a list of people affected and the previous compliance regime and timeframe were enhanced.

As a result, a formal standing Committee of the Board was established, the Market Disclosure Committee, which comprises the Chairman, the Chief Executive, the Chief Financial Officer and an independent Non-Executive Director.

### Corporate Responsibility Committee

A Corporate Responsibility Committee was established in June 2019 and its purpose is to allow more executive, leadership and functional management involvement in matters of corporate responsibility and sustainability. Its Terms of Reference are on the Company's website [www.mbplc.com](http://www.mbplc.com)

The Corporate Responsibility Committee comprises Bob Ivell (Chair), Eddie Irwin, Susan Murray, Jane Moriarty and Dave Coplin. The Chief Executive, Phil Urban, is invited to attend regularly.

A multi-disciplinary operational and functional steering committee has been identified and tasked with carrying out first level oversight of the work plan and roadmap approved by the Committee in FY 2021, with regular reports to the Corporate Responsibility Committee. Due to the disruption caused by the Covid-19 outbreak, the work of that team was largely paused from March 2020 until September 2020. However, its programme of work was recommenced in September 2020. On the business going into further lockdowns during FY 2021 only moderate progress has been made on these initiatives. More details of the activities involved in this programme during the financial year are set out on page 28.

### Property Committee

The Property Committee reviews property transactions which have been reviewed and recommended by the Portfolio Development Committee, without the need for submission of transactions to the full Board. The Property Committee agrees to the overall strategic direction for the management of the Group's property portfolio on a regular basis and may decide that a particular transaction should be referred to the Board for consideration or approval. The Property Committee comprises Bob Ivell (Committee Chair), Phil Urban, Tim Jones, Josh Levy, Keith Browne, Jane Moriarty and Gary John.

### Pensions Committee

The Board has established a Pensions Committee to supervise and manage the Company's relationship with its various pension schemes and their trustees.

The Pensions Committee members are Bob Ivell (Committee Chair), Tim Jones, Phil Urban, Keith Browne and Josh Levy.

Throughout FY 2021 the work of the Pensions Committee focused primarily on the monitoring of the performance of the Group's pensions arrangements and the ongoing oversight of the Company's involvement in the application to court by the Trustee of the Mitchells & Butlers Pension Plan for rectification of the Trust Deeds and Rules of that plan as referred to at note 4.5 of the Group financial statements, which went to trial to June 2021. The Committee also oversaw the discussions with the Trustees of both the Mitchells & Butlers Pension Plan and the Mitchells & Butlers Executive Pension Plan for a suspension of contributions into those two schemes in respect of the period from January 2021 to March 2021, with those contributions being deferred until after the completion of the Open Offer.

### Executive Committee

The Executive Committee, which is chaired by the Chief Executive, consists of the Executive Directors and certain other senior executives, namely Gary John (Group Property Director), Susan Martindale (Group HR Director), Greg McMahon (Company Secretary and General Counsel), Chris Hopkins (Commercial and Marketing Director) and Susan Chappell, David Gallacher, Dennis Deare and Anna-Marie Mason (the Divisional Directors).

The Executive Committee ordinarily meets at least every four weeks and has day-to-day responsibility for the running of the Group's business.

It develops the Group's strategy and annual revenue and capital budgets for Board approval. It reviews and recommends to the Board any significant investment proposals. This Committee monitors the financial and operational performance of the Group and allocates resources within the budgets agreed by the Board. It considers employment issues, ensures the Group has an appropriate pool of talent and develops senior management workforce planning and succession plans.

A note of the actions agreed by, and the principal decisions of, the Executive Committee is supplied to the Board for information in order that Board members can keep abreast of operational developments.

### General Purposes Committee

The General Purposes Committee comprises any two Executive Directors or any one Executive Director together with a senior officer from an agreed and restricted list of senior executives. It is always chaired by an Executive Director. It attends to business of a routine nature and to administrative matters, the principles of which have been agreed previously by the Board or an appropriate Committee.

### Portfolio Development Committee

The executive review of property transactions and capital allocation to significant property matters such as site remodel and conversion plans and the Company's real estate strategy is carried out by the Portfolio Development Committee. This is not a formal Board Committee but comprises the Chief Executive, the Chief Financial Officer, the Group Property Director and the Company Secretary and General Counsel. It has delegated authority to approve certain transactions up to agreed financial limits and, above those authority levels, it makes recommendations to the Board or the Property Committee.

### Treasury Committee

The treasury operations of the Mitchells & Butlers Group are operated on a centralised basis under the control of the Group Treasury department. Although not a formal Board Committee, the Treasury Committee, which reports to the Chief Financial Officer but is subject to oversight from the Audit Committee and, ultimately, the Board, has day-to-day responsibility for:

- liquidity management;
- investment of surplus cash;
- funding, cash and banking arrangements;
- interest rate and currency risk management;
- guarantees, bonds, indemnities and any financial encumbrances including charges on assets; and
- relationships with banks and other market counterparties such as credit rating agencies.

## Corporate governance statement *continued*

The Treasury Committee also works closely with the Finance Department to review the impact of changes in relevant accounting practices and to ensure that treasury activities are disclosed appropriately in the Company's accounts.

The Board delegates the monitoring of treasury activity and compliance to the Treasury Committee. It is responsible for monitoring the effectiveness of treasury policies and making proposals for any changes to policies or in respect of the utilisation of new instruments. The approval of the Board, or a designated committee thereof, is required for any such proposals.

### Code of ethics

The Company has implemented business conduct guidelines describing the standards of behaviour expected from those working for the Company in the form of a code of ethics (the 'Ethics Code'). The Ethics Code was re-communicated to all employees in FY 2021 to ensure it was kept clearly in focus. Its aim is to promote honest and ethical conduct throughout our business. The Ethics Code requires:

- compliance with all applicable rules and regulations that apply to the Company and its officers including compliance with the requirements of the Bribery Act 2010;
- the ethical handling of actual or apparent conflicts of interest between internal and external, personal and professional relationships; and
- that any hospitality from suppliers must be approved in advance by appropriate senior management, with a presumption against its acceptance.

The Company takes a zero tolerance approach to bribery and has developed an extensive Bribery Policy which is included in the Ethics Code. The Ethics Code requires employees to comply with the Bribery Policy.

The Company also offers an independently administered, confidential whistleblowing hotline for any employee wishing to report any concern that they feel would be inappropriate to raise with their line manager. All whistleblowing allegations are reported to, and considered by, the Executive Committee and a summary report (with details of any major concerns) is supplied to, and considered by, the Audit Committee at each of its meetings.

Principle E and Provision 6 of the 2018 Code require the Board to be clear how its approach to whistleblowing has changed from an Audit Committee led approach to a Board led approach. Although the Audit Committee continues to receive regular reports on whistleblowing activity, each set of full Board papers also includes, as part of the report from the Group Risk Director, the number and assessment of any whistleblowing reports received and, where relevant, the actions taken in respect of reports which are, on investigation, found to be credible.

The Board takes regular account of social, environmental and ethical matters concerning the Company through regular reports to the Board and presentations to the Board at its strategy meetings.

Directors' training includes environmental, social and governance ('ESG') matters and the Company Secretary is responsible for ensuring that Directors are made aware of and receive regular training in respect of these important areas. The Chief Executive, Phil Urban, is ultimately responsible for ESG matters, which includes Climate Change reporting, which is dealt with in the next section.

### Climate change reporting

#### I. Reporting

##### Reporting prior to 2021

For periods beginning on or after 1 April 2019, The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 required new or enhanced directors' report disclosures on greenhouse gas emissions and energy consumption. Quantitative and narrative disclosures on energy consumption and energy efficiency measures were added to the pre-existing greenhouse gas emissions disclosures. Additionally, the regulations brought in a new requirement to report on the principal measures taken to increase energy efficiency if any such action has been taken in the organisation's financial year.

Last year's Strategic Report set out these principal measures but for FY 2021 it has been expanded to set out not only the principal measures and their progress since then, but also our future aims in this area.

##### New mandatory reporting and disclosure requirements

The Taskforce on Climate-related Financial Disclosures ('TCFD') was established by the Financial Stability Board in 2015 and published its final report in June 2017. The report set out eleven recommended disclosures under four pillars to promote better disclosure:

### TCFD : four recommendations and eleven recommended disclosures

Recommendations			
Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organisation's governance around climate-related risks and opportunities (CRO).	Disclose the actual and potential impacts of CRO on the organisation's businesses, strategy, and financial planning where such information is material.	Disclose how the organisation identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant CRO where such information is material.
Recommended Disclosures			
(a) Describe the board's oversight of CRO.	(a) Describe the CRO the organisation has identified over the short, medium and long term.	(a) Describe the organisation's processes for identifying and assessing climate-related risks.	(a) Disclose the metrics used by the organisation to assess CRO in line with its strategy and risk management process.
(b) Describe management's role in assessing and managing CRO.	(b) Describe the impact of CRO on the organisation's businesses, strategy, and financial planning.	(b) Describe the organisation's processes for managing climate-related risks.	(b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.
	(c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	(c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	(c) Describe the targets used by the organisation to manage CRO and performance against targets.

### The new Listing Rule

The new climate-related disclosure Listing Rule 9.8.6R(8) is a continuing obligation for premium listed companies in annual reports for periods commencing on or after 1 January 2021 and thereafter (so the first Annual Report where reporting for the Company will be mandatory will be that for FY 2022). The rule requires companies to disclose:

- whether they have made disclosures consistent with the four recommendations and eleven recommended disclosures set out in section C of the TCFD Final Report in their annual financial report;
- where these disclosures can be found in the annual report; and
- a 'comply or explain' obligation to explain:
  - if they have not included disclosures consistent with all of the TCFD's recommendations and/or recommended disclosures, which disclosures they have not included and the reasons for not including them; and/or
  - why they have included some or all of the disclosures in a document other than their annual report.

Where not all required TCFD disclosures have been provided, in addition to explaining why, the annual report now also needs to explain:

- the timeframe for compliance; and
- the steps the company is taking or plans to take to achieve compliance.

### Institutional Investor requirements

Institutional Investors will expect all listed companies to be reporting against all four TCFD pillars and want those disclosures to be more meaningful and will be instructing their clients accordingly in relation to voting. They will also expect companies to include a statement in their annual report that the directors have considered material climate-related matters when preparing and signing-off the company's accounts.

## 2. Actions being taken by the Company

### Executive Ownership

The Board has tasked Phil Urban with spearheading the Company's approach to tackling Climate Change reporting across the organisation and since he also chairs the Executive Committee, he will be ensuring focus at Executive Committee level. The Remuneration Committee has been tasked with considering appropriate targets over FY 2022 to ensure that executive management are driving the right outcomes at the pace that the Board wants to see.

### Strategy

The Board is mindful of the business impacts relevant to the sector, and due consideration of such will be included when considering changes made across the business in relation to Climate Change obligations. Going forward, this important issue will continue to form part of the considerations taken into account by the Board when it is evaluating strategic decision and investment priorities. Capital expenditure proposals submitted to the Board will include appropriate details on such aspects.

### Governance

Climate change issues are discussed at Board level and the Board has specifically requested the Corporate Responsibility Committee to focus on ESG/sustainability matters. The Company's required climate response/transformation will be a feature of future agendas, with priority being given to ensuring enough time is dedicated to the discussion. The Corporate Responsibility Committee has approved and recommended to the Board the Group's sustainability roadmap through which it has identified and agreed how to manage climate-related issues. These initiatives will continue to be addressed in FY 2022 in readiness for when TCFD compliance becomes compulsory for the Company.

### Risk and Scenario analysis

During FY 2022, the Company will develop further a rigorous climate-change scenario impact analysis and this will be a matter which will be addressed in FY 2022. The Audit Committee is tasked with ensuring it is satisfied that the scenarios are sufficiently challenging, diverse and relevant, and also ensuring through this process and the Risk Committee that its risk monitoring activity appropriately addresses climate change risks for the Company.

### Information, reporting and assurance

The following aspects of the Company's readiness for TCFD reporting will be addressed during FY 2022:

- whether climate-related management information is robust and fit for purpose;
- the extent to which any external data, or external expertise that the Company relied upon is reliable and credible;
- whether the finance function has taken ownership of information and accounting around climate change and, if not, whether there are there sufficient checks and balances to give confidence in the information;
- consideration of the findings of reporting reviews such as the FRC's climate change thematic review will be considered. Changes to annual report processes and reporting will be examined and implemented as necessary; and
- the level of internal or external oversight or assurance to which the Company's metrics will be subjected.

The Board is responsible for the Company's internal risk management system, in respect of which more details can be found in the 'Risks and uncertainties' section of this report, and in the following section of this statement.

### Internal control and risk management

The Board has overall responsibility for the Group's system of internal control and risk management and for reviewing its effectiveness. In order to discharge that responsibility, the Board has established the procedures necessary to apply the 2018 Code for the period under review and to the date of approval of the Annual Report. Such procedures are in line with the Financial Reporting Council's 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' and are regularly reviewed by the Audit Committee.

The key features of the Group's internal control and risk management systems include:

- Processes, including monitoring by the Board, in respect of:
  - i. financial performance within a comprehensive financial planning, accounting and reporting framework;
  - ii. strategic plan achievement;
  - iii. capital investment and asset management performance, with detailed appraisal, authorisation and post-investment reviews; and
  - iv. consumer insight data and actions to assess the evolution of brands and formats to ensure that they continue to be appealing and relevant to the Group's guests.
- An overall governance framework including:
  - i. clearly defined delegations of authority and reporting lines;
  - ii. a comprehensive set of policies and procedures that employees are required to follow; and
  - iii. the Group's Ethics Code, in respect of which an annual confirmation of compliance is sought from all corporate employees.

*Corporate governance statement continued*

- The Risk Committee, a sub-committee of the Executive Committee, which assists the Board, the Audit Committee and the Executive Committee in managing the processes for identifying, evaluating, monitoring and mitigating risks. The Risk Committee, which continues to meet regularly, is chaired by the Company Secretary and General Counsel and comprises Executive Committee members and other members of senior management from a cross-section of functions.

During the period of the closure of the Company's estate and business, the monitoring of risks was undertaken on a weekly basis by the Covid-19 Steering Committee, reporting each week to the Board through the Chief Executive as referred to in more detail in the Risks and uncertainties section on pages 32 to 39.

The primary responsibilities of the Risk Committee are to:

- advise the Executive Committee on the Company's overall risk appetite and risk strategy, taking account of the current and prospective operating, legal, macroeconomic and financial environments;
- advise the Executive Committee on the current and emerging risk exposures of the Company in the context of the Board's overall risk appetite and risk strategy;
- promote the management of risk throughout the organisation;
- review and monitor the Company's capability and processes to identify and manage risks;
- consider the identified key risks faced by the Company and new and emerging risks and consider the adequacy of mitigation plans in respect of such risks; and
- where mitigation plans are regarded to be inadequate, recommend improvement actions.

The Group's risks identified by the processes that are managed by the Risk Committee are described in the 'Risks and uncertainties' section on pages 32 to 39.

More details of the work of the Risk Committee are included in the Audit Committee Report on pages 75 to 78.

- Examination of business processes on a risk basis including reports from the internal audit function, known as Group Assurance, which reports directly to the Audit Committee.

The Group also has in place systems, including policies and procedures, for exercising control and managing risk in respect of financial reporting and the preparation of consolidated accounts. These systems, policies and procedures:

- govern the maintenance of accounting records that, in reasonable detail, accurately and fairly reflect transactions;
- require reported information to be reviewed and reconciled, with monitoring by the Audit Committee and the Board; and
- provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with International Financial Reporting Standards ('IFRS') or UK Generally Accepted Accounting Practice, as appropriate.

In accordance with the 2018 Code, during the year the Audit Committee completed (and reported to the Board its conclusions in respect of) its annual review of the effectiveness of the Group's risk management and internal control systems, including financial, operational and compliance controls.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and, as such, it can only provide reasonable and not absolute assurance against material misstatement or loss. In that context, in the opinion of the Audit Committee, the review did not indicate that the system was ineffective or unsatisfactory. To the extent that weaknesses in internal controls were identified, the Audit Committee reviewed the audit findings, together with the remedial action plans that were put in place, and sought confirmation that all actions were closed out in a timely manner. Through this process, material audit findings were presented to the Audit Committee, the necessary follow-up reviews were completed and the results were reported to the Audit Committee, to ensure appropriate mitigation plans had been actioned.

The Audit Committee is not aware of any change to this status up to the date of approval of this Annual Report.

With regard to insurance against risk, it is not practicable to insure against every risk to the fullest extent. The Group regularly reviews both the type and amount of external insurance that it buys with guidance from an external independent broker, bearing in mind the availability of such cover, its cost and the likelihood and magnitude of the risks involved and the mitigation which insurance might provide.