



Corporate governance statement

“This statement sets out our report to shareholders on the status of our corporate governance arrangements.”

Bob Iwell
Chairman

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, 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 2022 Annual Report and Accounts (of which this Corporate Governance Statement forms part) and which is available online at: www.mbplc.com/investors.

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 December respectively, and by way of other announcements as required. The content of these updates is available by webcast on the Company's website www.mbplc.com, 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, the 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 January 2022 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 annual report on remuneration, and the re-election of Bob Iwell (Chairman), Eddie Irwin and Josh Levy, 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.

The UK Corporate Governance Code (the 'Code') 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 Code specifically recognises the concept of 'comply or explain' in relation to divergences from the Code which reflect the specific circumstances of individual companies.

"The Code does not set out a rigid set of rules; instead, it offers flexibility through the application of Principles and through 'comply or explain' Provisions and supporting guidance. It is the responsibility of boards to use this flexibility wisely and of investors and their advisors to assess differing company approaches thoughtfully."

Susan Murray stepped down from the Board following the AGM on 25 January 2022, and Amanda Brown was appointed to the Board on 4 July 2022. The Company confirms that the external search consultancy services of Spencer Stuart (an external search consultancy the Company has engaged from time to time) were engaged in connection with Amanda's appointment, and that there is no other connection between Spencer Stuart and the Company, its Board, or any of its Directors. 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 75.

Corporate governance arrangements during FY 2022 in response to the ongoing effects of Covid-19 and the emergence of the Omicron variant

After the removal of the pandemic-related restrictions, during FY 2022 the Company reverted to its normal pre-pandemic corporate governance arrangements, and the Board maintained its regular set of scheduled meetings, with adjustments and flexibility to reflect the often-changing operating and trading environment, particularly in relation to supply chain shortages and the Omicron variant. The details of the numbers of meetings of the Board and the Audit and Remuneration Committees in the period are set out on page 78.

The Executive Committee, which is the principal operational decision-making forum of the Group, continued with its monthly cycle of meetings in FY 2022, and the output of its meetings was 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.

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 and events, which are now often held virtually and this will enable all employees to participate in the various activities and workshops.

Corporate governance code reporting

For FY 2022, 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 of the 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 81 and its Terms of Reference are on the Company's website 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 has continued to date, albeit 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. During FY 2022 two meetings were held in March and September. 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 will, from time to time, be provided with an overview of how executive pay is aligned with the Company's strategic objectives. The Terms of Reference of the Employee Forum reflect this. Further details on employee engagement can be found in the Report on Directors' remuneration on page 89.

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 of the 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 53 and 54.

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 in the Strategic Report.

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 these are given in the Strategic Report on pages 10 to 58.

c. Training and awareness

There is an induction process for all Directors on appointment and the Group General Counsel and 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.

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 of the 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 and this is explained in our Value Creation story on pages 38 to 41. 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

The Board is currently comprised of nine members whose biographies are outlined on pages 62 and 63. 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's Directors are female, one of whom is also the Senior Independent Director. The Chairman, Bob Ivell, has served on the Board since May 2011. Susan Murray did not put herself forward for re-election at the AGM on 25 January 2022 and with effect from the end of the 2022 AGM, Jane Moriarty replaced her as Senior Independent Director.

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 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 were put on hold during Covid-19 restrictions, but resumed in FY 2021 and continued in FY 2022.

Gender Pay Gap data is already overseen by the Remuneration Committee and details are set out on page 95 of the Report on Directors' remuneration.

4. Proportionate executive remuneration

This is dealt with on pages 95 and 104 of the Report on Directors' remuneration.

Corporate governance

The Board is committed to high standards of corporate governance. The Board considers that the Company has complied throughout the year ended 24 September 2022 with all the Provisions and best practice guidance of the 2018 Code except certain specific aspects related to Chairman's tenure, Board composition, the constitution of Board Committees and a Board effectiveness review. This Corporate Governance Statement addresses the 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 85 to 88 and page 80 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 2022. 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% 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 75.

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 ongoing 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, allowing him to co-ordinate the Board's oversight of the senior executive team's response to the pandemic, was the correct one.

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 addressing the ongoing challenges of energy prices, inflationary cost pressures, the demanding trading environment and dampened consumer confidence. The requirement for a stable and experienced Board in such circumstances, and it being an inappropriate time for the Board to be considering changes in the existing arrangements, meant that no further consideration was given in FY 2022 to Provision 19 of the 2018 Code, in relation to Bob Ivell's Chair tenure. 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% 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 in FY 2021, 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. The Company is not aware of any changes being proposed to the shareholder representative profile of the Board in the immediate future.

3. Constitution of Committees

Throughout FY 2022, 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 2022, 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 from the period following Susan Murray's leaving the Board on 25 January 2022, and ceased following the appointment of Amanda Brown to the Nomination Committee on 4 July 2022. At the year end of 24 September 2022, 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 Provision 24 of the 2018 Code, which specifies that the Audit Committee should consist of independent Non-Executive Directors, with a minimum membership of three. Susan Murray stood down from the Audit Committee on 25 January 2022 and Amanda Brown was appointed to the Audit Committee on 4 July 2022, so for the period following Susan's resignation to the date of Amanda's appointment, the requirement for three independent Non-Executive Directors on the Audit Committee was not met. At the year end of 24 September 2022, 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 a representative of a major shareholder who is a member of the Odyzean Group. On 25 January 2022, Susan Murray resigned from the Remuneration Committee and Amanda Brown was appointed to the Remuneration Committee on 4 July 2022. From the start of FY 2022 to the date of the appointment of Amanda Brown as Committee Chair on 4 July 2022, the office of Chair of the Remuneration Committee was vacant, and during that period, remuneration matters were considered by the Board. As set out on page 65, 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 this arrangement and has concluded that it constitutes a valid exception under the 'comply or explain' regime of the 2018 Code, in that the shareholder concerned is committed to the progression and growth of the Company, has made a substantial financial commitment and is fully supportive of the Group's strategy. All 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 76, the Chairman, has kept the skills, contributions and experience of the Board members under close review throughout FY 2022.

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 and its knock-on effects which are still affecting the business together with the energy price challenges and supply chain issues arising from the war in Ukraine, the Board took the decision not to proceed with an evaluation during FY 2022, 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 2023. The information required by Disclosure Guidance and Transparency Rule ('DTR') 7.1 is set out in the Audit Committee report on pages 85 to 88. 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 64 to 71.

Board composition

The Board started the year with nine Directors. During the year Susan Murray resigned and Amanda Brown was appointed to the Board, and the table on page 78 lists the composition of the Board during the year.

As indicated on page 76, 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 and deal with supply chain shortages.

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 2022 there were eight Board meetings. There were also five meetings of the Audit Committee, one meeting of the Remuneration Committee and no meetings 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.

Full attendance was recorded for all Directors in respect of all Board and Committee meetings held during FY 2022, 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. There are eight Board meetings currently planned for FY 2023.

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.

Attendance levels at Board and Committee meetings

Directors who served during the year	Board	Audit Committee	Remuneration Committee	Nomination Committee
Bob Ivell	8 (8)	n/a	1 (1)	n/a
Keith Browne	8 (8)	n/a	n/a	n/a
Amanda Brown (appointed 4 July 2022)	2 (2)	1 (1)	1 (1)	n/a
Dave Coplin	8 (8)	5 (5)	1 (1)	n/a
Eddie Irwin	8 (8)	n/a	n/a	n/a
Tim Jones	8 (8)	n/a	n/a	n/a
Josh Levy	8 (8)	n/a	1 (1)	n/a
Jane Moriarty	8 (8)	5 (5)	1 (1)	n/a
Susan Murray (stepped down from the Board on 25 January 2022)	2 (2)	2 (2)	n/a	n/a
Phil Urban	8 (8)	n/a	n/a	n/a

The numbers in brackets in the table above confirm how many meetings each Director was eligible to attend during the year.

Directors

The following were Directors of the Company during the year ended 24 September 2022:

Directors who served during the year		Date appointed	Date of change of role
Bob Ivell	Independent Non-Executive Director ^a	09/05/11	14/07/11
	Interim Chairman ^a	14/07/11	26/10/11
	Executive Chairman	26/10/11	12/11/12
	Non-Executive Chairman	12/11/12	–
Keith Browne ^b	Non-Executive Director	22/09/16	–
Amanda Brown	Independent Non-Executive Director	04/07/22	–
Dave Coplin	Independent Non-Executive Director	29/02/16	–
Eddie Irwin ^b	Non-Executive Director	21/03/12	–
Tim Jones	Chief Financial Officer	18/10/10	–
Josh Levy ^c	Non-Executive Director	13/11/15	–
Jane Moriarty	Independent Non-Executive Director	27/02/19	25/01/22
	Senior Independent Director	25/01/22	–
Susan Murray	Independent Non-Executive Director and Senior Independent Director	08/03/19	25/01/22
Phil Urban	Chief Executive	27/09/15	–

a. Independent while in the role specified.

b. Nominated shareholder representative of Elpida Group Limited.

c. Nominated shareholder representative of Piedmont Inc.

At the start of the year, the Board was made up of seven male and two female Directors. Susan Murray stepped down from the Board on 25 January 2022 and Amanda Brown was appointed to the Board on 4 July 2022. 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 2023, Amanda Brown, who joined the Board during FY 2022, will be standing for election for the first time, and all other Directors will be required to stand for annual re-election, in accordance with the Company's Articles of Association. Their biographical details as at 6 December 2022 are set out on pages 62 and 63, 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 2022, 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 81) 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.

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 76.

With effect from 1 January 2023, the Chairman's fee will increase by 4% to £296,000 per annum.

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 stepped down from the Board at the end of the 2022 AGM on 25 January 2022, and Jane Moriarty was appointed Senior Independent Director on the same date.

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. Jane Moriarty 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. In FY 2022, the annual appraisal of the Chairman's performance was conducted by the Senior Independent Director, Jane Moriarty, and the conclusions fed back to the Chairman. Annual reviews of the Chairman's performance will continue to be conducted as required by the 2018 Code. 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 Amanda Brown.

Other than their fees, and reimbursement of taxable expenses which are disclosed on page 99, the Non-Executive Directors received no remuneration from the Company during the year.

With effect from 1 January 2023, the base fee for Non-Executive Directors will increase by 4% to £55,000 per annum, the fee paid to Non-Executive Directors for chairing a Committee or for the role of Senior Independent Director will increase to £13,500 per annum, and the fee paid to Dave Coplin for his role as the Board representative for 'employee voice' will increase to £13,500 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.

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 Group General Counsel and Company Secretary, 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 Group General Counsel and Company Secretary.

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. 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 85 to 88 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 Directors' remuneration on pages 89 to 106. Amanda Brown was appointed Chair of the Remuneration Committee on her appointment to the Board on 4 July 2022.

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 24/09/22
Bob Ivell (Chair)	11/07/13	Yes
Amanda Brown (appointed 4 July 2022)	04/07/22	Yes
Dave Coplin	29/02/16	Yes
Eddie Irwin	11/07/13	Yes
Jane Moriarty	27/02/19	Yes
Susan Murray (resigned 25 January 2022)	08/03/19	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 45% female and 55% 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 81.

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. Whilst there were no formal meetings of the Nomination Committee in FY 2022, its members were consulted about and supported the appointment of Amanda Brown and were briefed on, and supported, the approach to diversity across 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 76, 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, which was reviewed and approved in October 2022. 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, at the start of FY 2022 there were nine Board directors, of which two were female (22%). The Board reduced to eight members on 25 January 2022, following the departure of Susan Murray, reducing the percentage of women on the Board to 12.5%. The percentage of women on the Board increased to 22% again, following the appointment of Amanda Brown on 4 July 2022, and remained at 22% at the FY 2022 year end. 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 75.

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 story on page 38.

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/business-conduct/board-committees/

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.

The Corporate Responsibility Committee comprises Bob Ivell (Chair), Eddie Irwin, Jane Moriarty, Dave Coplin and Amanda Brown. 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. More details of the activities involved in this programme during the financial year are set out on page 40.

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, Amanda Brown 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 2022 the work of the Pensions Committee focused primarily on the monitoring of the performance of the Group's pensions arrangements including the Mitchells & Butlers Executive Pension Plan moving to a buy-in transaction in December 2021 and both that scheme and the Mitchells & Butlers Pension Plan putting in place arrangements for implementing equalisation of guaranteed minimum pensions.

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), Andrew Freeman (Group General Counsel and Company Secretary), 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 Group General Counsel and Company Secretary. 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.

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 2022 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.

The FY 2020 Strategic Report set out these principal measures but for FY 2021 it was expanded to set out not only the principal measures and their progress since then, but also our future aims in this area. Progress made in FY 2022 is set out in the Strategic Report on pages 10 to 58.

New mandatory reporting and disclosure requirements

The Task Force 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 and these are set out below:

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.

For FY 2022, the Company has undertaken a comprehensive review of its risks in relation to, and oversight of, TCFD and the results of this are set out on pages 28 to 31 of the Strategic Report.

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 this FY 2022 is the first Annual Report where reporting for the Company will be mandatory. 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 tasked Phil Urban with spearheading the Company's approach to tackling climate change reporting across the organisation since he also chairs the Executive Committee so can ensure focus at Executive Committee level.

Strategy

The Board is mindful of the business impacts relevant to the sector, and due consideration of such is 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 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 is a feature of agendas, with priority being given to ensuring enough time is dedicated to the discussion. The Corporate Responsibility Committee approved, and recommended to the Board, the Group's sustainability roadmap through which it identified and agreed how to manage climate-related issues. These initiatives were addressed in FY 2022 when TCFD compliance became compulsory for the Company.

Risk and Scenario analysis

During FY 2022, the Company developed a rigorous climate change scenario impact analysis. 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. Further details are set out on pages 28 to 31 of the Strategic Report.

Information, reporting and assurance

In the 2021 Annual Report, the Company undertook to address the following aspects of its readiness for TCFD reporting during FY 2022:

- whether climate-related management information was robust and fit for purpose. See pages 28 to 31 of the Strategic Report for further discussion on this;
- 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 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. Changes to annual report processes and reporting have been 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.
- 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 Group General Counsel and Company Secretary and comprises Executive Committee members and other members of senior management from a cross-section of functions.

The primary responsibilities of the Risk Committee are to:

- i. 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;
- ii. 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;
- iii. promote the management of risk throughout the organisation;
- iv. review and monitor the Company's capability and processes to identify and manage risks;
- v. 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
- vi. 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 44 to 51.

More details of the work of the Risk Committee are included in the Audit Committee report on pages 85 to 88.

- 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:

- i. govern the maintenance of accounting records that, in reasonable detail, accurately and fairly reflect transactions;
- ii. require reported information to be reviewed and reconciled, with monitoring by the Audit Committee and the Board; and
- iii. 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. Please also refer to the Statement of Directors' responsibilities in respect of the Annual Report and Accounts, on page 72.

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. Please refer to the Audit Committee report, on pages 85 to 88.

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.