Report on Directors' remuneration

"I am pleased to present the Directors' Remuneration Report in respect of the financial period which ended on 30 September 2023. This includes our revised remuneration policy which is aligned with our purpose and strategy, showing the importance we place on delivering exceptional financial performance whilst also making progress for the benefit of all our stakeholders."

Amanda Brown
Chair of the Remuneration Committee

Dear Shareholder,

I am pleased to present this year's Directors' Remuneration Report on behalf of the Remuneration Committee ('the Committee'). This year the report introduces our new remuneration policy and how it will be implemented. The report also provides context and insight into our pay arrangements for Executive Directors and Non-Executive Directors, including the assessment of FY 2023 performance and pay.

The new remuneration policy will be put forward for shareholder consideration and a binding vote at the 2024 AGM whilst the remuneration report, describing how the current policy was put into practice during FY 2023 and how the new policy will be implemented in FY 2024, will be put to an advisory vote at the 2024 AGM.

Background and business context

At the beginning of the financial year, external market conditions across the UK hospitality industry were very uncertain with real fears of a downturn in consumer confidence as a result of the cost of living crisis and unprecedented cost headwinds, notably from food, utilities and wages, which in total were expected to be c. £175m as we headed into FY 2023.

As the year progressed, the Board was very encouraged by trading over the first half of the year. Our broad portfolio of brands and locations meant that we were well placed to capitalise on the return to office working, city centres becoming stronger, tourist numbers recovering and guests across the country continuing to enjoy the hospitality sector.

Like-for-like sales continued to grow further as the year progressed, with performance strong across our portfolio of brands, and ended up over the year at a record high of 9.1%. This performance has been driven by volume and spend per head growth in both food and drink, and importantly extended our outperformance against the market across the full year to 2.7%[a], our best ever market performance over a financial year.

Performance has therefore been well ahead of expectations, with our Adjusted Operating Profit[b] over the year surpassing our targets and requiring upgrades during the year to consensus. This has also been reflected in our share price which increased by more than 50% over the course of the financial year. This is an outstanding achievement and could only be achieved because of the hard work and commitment from all our employees.

a As measured vs the Coffer CGA Business Tracker
b The Directors use a number of alternative performance measures ('APMs') that are considered critical to aid the understanding of the Group's performance. Key measures are explained on pages 192 to 195 of this report

Importantly, the excellent financial performance has been alongside very good results across our scorecard of non-financial measures, with record Employee Engagement and Guest Health scores, and strong safety performance. We have consistently proven the link between employee engagement, Guest Health and like-for-like sales growth and this correlation can clearly be seen in this year's performance.

I am also pleased that we continue to make good progress against our sustainability targets (Net Zero by 2040, zero operational waste to landfill by 2030 and to reduce food waste by 50% by 2030). Notable highlights this year include 97% of our operational waste being diverted from landfill and a 25% reduction in food waste from the FY 2019 baseline. Overall, our emissions have reduced by 11% from the 2019 baseline.

Going forward we remain focused on executing the drivers of this strong performance, including our Ignite programme of growth and efficiency initiatives and our capital investment programme which, combined with our diverse portfolio of established brands and enviable estate locations, leaves us well positioned to continue to outperform the sector.

Remuneration in FY 2023

Annual Bonus

Financial measures – Adjusted Operating Profit (outcome 70% out of 70%)

Financial targets were set against a backdrop of a highly uncertain environment with a wide range of macroeconomic factors, including rising inflation and increases in food and energy costs coupled with a cost of living crisis that would impact on the spending power of consumers across the economy.

The financial targets set by the Committee at the beginning of FY 2023 were extremely stretching particularly in the context of this highly difficult and uncertain environment. At the start of the year we anticipated that the business would face cost headwinds of c. £175m in FY 2023 whilst no longer benefiting from the £52m of Covid-19 related government support received in FY 2022. An on target performance would, therefore require a sales uplift above 5% combined with cost efficiencies of at least £80m.

The actual total sales result for FY 2023 was £122m ahead of budget and on a like-for-like basis increased by 9.1% vs. FY 2022, with strong trading performance across our portfolio of brands. As a measure of post-pandemic recovery, sales in FY 2023 were £222m higher than in FY 2019.

Adjusted Operating Profit in FY 2023 was £226m, which was at the top of the range of consensus forecasts. This has been achieved through strong sales performance combined with the delivery of a number of our Ignite initiatives to mitigate the significant cost increases mentioned earlier.

As set out in last year's remuneration report, targets for the annual bonus were set for the whole year but given the uncertainty, the Committee agreed that these targets would be reviewed at the end of the first quarter of FY 2023. Taking account of performance in the first quarter, the forecast cost increases and continued uncertainty for the remainder of the year, the Committee concluded that the targets were still appropriate and no changes were made. The performance described above is therefore measured on the original full year target with no adjustment.

Non-financial measures – (outcome 25% out of 30%)

The non-financial measures encompass Guest Health, Employee Engagement and Food Safety, and form an important part of the annual incentive plan. Bonus can only be earned if 97.5% of the Adjusted Operating Profit target is achieved.

Guest Health performance is measured as a combination of online review scores and guest complaints. Over the year our online review scores have averaged 4.38, representing a best ever score for this measure. Very good progress has also been made on guest complaints, which are measured as a percentage of complaints received for every 1,000 meals served. Again, performance has been very strong in this area with progress made throughout FY 2023. This combined performance has resulted in a maximum payment for this element.

Employee engagement is measured at two points during the year. In June employees are invited to complete a comprehensive survey, 'YourSay', and this is supplemented by a shorter pulse survey in February. This year around two thirds of employees completed each survey and the overall score across the two surveys was 82.5, a record high for employee engagement resulting in a maximum payment for this element.

Food safety is measured by reference to the National Food Hygiene Rating System ('NFHRS') which is based on the number of businesses achieving a 4 or 5 rating. Although the outcome was very strong at 98.9%, it fell just short of the very demanding target set at the start of the year and therefore no bonus is payable in respect of this element.

Final Bonus Outcome

In determining the final bonus outcome, the Committee considered the wider performance of the Group across the entire financial year as part of its overall quality of earnings assessment. The outcome is reflective of strong over-performance, in particular with sales improving as the year progressed.

Management's actions have been squarely aimed at mitigating strong cost headwinds through sales and volume growth, delivery of the Ignite programme of initiatives and disciplined cost management. The strong performance over the year has been achieved without adversely affecting our employees' experience both at work and financially, which was especially important given the very real cost of living pressures.

We are proud of the performance over the year, which was achieved through hard work and in a manner which is consistent with our core values and culture.

In taking all these factors into account, the Committee was satisfied that the overall formulaic outcome against our targets was consistent with our performance over the year and as such no discretion was exercised when determining the resultant annual bonuses. As a result of this review of performance, bonuses of 95% of base pay (95% of the maximum) were awarded to our CEO and CFO respectively.

FY 2021 RSP Vesting

During FY 2021, share awards were made to Phil Urban and Tim Jones under the Restricted Share Plan ('RSP') to the value of 100% of their respective salaries.

Vesting of the RSP was subject to the satisfactory assessment of performance against three qualitative underpins, discussed in further detail on pages 110 and 111. The Committee is satisfied that these have been met and, as such, the 2021 RSP award will vest on 1 December 2023.

In addition, the Committee carefully reviewed whether the Executive Directors might unduly benefit from a windfall gain on these awards. Taking into consideration a number of factors, including the current share price (219p) compared with the share price at the time of the grant (308p) and share price movements over the period, the Committee has concluded that participants will not benefit from a windfall gain on the FY 2021 RSP awards and therefore has determined that no adjustment is required.

2023 Remuneration Policy Review

The end of the current three year policy is approaching and shareholders will be asked to vote on a new policy at the 2024 AGM.

Over the last year, the Committee has carried out a thorough review of Executive remuneration at Mitchells & Butlers. As Remuneration Committee Chair, I spoke to every member of the Board to get input on how we can ensure our revised policy supports the Company's strategic priorities and the interests of our shareholders, as well as being competitive to attract, retain and motivate key talent and reflect developments in market practice and investor guidance.

Based on this feedback, a draft policy was circulated to our largest shareholders, representing over 90% of our share capital, as well as ISS, Glass Lewis and the Investment Association. I am delighted that we received responses from around two thirds of those we wrote to and had meetings with a number of shareholders and proxy agencies. The feedback from these meetings was constructive and helped to shape the final version of the policy and the clarity of the disclosure.

The main change in the new remuneration policy is the move from a Restricted Share Plan ('RSP') to a Performance Share Plan ('PSP'). When designing our last remuneration policy in 2021 we were doing so in the context of the global pandemic; a truly black swan event. The Committee had to respond to this and introduced an RSP to replace our traditional performance-based long-term incentive plan.

As we explained at the time, we wanted to ensure Executive Directors could focus on making the right long-term decisions for the business without being concerned about the alignment of these to incentive plan targets and also to provide a greater certainty of reward to aid retention at a time when the stability of a high-quality management team was paramount. In addition to this, the external environment in which we were operating at the time meant it was not possible to set meaningful and robust long-term incentive targets.

The Committee believes that the current policy, including the RSP, has operated as intended over the last three years through a significant period of uncertainty, which has had a dramatic impact on our industry.

In reviewing the new policy, the Committee concluded that returning to a performance-based long-term incentive plan would deliver stronger alignment with our strategic objectives. The previous performance-based share plan was working well prior to the pandemic and the fundamentals of the business have not changed. Whilst the trading environment for the hospitality sector remains challenging, the Committee is strongly of the view that a PSP will provide a better opportunity to directly link vesting outcomes to the delivery of our strategy and the realisation of its benefits for shareholders. This change is intended as a return to our normal long-term incentive approach and we do not anticipate reintroducing an RSP.

In summary the Committee believes that this change to a performance-based plan is appropriate for the following reasons:

- **Better alignment with the strategic priorities of the business** – the Committee has determined that returning to a performance share plan delivers stronger alignment with the business strategy by supporting and rewarding higher performance and accelerated delivery of our key performance objectives. In addition, whilst not the primary driver of the Committee's decision, the Committee is now confident that it is now possible to set targets that management can be held accountable for.
- **Increased alignment to shareholder experience** – the Committee feels it is important that our Executive Directors are incentivised and rewarded for performance that ensures that long-term sustainable value is created for all our stakeholders. The Board is proud that our results for FY 2023 indicate that we are outperforming the sector. Whilst a performance-based long-term incentive will provide an opportunity to reward outperformance, underperformance will lead to lower outcomes than provided under the current RSP, which the Committee feels will also more closely align the Executive Directors with shareholders.

In addition to returning to a PSP, our revised policy includes the following updates:

- **Pension contributions** – the maximum company pension contribution for existing Executive Directors has been aligned with the wider workforce pension contribution rate (currently 4% of salary);
- **Malus and clawback provisions** – the trigger events have been updated to include payments based on erroneous or misleading data in line with the FRC's Guidance on Board Effectiveness.

There are no other material changes to our current remuneration policy.

Shareholder consultation

As mentioned earlier, we were pleased to engage directly with a significant majority of our shareholders during the consultation process, as well as with the proxy agencies. The Committee is grateful to our shareholders who have taken the time to consider the proposals, speak with us and provide valuable feedback. We have taken the feedback on board throughout the consultation process and note that the final proposals reflect changes as a result of this consultation.

We are pleased to report that the feedback overall has been very positive in respect of the proposed policy. Shareholders understood the rationale behind the proposed changes, and the significant majority were supportive of the move from the RSP to a PSP. Where shareholders had concerns, these were mostly focused on understanding how long we intend to operate the PSP for, acknowledging that we have operated the RSP for one policy cycle. We clarified in our response to shareholders that the RSP was very much a result of the specific and unique circumstances caused by external events (the pandemic). We therefore confirmed that the intention and expectation of the Committee is to retain the PSP for the foreseeable future.

See table on following page for a summary of key remuneration policy discussions and changes made following the consultation.

Remuneration for FY 2024

Fixed Pay (Base Pay, Pensions and Benefits)

In reviewing Executive Director salaries, the Committee took account of market positioning and the level of increases applied to Executive Directors in other organisations, but most importantly felt that the increases applied to Executives should be below that of other colleagues and especially those in frontline positions.

Overall pay increases have been 7.7% over the year with hourly paid frontline employees who are typically the lowest paid employees in the Group, seeing the largest increases.

With effect from 1 January 2024 Phil Urban's salary will increase to £607,500 (4.9%) and Tim Jones's to £508,000 (4.9%).

In line with our intention to reduce pension allowances for Executive Directors to the average employer contribution, the pension allowance paid to Executive Directors will reduce to 4%, in line with the general workforce from 1 January 2024.

There are no changes to the benefits available to Executive Directors.

Annual Bonus

The Committee believes that the annual bonus scheme for FY 2023 was successful in driving the right behaviours across the business, and as such has determined that the annual bonus scheme for FY 2024 will be unchanged other than an amendment to the safety element which will now encompass all four areas of safety performance that are measured across the business, rather than just focusing on food safety. The maximum opportunity will remain at 100% of salary for our Executive Directors.

Shareholder consultation summary

The table below summarises the key remuneration policy discussions and changes following the consultation:

Initial Proposal	Shareholder Feedback	Response
Change from RSP to PSP.	Overall support for a return to a PSP, but given the change is happening after one policy cycle some shareholders wanted reassurance that the change was intended to be for the long term.	I hope that our disclosure makes clear that the move to an RSP was in response to a specific event. We do not anticipate any future switch back to an RSP.
At least 50% of the PSP award will be based on the achievement of financial measures, the remainder based on non-financial, strategic or ESG measures.	Some shareholders were concerned that there could be an overweighting on non-financial elements, and asked if it was ever likely that measures would have such a weighting towards non-financial, strategic or ESG measures in practice.	The intention of the Policy was to provide the flexibility, if required, to rebalance the weighting of financial and non-financial performance measures, including strategic or ESG measures, ahead of each grant to best reflect the strategic priorities of the business. Having considered the feedback provided the Committee changed the policy so that at least 70% of awards will be assessed against financial measures.
The PSP would have an exceptional maximum award of 250%	Shareholders asked if the use of the exceptional maximum would be subject to consultation.	It was confirmed to shareholders that the policy wording included a commitment to consult if this maximum was to be used, other than in exceptional circumstances such as recruitment. We have also decided to extend this same principle to the annual bonus exceptional maximum. We believe this provides greater consistency within our Policy and greater transparency for shareholders.
Executive Directors' Pension Contributions to align to that of the wider workforce.	Noted and welcomed by shareholders.	Alignment to the workforce average of 4% will be achieved in January 2024.
Alignment of Clawback and Malus Provisions to latest FRC guidance.	Noted and welcomed by shareholders.	The trigger events have been updated to include payments based on erroneous or misleading data.
Increased Executive Director Shareholding requirements introduced alongside the RSP to be retained.	Noted and welcomed by shareholders.	The shareholding requirement for the CEO remains at 250% of salary and 200% for other Executive Directors.

Performance Share Plan ('PSP') award FY 2024 to FY 2026

A PSP award is due to be made in respect of the FY 2024-FY 2026 performance period. This will be the first PSP under the new plan.

The Committee carefully considered an appropriate PSP opportunity level for our Executive Directors to reflect the inclusion of stretching performance targets with the associated upside and downside potential of awards compared with RSP. When considering the overall level of remuneration for the Executive Directors and factors such as their role and experience, as well as opportunity levels at companies of comparable size and complexity, the Committee concluded that a normal maximum of 200% of salary results in an appropriate positioning. This also results in an incentive mix which is significantly weighted towards long-term performance, which the Committee believes is critical during this stage of our business recovery and aligns to our overall strategy.

The Committee undertook a thorough review of the performance measures that will apply to the first awards to be granted under the new PSP and concluded that the following measures and weightings (as a percentage of maximum) will apply: Operating Cashflow (70%), Earnings Per Share ('EPS') growth (20%) and a sustainability measure (10%) based on reduction in Scope 1, 2 & 3 emissions. Full details of the proposed performance measures and targets for the first awards are set out on page 112.

In conclusion, I hope that the contents of this letter demonstrate that during the year we have engaged constructively with our major shareholders, taking into account both historic questions and a number of areas where the proposed policy required either explanation or adjustment.

Alongside the review of policy, we are confident as a committee that the existing remuneration policy has been implemented responsibly and in a manner which supports and recognises the very strong performance which the business has delivered during FY 2023, whilst being cognisant of the wider economic context including appropriate governance considerations.

My aim as Committee Chair is to engage constructively with shareholders seeking to balance the interests of all key stakeholders including our employees, customers and suppliers. I very much hope that this letter and the remainder of the remuneration report demonstrate this commitment to a high-quality dialogue. I look forward to your continued engagement and hope you will join the Board in supporting our FY 2023 outcomes and the proposed remuneration policy at the 2024 AGM.

Amanda Brown
Chair of the Remuneration Committee
29 November 2023

Remuneration at a glance

FY 2023 Performance

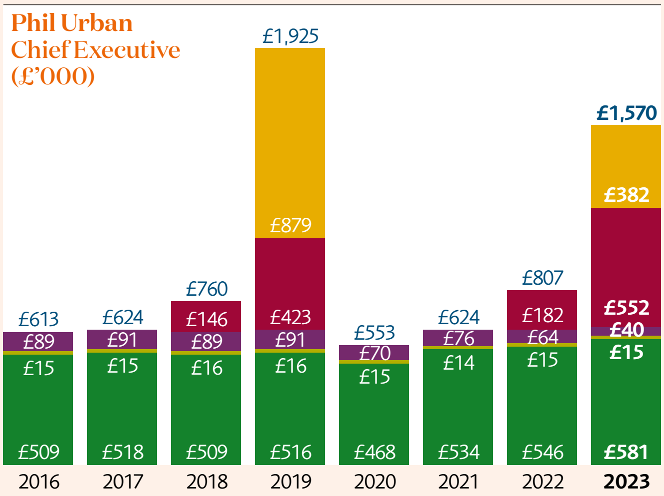
Remuneration key:

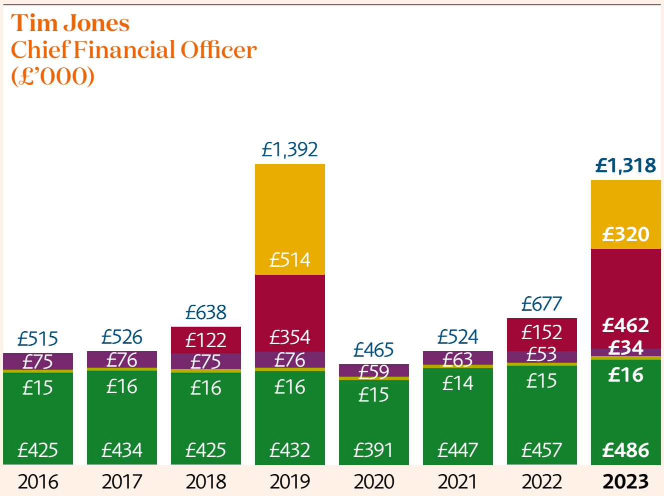
Base pay | Benefits | Pension | Annual bonus | Long-term incentives

The following 'Remuneration at a Glance' section provides a short summary that demonstrates that our overall approach to Executive Remuneration has been and continues to be, measured, well balanced and appropriate.

Summary of Executive Directors' Total Remuneration

The charts below set out the CEO and CFO earnings history from 2016 onwards, this being the first full year Phil Urban was in place as CEO.





Mitchells & Butlers' remuneration principles

When determining Executive Director remuneration policy, the Remuneration Committee addresses each of the factors under Provision 40 of the 2018 UK Corporate Governance Code and these are also reflected in our principles:

Shareholder alignment

A high proportion of reward is delivered in the form of equity, ensuring Executives have strong alignment with shareholders.

Competitive

Providing reward that promotes the long-term success of the business whilst enabling the attraction, retention and motivation of high-calibre senior Executives.

Performance-linked

A significant proportion of an Executive Director's reward is linked to performance, with a clear line of sight between the outcomes of the business and the delivery of shareholder value.

Straightforward

The remuneration structure is simple to understand for participants and shareholders and is aligned to the strategic priorities of the business.

These same principles apply throughout the organisation and are adapted as appropriate for specific employee groups with a different emphasis on certain principles in comparison to Executive Directors. This is illustrated in the table on page 96 which sets out remuneration below Executive Director level.

For senior management, a much greater proportion of the overall reward package is performance-linked and therefore is variable and at risk, whereas for our hourly paid colleagues a greater weighting applies to the competitive and straightforward principles as these factors are more important to the attraction and retention of these employees.

↑9.1%
Like-for-Like Sales Growth

2.7%
Market outperformance over the year

4.38
Record guest review scores

82.5
Best ever employee engagement score

FY 2023 Annual Bonus

The information below summarises the FY 2023 annual bonus performance for our Executive Directors.

	Maximum %	Threshold	Target	Maximum		Outcome Achieved %
Adjusted operating profit	70%	£193.2m	£203.4m	£209.5m **Actual:** £226m	+£16.5m	70%
Guest health (combined guest review and complaints score, see page 109 for more details)	15%	0	1	2 **Actual:** 2		15%
Employee engagement	10%	79.5	80.5	81.5 **Actual:** 82.5	+1	10%
Food safety	5%	99.5%	99.5%	99.5% **Actual:** 98.94%		0%
Total	100%					95%

Appropriateness of remuneration decisions

The Committee continued to review the appropriateness of remuneration decisions, including incentive outcomes. In doing so, it considered overall business performance as well as the wider experience of our key stakeholders, namely our customers, colleagues, supplier partners and shareholders and our wider communities. Balancing the needs of all our stakeholders continues to be at the heart of our purpose. In particular, the Committee considered the following factors throughout the year in determining remuneration decisions:

Key stakeholder	Factors considered by the Committee
Customers	• Year-on-year improvements in Guest Health Scores • Very strong safety scores
Colleagues	• The number of eligible employees receiving a bonus payout in the year • Number of apprentices in learning • Investments in pay and benefits, including the introduction of a team feeding and drinking policy • Health and wellbeing initiatives such as upweighted financial wellbeing, focus on menopause awareness • Skills development programmes
Suppliers	• Close working relationships maintained during supply chain challenges • Accreditations e.g. Tier 3 Business Benchmark on Farm Animal Welfare rating
Shareholders	• Delivered another strong year outperforming peers • Share price improving steadily through the year • Continued to pay down debt and secured a buy in on both pension plans
Community	• Work with Social Bite • Strategic charity partnership with Shelter

Summary of our revised remuneration policy and its implementation for FY 2024

On the assumption that the proposed policy is approved at the 2024 AGM, the table below summarises the key elements and how we plan to implement the policy specifically for 2024.

	Policy	Changes from prior policy	2024	2025	2026	2027	2028	Implementation for 2024
Base pay	Increases in line with wider workforce, except for exceptional circumstances.	No changes						Phil Urban: £607,500 Tim Jones: £508,000
Benefits	Benefits normally include (but are not limited to) private healthcare, life assurance, annual health check, employee assistance programme, use of a Company vehicle or cash equivalent, and discounts on food and associated drinks purchased in our businesses. Private healthcare is provided for the Executive, spouse or partner and dependent children.	No changes						In line with FY 2023.
Pension	Executive Directors' contributions aligned with the wider workforce pension rate (currently 4% of salary).	Alignment with wider workforce						Phil Urban: 4% of salary. Tim Jones: 4% of salary.
Short-term incentives	Normal maximum of 100% of salary. At least 50% of performance conditions to be based on financial measures, the remainder based on non-financial or personal business objectives. 50% of the award to be deferred as shares and released in two equal tranches, after 12 and 24 months.	No changes						The following maximum opportunities will apply in FY 2024. Phil Urban: 100% of salary. Tim Jones: 100% of salary.
Long-term incentives	Normal maximum of 200% of salary, exceptional maximum of 250% of salary. Performance will be measured over no less than three financial years. At least 70% of the award will be based on the achievement of financial measures, the remainder based on non-financial, strategic or ESG measures. Vesting after three years, with a two-year holding period post-vesting	Change from RSP						The following maximum opportunities will apply in FY 2024. Phil Urban: 200% of salary. Tim Jones: 200% of salary.
Shareholding requirement	250% of salary for the CEO; 200% of salary for all other Executive Directors. All Executive Directors are required to maintain shareholding requirements in full for two years post-cessation.	No changes						Phil Urban: 148% Tim Jones: 133%

Alignment of Executive pay to strategy

The table below sets out how the three strategic priorities of the business align to Executive remuneration:

	Strategic priority	Link to Executive remuneration	Annual Bonus	PSP
Building a more balanced business	Strong operating performance supports the delivery and sustainability of the capital plan and estate optimisation.	Adjusted Operating Profit delivery is the main component of the annual bonus plan. Operating Cashflow supports cumulative cash generation to enable debt repayment whilst EPS incentivises profit recovery.	✓	✓
	A more balanced business delivers brands and food and drink offers in an environment that guests want to enjoy.	The Guest Health element of the annual bonus plan provides a strong indicator of the success of each business. There is a clear correlation between strong Guest Health performance and sales performance.	✓	
	High-quality engaged teams are fundamental to the success of any business.	The engagement element of the annual bonus plan measures how our teams feel about working for Mitchells & Butlers, and, in turn, the service they provide to guests.	✓	
Instilling a more commercial culture	A commercial culture improves controls, efficiency, purchasing and pricing, driving both improved cash flow and operating performance.	Adjusted Operating Profit delivery is the main component of the annual bonus plan. Cash flow is the main component of the PSP.	✓	✓
	Commercial decisions must be guest-focused and benefit from the input of customer feedback.	The Guest Health metric quickly demonstrates where decisions are right or wrong and Executives are incentivised to react.	✓	
	Developing and evolving a commercial culture requires high levels of employee engagement and business awareness.	The employee engagement element of the annual bonus plan supports and underpins the development of culture.	✓	
Driving an innovation agenda	Innovation at small and large scale is an engine for improved sales and, therefore, cash and profit generation.	Adjusted Operating Profit delivery is the main component of the annual bonus plan. Operating Cashflow and EPS make up the majority of the PSP performance assessment.	✓	✓
	Guests' expectations continue to increase, demanding higher standards of service and digital capability.	The Guest Health element of the annual plan provides valuable actionable feedback and incentivises action.	✓	
	Innovation involves change, and delivery of change requires strong employee engagement.	The employee engagement element of the annual bonus plan incentivises action to maintain and improve employee engagement.	✓	

How our policy cascades to colleagues and workforce engagement

Remuneration below Executive Director level

The table below demonstrates how the key elements of Executive pay align with the wider workforce:

<table>
<tr><th>Job Group
(Number of employees)</th><th>Base pay</th><th>Annual bonus</th><th>Long-term incentives</th><th>All-employee share plans</th></tr>
<tr><td>Executive Directors (2)</td><td rowspan="5">Pay broadly around mid-market levels.

Overall, increases (in percentage terms) consistent across all salaried employee groups.</td><td rowspan="5">Bonus schemes for all schemes align to the business scorecard.

The majority of bonus opportunity is linked to financial performance.</td><td rowspan="3">Measures and targets for long-term incentive plans consistent for all participants.</td><td rowspan="6">All employees can participate in any of the all-employee share schemes, subject to qualifying service, building a stake in the business.</td></tr>
<tr><td>Executive Committee (8)</td></tr>
<tr><td>Senior management
(c. 40)</td></tr>
<tr><td>Retail Support Centre
(c. 1,080)</td><td rowspan="2"></td></tr>
<tr><td>Retail managers (c. 5,200)</td></tr>
<tr><td>Retail team members
(c. 39,000)</td><td>Pay set in line with market requirements and closely monitored.

Base pay for many employees is ahead of the statutory minimums.

Many employees benefit from tips and service charges, and it is Mitchells & Butlers' policy to pass 100% of these earnings on to employees.</td><td colspan="2">Our pay approach is aimed at providing regular and predictable earnings through competitive base pay for our retail team members. This is valued more highly than variable pay elements by retail team members and is in line with our 'competitive' and 'straightforward' remuneration principles.</td></tr>
</table>

Workforce engagement

We welcome and encourage feedback from employees on a broad range of topics including business improvement, engagement and remuneration. This feedback is gathered in a number of ways throughout the year as shown in the illustration below:

Remuneration Committee

Employee survey

Outcomes reviewed by the Remuneration Committee and taken into account when setting remuneration policy.

CEO roadshows

The CEO and CFO hold regular roadshows that allow both support centre colleagues and General Managers an opportunity to discuss business issues and provide feedback.

Employee forum

Elected representatives have direct access to the Executive Committee as part of the forum and where necessary Executive remuneration matters are brought to the attention of the Remuneration Committee Chair.

Overview of pay and policy decisions

Committee members are updated on employee terms and conditions and made aware of significant changes to policies and other pay-related matters.

Nominated Non-Executive Director

A Non-Executive Director (Dave Coplin) has been appointed to engage with employees and report back to the Board. Dave Coplin is a member of the Remuneration Committee.

The Committee is regularly updated on pay and conditions applying to Group employees alongside other workforce-related matters.

Where significant changes are proposed to employment conditions and policies elsewhere in the Group, or there are important employee-related projects underway, these are highlighted for the attention of the Committee at an early stage. Over the course of FY 2023, these updates have again focused on employee engagement, the significant progress made in addressing the talent shortages following the pandemic, the evolution of our benefits offering to support employees during the cost of living crisis, for example through the introduction of a heavily discounted team feeding offer and the continued focus on evolving our internal training and development routes, which also encompass our apprenticeship programmes.

The Committee takes into account the base pay review budget applicable to other employees when considering the pay of Executive Directors. The Committee considers a broad range of reference points when determining policy and pay levels. These include external market benchmarks as well as internal reference points. Any such reference points are set in an appropriate context and are not considered in isolation.

Obtaining and understanding the views of our employees, including in relation to Executive Remuneration, is an important consideration for the Committee when developing and operating our overall approach to remuneration across Mitchells & Butlers. In addition to our approach to communicating with our employees, we also welcome feedback and all employees are invited to take part in our employee engagement surveys. These provide all employees with an opportunity to give anonymous feedback on a wide range of topics of interest or concern to them. The Committee reviews these results and any significant concerns over remuneration would be considered separately by the Committee and, if appropriate, taken into account when determining the remuneration approach and its implementation.

An employee forum is normally held twice every year, which gives an opportunity for employees to ask questions of senior management via elected representatives, and which from FY 2020 has been attended by Dave Coplin. In 2023, two forums were held in March 2023 and September 2023. The Executive team finds these forums very valuable, as the format allows for a more in-depth discussion and understanding that is not possible through other channels such as surveys.

In addition, in his role as the nominated Non-Executive Director, Dave Coplin undertakes a number of activities ranging from visits to our businesses to meet and discuss issues with employees, to focus groups with specific employee groups such as Kitchen Managers. Dave meets regularly with members of the Human Resources team and is also supporting the business in how it may utilise technology to better communicate with all employees.

The views of employees in relation to Executive remuneration have been sought in the past and this issue was not proved to be an area of interest or concern for employees at this time. Our engagement survey has a section that allows employees to anonymously raise any concerns they may have on any matter, and in 2023 there were over 20,000 comments recorded, none of which related to senior management pay. The Committee will continue to explore how best to engage with employees on this issue.

Directors' remuneration policy

Introduction

Our last policy was approved by shareholders in 2021 and therefore will come to the end of its approved three year period in 2024. Over the last few months, the Committee has carried out a thorough review of Executive remuneration and has received input from all Board members, with the aim of ensuring it supports the Company's strategic priorities and the interests of our shareholders. The Committee has also considered the need to remain competitive to attract, retain and motivate key Executive talent and reflect developments in market practice and investor guidance.

The Committee, and the Board, believe that, taken as a whole, the remuneration policy should drive behaviours which are consistent with the Company's purpose and values and reward Directors for creating long-term sustainable value for all our stakeholders.

2023 remuneration policy engagement

It was important to the Committee that it received the views and feedback from our largest shareholders before finalising the changes to our revised policy. We summarise in the table below the details of the consultation exercise:

Engagement events	Dates	Investor participation*	Share capital represented*
Initial letter sent to major shareholders	July 2023	18 investors	89%
Shareholder engagement, including follow-up meetings and responding to questions via email	July – September 2023	12 investors	71%
Close-out letter sent to broader shareholder population	October 2023	18 investors	89%

* Including Odyzean Limited

The principal proxy advisory firms were also consulted throughout the remuneration policy process.

Our proposed 2024 remuneration policy

As discussed in the Chair's letter, the Committee has concluded that returning to a performance-based long-term incentive plan would deliver stronger alignment with our strategic objectives. Whilst the trading environment for the hospitality sector remains challenging, the Committee is strongly of the view that a performance share plan ('PSP') will provide a better opportunity to directly link vesting outcomes to the delivery of our strategy and the realisation of its benefits for shareholders.

Therefore, the principal changes proposed are summarised in the table below:

Element	Key change	Rationale for proposed change
Long-term incentives	Returning to a PSP as our long-term incentive plan.	Returning to a PSP delivers stronger alignment with the business strategy by supporting and rewarding higher performance and accelerated delivery of our key performance objectives. Whilst a performance-based long-term incentive provides an opportunity to reward outperformance, underperformance will lead to lower outcomes than provided under the current RSP, which more closely aligns the Executive Directors with shareholders.
Annual bonus	Commitment to consulting shareholders prior to using the annual bonus exceptional maximum other than in exceptional circumstances, such as recruitment.	Provides greater consistency within our policy and greater transparency for shareholders.
Pension	Alignment of current Executive Directors' contributions with the wider workforce rate (currently 4% of salary).	In line with previous commitments and to align with investor expectations and market best practice.
Malus and clawback provisions	Circumstances in which recovery provisions may apply updated to include payments based on erroneous or misleading data.	Aligns the trigger events with all of the circumstances listed in the FRC's Guidance on Board Effectiveness.

Policy table

The table below summarises each element of the remuneration policy applicable to Executive Directors.

Base salary	
Purpose and link to strategy	Provides a sound basis on which to attract and retain Executives of appropriate calibre to deliver the strategic objectives of the Group. To reflect the market value of the role, personal contribution, experience and competence.
Operation	Salaries are normally subject to annual review, typically effective from 1 January. Salary levels may be influenced by: • role, experience or performance; • Group profitability and prevailing market conditions; and • periodic external benchmarking of similar roles at comparable companies by size and sector. Payable four-weekly throughout the year. Pensionable.
Opportunity	The general policy is to set salaries broadly around mid-market levels with increases (in percentage terms) typically in line with that of the Company's UK workforce. Percentage increases beyond those granted to the wider workforce may be awarded in certain circumstances such as when there is a change in the individual's role or responsibility or where there has been a fundamental change in the scale or nature of the Company. In addition, and in line with the pay approach for other salaried employees, a higher increase may be made where an individual had been appointed to a new role at below market salary while gaining experience. Subsequent demonstration of strong performance may result in a salary increase that is higher than for the wider workforce. In line with the pay approach for other employees, there may also be circumstances where the Committee agrees to pay above mid-market levels to secure or retain an individual who is considered, in the judgement of the Committee, to possess significant and relevant experience which is required to enable the delivery of the Company's strategy.
Performance metrics	Executive Directors' performance is a factor considered when determining salaries. Performance is reviewed in line with the established performance review process in place across the Group.
Recovery or withholding	No recovery or withholding provisions apply.

Annual Performance Bonus (cash and shares)	
Purpose and link to strategy	Provides a direct link between annual performance and reward. Incentivises the achievement of key measures linked to Company strategy. Deferred bonus, awarded in shares, provides a retention element and additional alignment of interests to shareholders.
Operation	The Committee determines the bonus payment level after the year end by reference to performance targets previously set by the Committee. Up to half of any bonus award is payable in cash. At least half of any bonus award is deferred as shares under the terms of the Short Term Deferred Incentive Plan ('STDIP') below. Key terms of the STDIP are: • Deferred bonus share awards are normally released in two equal amounts 12 and 24 months after deferral subject to continued employment (or good leaver status). • At the discretion of the Committee dividends paid between grant and vesting may accrue on vested shares. • Shares which vest, after the settlement of income tax and national insurance must be retained until the relevant shareholding guideline has been met. Non-pensionable.
Opportunity	Currently the normal maximum payment is 100% of salary. The annual bonus rules include an annual award limit of 150% of salary. Any increase to the normal maximum of 100% of salary, other than in exceptional circumstances such as recruitment, would be subject to prior consultation with leading investors, if appropriate.
Performance metrics	Performance is measured relative to financial, non-financial or personal business objectives in the year aligned with the Company's strategic priorities. At least 50% of the bonus will be based on financial measures. This may be a single measure or a mix of metrics as determined by the Committee. The remainder may be based on non-financial measures or personal business objectives. The bonus measures are reviewed annually and the Committee has the discretion to vary the mix of measures, introduce new measures taking into account the strategic focus of the Company, or to align the measurement of any measure to a specific performance period within the year. No bonus is payable under the financial element(s) unless a demanding threshold level of performance is achieved. As the bonus is subject to performance conditions, any deferred bonus is not subject to further performance conditions but remains subject to recovery and withholding provisions. The Committee may alter the bonus outcome if it considers that the payout is inconsistent with the Company's overall performance taking account of any factors it considers relevant. This will help ensure that payouts reflect overall Company performance during the period. The Committee will consult with leading investors if appropriate before any exercise of its discretion to increase the bonus outcome.
Recovery or withholding	Recovery and withholding provisions apply where there has been a material misstatement or restatement of any audited financial accounts or other data; or the assessment of any performance condition, terms or conditions in respect of an award or payment were based on error, or inaccurate or misleading information; or the Committee determines that there has occurred at any time a serious misdemeanour or serious misconduct by the Participant; or the Committee determines that the Participant has engaged in conduct that has resulted in or could reasonably result in reputational damage to the Company and/or the Group; or there is a corporate failure of the Company or any company within the Group which the Committee reasonably considers to be material in the context of the Group and the failure is, in the reasonable view of the Committee, attributable to the actions or behaviours of one or more individuals.

Long Term Incentive Plan (Performance Share Plan, 'PSP')	
Purpose and link to strategy	To align the interests of senior Executives with sustained long-term value creation. Incentivises participants to grow the business for the long term in line with the Company's strategy. To provide an element of retention through and beyond the performance period.
Operation	Discretionary awards may be made each year, normally taking the form of nil or nominal cost options. Awards have a three year performance and vesting period. At the discretion of the Committee, vested options may attract Dividend Accrued Shares between award and the end of the vesting or holding period. A two year post-vesting holding period applies which requires awards to be retained for a period of two years from the end of the vesting period, except for shares sold to pay income tax and national insurance upon exercise/vesting. Shares, which vest, after the settlement of income tax and National Insurance, must be retained until the relevant shareholding policy is met.
Opportunity	The normal maximum annual award is up to 200% of base salary for the CEO and CFO. The PSP rules include an annual award limit of 250% of salary. Any increase to the normal maximum of 200% of salary, other than in exceptional circumstances such as recruitment, would be subject to prior consultation with leading investors, if appropriate.
Performance metrics	Performance will be measured over no less than three financial years. Awards will be subject to the achievement of stretching targets designed to incentivise performance in support of the Group's strategy and business objectives. The Committee has the flexibility to vary the mix of measures or to introduce new measures for each award, taking into account business priorities at the time of grant. At least 70% of the award will be based on the achievement of financial measures, the remainder based on non-financial, strategic or ESG measures. Up to 25% of each element may vest for threshold performance, with 100% vesting for maximum performance. The Committee may alter the vesting outcome if it considers that the level of vesting is inconsistent with the Company's overall performance taking account of any factors it considers relevant. This will help ensure that vesting reflects overall Company performance during the period. The Committee would consult with leading investors if appropriate, before any exercise of its discretion to increase the vesting outcome.
Recovery or withholding	Recovery and withholding provisions apply where there has been a material misstatement or restatement of any audited financial accounts or other data; or the assessment of any performance condition, terms or conditions in respect of an award were based on error, or inaccurate or misleading information; or the Committee determines that there has occurred at any time a serious misdemeanour or serious misconduct by the Participant; or the Committee determines that the Participant has engaged in conduct that has resulted in or could reasonably result in reputational damage to the Company and/or the Group; or there is a corporate failure of the Company or any company within the Group which the Committee reasonably considers to be material in the context of the Group and the failure is, in the reasonable view of the Committee, attributable to the actions or behaviours of one or more individuals.

Restricted Share Plan Elements of previous Long Term Incentive Plan policy which will continue to apply at all times until the final award is due to vest in 2025	
Purpose and link to strategy	Incentivises participants over the long term to implement the Company's strategy and deliver long-term sustained performance. To align the interests of senior Executives with those of shareholders by providing Executives with a material shareholding. To provide an element of retention through and beyond the vesting period.
Operation	No future awards will be granted to the Executive Directors under the RSP. Shares vest at the end of a three year period subject to: • the Executive Director's continued employment at the date of vesting; and • the satisfaction of an underpin as determined by the Remuneration Committee whereby the Committee can adjust vesting for business, individual and wider Company performance. A two-year holding period will apply following the three year vesting period for all awards granted to the Executive Directors. Upon vesting, sufficient shares may be sold to pay tax and National Insurance on the shares. At the discretion of the Committee vested options may attract Dividend Accrued Shares between award and the end of the vesting or holding period.
Opportunity	100% of base salary for the CEO and CFO.
Performance metrics	No specific performance conditions are required for the vesting of Awards but there will be an underpin in that the Remuneration Committee will have the discretion to adjust vesting taking into account business, individual and wider Company performance.
Recovery or withholding	Recovery and withholding provisions apply where there has been a material misstatement or restatement of any audited financial accounts or other data, or the Committee determines that there has occurred at any time a serious misdemeanour or serious misconduct by the Participant, or the Committee determines that the Participant has engaged in conduct that has resulted in or could reasonably result in reputational damage to the Company and/or the Group; or there is a corporate failure of the Company or any company within the Group which the Committee reasonably considers to be material in the context of the Group.

Pension (or cash allowance)	
Purpose and link to strategy	To provide a market-aligned retirement benefit.
Operation	Contribution towards a Company or personal pension scheme and/or a cash allowance in lieu of Company pension contributions, or a combination of both.
Opportunity	The Company contribution is 4% of base salary or any future higher percentage of base salary agreed, of base salary, in line with the wider workforce. Existing Executive Directors are, and new incumbents will be, aligned with the wider workforce.
Performance metrics	No performance metrics apply.
Recovery or withholding	No recovery or withholding provisions apply.

Other benefits	
Purpose and link to strategy	To provide competitive and market-aligned benefits to assist in retaining and attracting Executives.
Operation	Benefits normally include (but are not limited to) private healthcare, life assurance, annual health check, employee assistance programme, use of a Company vehicle or cash equivalent, and discounts on food and associated drinks purchased in our businesses. Private healthcare is provided for the Executive, spouse or partner and dependent children. Discount vouchers are provided on the same basis to all employees and can be redeemed in any of our managed businesses provided the purchase is a personal, not a business, expense. Executive Directors may participate in any of the Company's all-employee share schemes (e.g. Sharesave and SIP) on the same basis as all other employees and in line with prevailing HMRC limits. Relocation or the temporary provision of accommodation may be offered where the Company requires a Director to relocate. Expatriate allowances may be offered where required. Travel and, if relevant, related expenses such as accommodation may be reimbursed on a gross of tax basis. Executive Directors may become eligible for any new benefits introduced to a wider set of other Group employees.
Opportunity	In line with market practice, the value of benefits may vary from year to year depending on the cost to the Company from third-party suppliers.
Performance metrics	No performance metrics apply.
Recovery or withholding	No recovery or withholding provisions apply other than if relocation costs were provided. A proportion of any relocation costs may be recovered where a Director leaves the employment of the Group within two years of appointment or date of relocation.

Shareholding policy	
Purpose and link to strategy	To align the interests of the Executive Directors with shareholders and promote a long-term approach to risk management.
Operation	The Chief Executive is expected to hold and maintain Mitchells & Butlers' shares to the value of a minimum of 250% of base salary. Other Executive Directors are expected to hold and maintain Mitchells & Butlers' shares to the value of a minimum of 200% of base salary. Except for those sold to cover the acquisition cost together with the associated income tax and National Insurance contributions, Executive Directors will be required to retain shares arising from share schemes until the minimum level of ownership required has been achieved. Only shares owned outright by the Executive Director or a connected person are included. Shares or share options which are subject to a performance condition are not included. Deferred shares and options which are vested but unexercised, are included. Executive Directors are expected to retain a post-cessation shareholding requirement equal to the shareholding guideline for two years post-departure. In the event that a leaver has not met the relevant shareholding requirement at the point of cessation of employment, they would be required to retain their full pre-cessation shareholding for two years. These post-cessation requirements are subject to transitional arrangements for existing Executive Directors; only those shares vesting from 24 March 2021 (the date that the post-cessation shareholder policy was approved), including unvested awards under incentive plans and deferred shares, are included in the post-cessation holding requirement. Shares purchased by Executives from their own resources are not covered by the post-cessation policy.
Opportunity	n/a
Performance metrics	n/a
Recovery or withholding	n/a

Chairman and Non-Executive Director fees

Fees	
Purpose and link to strategy	To attract and retain Non-Executive Directors of appropriate calibre and experience.
Operation	Payable in cash, four-weekly throughout the year. Fees are normally reviewed annually, with any increase usually taking effect from 1 January each year. The Chairman's fee is reviewed annually by the Committee (without the Chairman present). Fee levels for the Non-Executive Directors are determined by the Company Chairman and Executive Directors by reference to companies of similar size and sector, as well as time commitment and responsibilities. Non-Executive Directors receive an additional fee for chairing a committee. Where a Non-Executive Director undertakes additional responsibilities, other than the chairing of a committee, additional fees may be set. Travel, accommodation and other related expenses incurred in carrying out the role will be paid by the Company including, if relevant, any gross-up for tax.
Opportunity	Current fee levels are shown in the annual report on remuneration. Fee levels may be increased, taking into account factors such as the time commitment of the role and market levels in companies of comparable size and complexity. In exceptional circumstances, if there is a temporary yet material increase in the time commitments for Non-Executive Directors, the Board may pay extra fees to recognise the additional workload.
Performance metrics	No performance metrics apply.
Recovery or withholding	No recovery or withholding applies.

Non-Executive Directors do not participate in the Company's bonus arrangements, share schemes, benefit schemes (other than the all-employee discount voucher scheme) or pension plans.

Notes to the policy table

Selection of performance measures and targets

The Committee selects annual bonus performance measures each year to incentivise Executive Directors to achieve key financial targets and individual and/or strategic performance measures intended to ensure that Executive Directors are incentivised to deliver across a range of objectives for which they are accountable. The measures that will apply for the 2024 plan are set out on page 112.

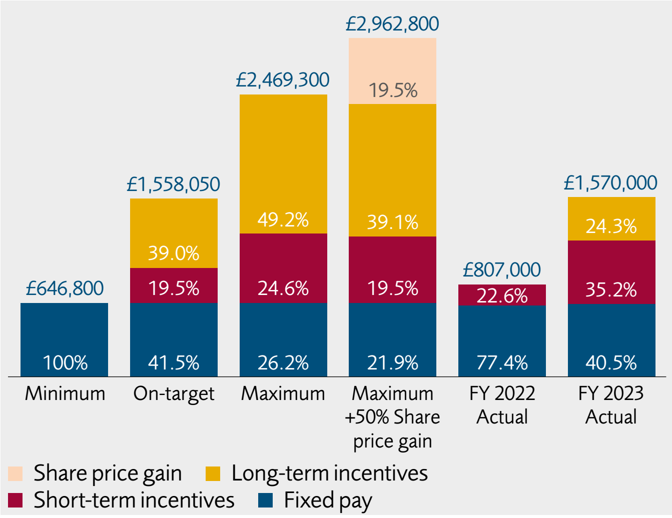
The Committee selects performance measures that will apply to PSP awards that are aligned with the Company's objective of delivering sustainable long-term value to shareholders. The measures that will apply to awards granted in FY 2024 are set on page 112. The Committee has retained flexibility to review the measures in advance of each award to ensure that the measures selected are fully aligned with the strategy prevailing at the time the awards are granted. Notwithstanding this, the Committee would, if appropriate, seek to consult with major shareholders in advance of any material change to the choice or weighting of the PSP performance measures.

The relevant targets for the annual bonus and PSP are set with reference to internal and external forecasts, the Group' strategic targets and the interests of shareholders. Targets are set to provide a sustainable balance of risk and reward to ensure that, whilst being motivational for participants, maximum payments are only made for stretching performance.

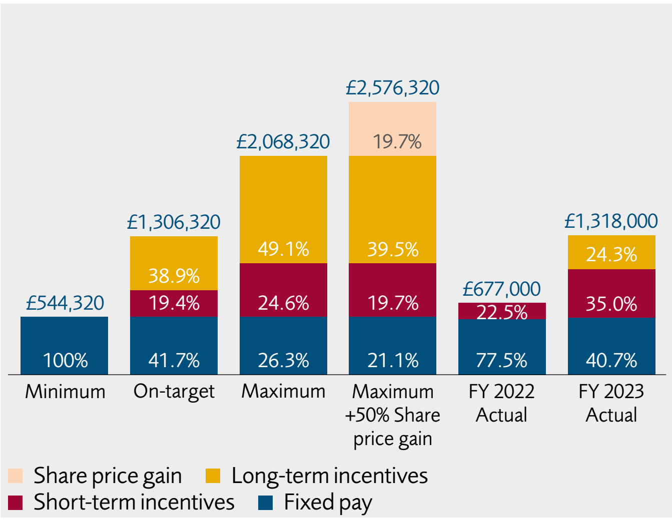
Illustrations of remuneration policy

The charts below show an estimate of the remuneration that could be received by Executive Directors under the proposed new policy. The charts also show the impact of a 50% increase in share price on the LTIP outcome.

Chief Executive



Chief Financial Officer



The performance scenarios demonstrate the proportion of maximum remuneration which would be payable in respect of each remuneration element at each of the performance levels. In developing these scenarios, the following assumptions have been made:

Minimum

Only the fixed elements of remuneration are payable. The fixed element consists of base salary, benefits and pension. Base salary is the salary effective from 1 January 2024. Benefits are based on actual FY 2023 figures and include company car, healthcare and taxable expenses. Pension is aligned with the rate available to the wider workforce (4%).

On-target

In addition to the minimum, this reflects the amount payable for on-target performance under the short- and long-term incentive plans:

- 50% of maximum (50% of base salary for the Chief Executive and Chief Financial Officer) is payable under the short-term incentive plan; and
- 50% of maximum (100% of base salary for the Chief Executive and Chief Financial Officer) is payable under the PSP.

Maximum

In addition to the minimum, maximum payment is achieved under both the short and long-term incentive plans such that:

- 100% of base salary is payable under the short-term incentive plan for the Chief Executive and Chief Financial Officer; and
- 200% of base salary for the Chief Executive and Chief Financial Officer is payable under the PSP.

Share price gain

This shows the impact a 50% increase in the share price would have on the maximum PSP outcome.

Differences in remuneration policy between Executive Directors and other employees

The overall approach to reward for employees across the workforce is a key reference point when setting the remuneration of the Executive Directors and the Committee is updated on a regular basis by the Group HR Director on a wide range of people-related matters, including pay policies. When reviewing the salaries of the Executive Directors, the Committee pays close attention to pay and employment conditions across the wider workforce and in normal circumstances the increase for Executive Directors will be no higher than the average increase for the general workforce. Whilst the Company does not directly consult with employees as part of the process of reviewing Executive Director pay and formulating the remuneration policy, the Company does receive an update and feedback from the broader employee population on a bi-annual basis using an engagement survey which includes a number of questions relating to remuneration. Employees also have the opportunity to raise questions through elected representatives who sit on our employee forum which is normally held twice a year, and is attended by the Chief Executive and other members of the Executive team, along with the Non-Executive Director responsible for employee voice.

The key difference between the remuneration of Executive Directors and that of our other employees is that, overall, at senior levels, remuneration is increasingly long term. In particular, long-term incentives (via the PSP) are provided only to the most senior Executives to align the interests of senior Executives with those of shareholders, by providing a material shareholding.

The Company operates HMRC-approved all-employee share plans (Sharesave and SIP) enabling all our employees to become shareholders in the Company.

Consideration of shareholder views

The Committee takes the views of the shareholders seriously and these views are a key factor in determining remuneration policy and its implementation. The Committee consulted its major shareholders and the main shareholder representative bodies (IA, ISS and Glass Lewis) on the proposed new policy and held a number of meetings during the consultation process. The Committee is grateful for the time taken by these bodies to consider the Committee proposals and provide feedback, and was pleased that the majority of shareholders were supportive of the new policy.

Report on Directors' remuneration continued

Legacy arrangements
For the avoidance of doubt, the Committee may approve payments to satisfy commitments agreed prior to the approval of this remuneration policy, for example, those outstanding and unvested incentive awards which have been disclosed to shareholders in previous remuneration reports. The Committee may also approve payments outside of this remuneration policy in order to satisfy legacy arrangements made to an employee prior to (and not in contemplation of) promotion to the Board of Directors.

All historic awards that were granted but remain outstanding, remain eligible to vest based on their original award terms.

Incentive plan discretions
The Committee will operate the incentive plans described in the policy table according to their respective rules, the policy set out above and in accordance with the Listing Rules, applicable legislation and HMRC guidance where relevant. The Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of these plans. These include (but are not limited to) the following:

- who participates in the plans;
- the timing of grant of award and/or payment;
- the size of award and/or payment, subject to policy limits;
- the choice of (and adjustment of) performance measures, targets and underpins for each incentive plan taking into account the specific circumstances at the time and the rules of each plan;
- discretion relating to the measurement of performance in the event of a change of control or reconstruction;
- determination of a good leaver (in addition to any specified categories) for incentive plan purposes based on the rules of each plan and the appropriate treatment under the plan rules; and
- adjustments required in certain circumstances (e.g. rights issues, corporate restructuring, on a change of control and special dividends).

Any use of the above discretions would, where relevant, be explained in the annual report on Directors' remuneration and may, as appropriate, be the subject of consultation with the Company's major shareholders.

Executive Directors' service contracts
The table below summarises key elements of the service contracts applicable to Executive Directors:

Notice period	• Executive Directors are employed under service contracts that may be terminated at any time on up to one year's notice from the Company and on a minimum of six months' notice from the Executive Director. • Any payment made in lieu of notice would comprise base salary only[a] and may be payable in instalments in line with the established salary payment dates until the expiry of the notice period or, if earlier, may be the date on which alternative employment or other engagement is secured with the same or higher base salary. If employment is secured at a lower rate of base salary, subsequent instalments of the payment in lieu of notice may be reduced by the value of alternative income. A payment may be made in lieu of unused holiday entitlement. • Service contracts contain a provision enabling the Company to put the Executive Director on garden leave after notice to terminate the service contract has been given by either party. During this period, the Executive will be entitled to base salary only. There is no enhanced provision on a change of control.

a. This arrangement applies to Phil Urban and any future Executive Director appointments. Any payments in lieu of notice in respect of Tim Jones, who is employed on a legacy contract, will comprise base salary and contractual benefits only.

Termination policy
In the event that the Company terminates an Executive Director's service contract other than in accordance with the terms of his contract, the Committee will act in the best interests of the Company and ensure there is no reward for failure. When determining what compensation, if any, is to be paid to the departing Executive Director, the Committee will give full consideration to the circumstances of the termination, the Executive Director's performance, the terms of the service contract relating to notice and payments in lieu of notice, and the obligation of that Executive Director to mitigate any loss which may be suffered as a result.

Although the Company would seek to minimise termination costs, the Committee may in appropriate circumstances provide other elements in a leaving Director's termination package, including (without limitation): compensation for the waiver of statutory rights in exchange for the Director executing a settlement agreement; payment of the leaving Director's legal fees in connection with his termination arrangements; and payment of outplacement fees. In addition, the Committee may determine that the Director should continue to be engaged by the Company on consultancy or other terms following cessation of his directorship.

In the event that a participant ceases to be an employee of the Company, treatment of outstanding awards under the Group's incentive plans will be determined based on the relevant plan rules.

Component	Approach
Annual Performance Bonus	• If an Executive Director's employment with the Group ends during the financial year, normally any entitlement to bonus for that year is forfeited. However, if the individual is considered a "good leaver" i.e. leaves by reason of ill-health, injury, disability, retirement, redundancy, death or sale of the employing business or company or if the Committee so decides in any other case, at the Committee's discretion the Executive Director may receive a bonus pro-rated to time employed in the year or to such later date as the Committee may decide. In such circumstances, at least half of any bonus awarded will normally be deferred as shares under the terms of the STDIP. • If an Executive Director ceases employment following the end of the financial year but before payment of the bonus in respect of that year, there is no entitlement to a bonus but the Committee may, at its discretion, pay a bonus for that year. Any such bonus, will normally be deferred as shares under the terms of the STDIP.
Deferred Bonus Shares	• If an Executive Director ceases employment prior to the release of Bonus Award Shares under the STDIP for the same specified good leaver reasons as set out above, the Committee, at its discretion, may release the Bonus Award Shares (and associated Dividend Accrued Shares) at the date of termination. Otherwise, the shares will be released on the normal release date. If the Director leaves for any other reason, their entitlement to Bonus Award Shares (and associated Dividend Accrued Shares) is forfeited, unless the Committee decides otherwise.
LTIP	• If an Executive Director dies before an Award under the PSP or RSP has vested, vesting of the award (and associated Dividend Accrued Shares) will occur as soon as practicable based on performance and on a time pro-rated basis. • If the Executive Director ceases employment for the same defined good leaver reasons as are specified above, the PSP Award (and associated Dividend Accrued Shares) will vest following the end of the normal performance period and on a time pro-rated basis. If employment ceases for any other reason, the Award will normally lapse, unless the Committee decides otherwise (except that if employment ceases by reason of gross misconduct the PSP Award (and associated Dividend Accrued Shares) must lapse). • If an Executive Director ceases employment as a good leaver under the Restricted Share Plan ('RSP'), their award will normally vest at the normal vesting date subject to consideration of the underpins on a time pro-rated basis. Unless the Committee decides otherwise, the shares will be subject to a holding period of two years after vesting. If employment ceases for any other reason, the Award will normally lapse.
All-Employee Plans	• The Committee has no discretion in relation to shares or options held under the all-employee share plans (SIP and Sharesave); on termination these will vest, become exercisable or lapse in accordance with the legislation.

External directorships

Executive Directors may accept one external non-executive appointment with the Company's prior approval, as long as this is not likely to lead to conflicts of interest.

Non-Executive Directors

Non-Executive Directors, including the Company Chairman, do not have service contracts but serve under letters of appointment. Non-Executive Directors' appointments are terminable without notice and with no entitlement to compensation. Payment of fees will cease immediately on termination.

Copies of both the individual letters of appointment for Non-Executive Directors and the service contracts for Executive Directors are available at the registered office of the Company during normal business hours and on our website.

Recruitment of Executive Directors

When hiring a new Executive Director, the Committee would generally seek to align their remuneration package with the remuneration policy outlined in this section.

Component	Approach
Base salary	Where it is necessary to appoint a replacement or additional Executive Director, the Committee will set a base salary appropriate to the calibre, experience and responsibilities of the new appointee and in line with our policy. Base salaries may be set at an initially lower level compared with the previous incumbent with the intention of increasing salary at a higher than usual rate as the Executive gains experience in the role.
Benefits	Benefits (including pension, Company vehicle or cash allowance, healthcare, life assurance, health check and, where applicable, relocation assistance) would be consistent with the principles of the policy as set out above.
Pension	New appointees will be eligible to participate in the Company's personal pension scheme and/or a cash allowance in lieu of Company pension contributions, or a combination of both in line with the policy as set out above.
Variable pay	The maximum level of variable pay is 400% of base salary (150% in relation to annual cash bonus/STDIP and 250% in relation to the PSP). In relation to annual bonus, the structure described in the policy table will normally apply to new appointees with the relevant maximum being pro-rated to reflect the proportion of the year served. Depending on the timing and responsibilities of the appointment, it may be necessary to set different annual bonus/STDIP performance measures and targets than those applicable to other Executive Directors.
'Buy-out' awards	The Committee may offer additional cash and/or share-based elements in order to 'buy-out' remuneration relinquished on leaving a former employer. Any buy-out awards are not included within the maximum level of variable pay set out above. In the event that such a buy-out is necessary to secure the services of an Executive Director then the structure of any award or payment will mirror, as far as is possible, the arrangements in place at the incoming Executive Director's previous employer. Any share awards made in this regard may have no performance conditions, or different performance conditions, or a shorter vesting period compared to the Company's existing plans, as appropriate. Shareholders will be informed of any buy-out arrangements at the time of the Executive Director's appointment.

For an internal appointment, existing pension arrangements may continue to operate but any Company contribution to the defined contribution scheme or payment in lieu of Company contributions to the defined contribution scheme would be expected to align with policy on appointment. Employees may continue as employee deferred members of the defined benefit plan, which is closed to future accrual. Any variable pay element awarded in respect of the prior role would be allowed to pay out according to its terms, adjusted as relevant to take into account the appointment. In addition, any other previously awarded entitlements would continue, and be disclosed in the next annual report on Directors' remuneration. Similarly, if an Executive Director is appointed following a merger or an acquisition of a company, legacy terms and conditions may be honoured.

Recruitment of Non-Executive Directors

Non-Executive Directors' fees are set by the Chairman and Executive Directors', and the Chairman's fee is set by the Remuneration Committee.

Chairman

The Committee will recommend to the Board a fee appropriate to the calibre, experience and responsibilities of the new appointee.

Other Non-Executive Directors

The fee will be set in line with the fee structure for Non-Executive Directors in place at the date of appointment.

Alignment to the Corporate Governance Code

The proposed policy continues to take account of the 2018 Code.

In addition, when setting the new policy, the Remuneration Committee addressed each of the factors set out under Provision 40 of the Code. The PSP plan is simple in its operation and provides clarity by aligning the interests of management with both the business strategy and shareholders. The terms and conditions of the plan provide for a three year performance period followed by a two year holding period. As demonstrated in the scenario charts, remuneration outcomes are predictable, and the performance targets required to achieve payouts result in proportional payouts. This is in addition to the discretion to override formulaic outcomes at vesting. The recovery provisions in both the annual bonus plan and PSP and the introduction of post-cessation holding periods enables the Committee to have appropriate regard to risk considerations.

The Committee believes that overall, the policy drives behaviours consistent with the Company's purpose and values which are focused on the long-term future of the Company throughout the business cycle.

Annual report on remuneration

This section details the remuneration payable to the Executive and Non-Executive Directors (including the Chairman) for the financial period ended 30 September 2023 and how we intend to implement our remuneration policy for FY 2024. This report, along with the Chair's annual statement, will be subject to a single advisory vote at the 2024 AGM.

Pay outcomes

The tables and related disclosures set out on pages 109 to 118 on Directors' remuneration, deferred annual bonus share awards ('STDIP'), PRSP and RSP share options, Share Incentive Plan, Save as You Earn Plan ('SAYE') and pension benefits have been audited by KPMG LLP where explicitly indicated.

Executive Directors' remuneration

The table below sets out the single figure remuneration received by the Executive Directors during the reporting year and prior year.

Executive Directors (audited by KPMG)

	Basic salaries £000		Taxable benefits[a] £000		Short-term incentives £000		Pension-related benefits[b] £000		Long-term incentives[c] £000		Other[d] £000		Total remuneration £000		Total fixed pay £000		Total variable pay £000	
	FY 2023	FY 2022	**FY 2023**	FY 2022	**FY 2023**	FY 2022	**FY 2023**	FY 2022	**FY 2023**	FY 2022	**FY 2023**	FY 2022	**FY 2023**	FY 2022	**FY 2023**	FY 2022	**FY 2023**	FY 2022
Phil Urban	**581**	546	**15**	15	**552**	182	**40**	64	**382**	–	**3**	3	**1,573**	810	**639**	628	**934**	182
Tim Jones	**486**	457	**16**	15	**462**	152	**34**	53	**320**	–	**2**	2	**1,320**	679	**538**	527	**782**	152
Sub-total Executive Directors	**1,067**	1,003	**31**	30	**1,014**	334	**74**	117	**702**	–	**5**	5	**2,893**	1,489	**1,177**	1,155	**1,716**	334

a. Taxable benefits for the year comprised car allowance, healthcare and taxable expenses.
b. Based on the value of supplements paid in lieu of contributions to the Company Scheme.
c. The value of the RSP vesting is based on the average share price in the last three months of the financial year (219.8p) multiplied by the number of shares vesting.
d. Includes free shares awarded under the SIP.

Annual bonus

Details of the measures and targets applying to the 2023 annual bonus plan are set out below[a]:

	Threshold – 95% of Target (% of salary payable)	Target (% of salary payable)	Maximum – 103% of Target (% of salary payable)	Outcome (% of salary payable)
Adjusted Operating Profit (70%) (53 weeks)	£193.2m (7.5%)	£203.4m (35%)	£209.5m (70%)	£226.0m[b] (70%)

	Threshold	Target	Calculation of outcome (% of salary payable)	Performance (Score)	Outcome (% of salary payable)
Guest Health (15%)			Each element is scored 1 if better than target, 0 if between threshold and target, and -1 if below threshold.		
Social Media Score	4.27	4.37	• If the sum of these scores is +2 then maximum bonus is paid (15%).	4.38 (+1)	2 (15%)
Complaints Ratio	0.85	0.75	• If the sum of these scores is +1 then an on-target payment would be made (7.5%). • If the sum of these scores is 0 then threshold bonus is paid (3.75%).	0.72 (0)	

	Threshold (% of salary payable)	Target (% of salary payable)	Maximum (% of salary payable)	Outcome (% of salary payable)
Employee Engagement (10%)[a]	79.5 (2.5%)	80.5 (5%)	81.5 (10%)	82.5 (10%)
Food Safety (5%)		99.5% (5%)		98.9% (0%)

a. The measures, targets and outcomes are not audited.
b. Payout is on a straight-line basis between points.

Report on Directors' remuneration continued

Financial measures

Adjusted Operating Profit (Outcome 70% out of 70%)

Financial targets were set against a backdrop of a highly uncertain environment with a wide range of macroeconomic factors, including rising inflation and increases in food and energy costs coupled with a cost of living crisis that would impact on the spending power of consumers across the economy.

The financial targets set by the Committee at the beginning of FY 2023 were extremely stretching particularly in the context of this highly difficult and uncertain environment. At the start of the year we anticipated that the business would face cost headwinds of c. £175m in FY 2023 whilst no longer benefiting from the £52m of Covid-19 related government support received in FY 2022. An on target performance would, therefore, require a sales uplift above 5% combined with cost efficiencies of at least £80m.

The actual total sales result for FY 2023 was £122m ahead of budget and on a like-for-like basis increased by 9.1% versus FY 2022, with strong trading performance across our portfolio of brands. As a measure of post pandemic recovery, sales in FY 2023 were £222m higher than in FY 2019.

Adjusted Operating Profit in FY 2023 was £226m, which was at the top of the range of consensus forecasts. This has been achieved through strong sales performance combined with the delivery of a number of our Ignite initiatives to mitigate the significant cost increases mentioned earlier.

As set out in last year's remuneration report, targets for the annual bonus were set for the whole year but given the uncertainty, the Committee agreed that these targets would be reviewed at the end of the first quarter of FY 2023. Taking account of performance in the first quarter, the forecasted cost increases and continued uncertainty for the remainder of the year, the Committee concluded that the targets were still appropriate, and no changes were made. The performance described above is therefore measured on the original full year target with no adjustment.

Non-financial measures

The non-financial measures encompass Guest Health, Employee Engagement and Food Safety, and form an important part of the annual incentive plan. Bonus can only be earned if 97.5% of the Adjusted Operating Profit target is achieved.

Guest Health (15% out of 15%)

Guest Health performance is measured as a combination of online review scores and guest complaints. Over the year our online review scores have averaged 4.38, representing a best ever score for this measure. Very good progress has also been made on guest complaints, which are measured as a percentage of complaints received for every 1,000 meals served. Again, performance has been very strong in this area building on progress made across FY 2023. This combined performance has resulted in a maximum payment for this element.

Employee Engagement (10% out of 10%)

Employee engagement is measured at two points during the year. In June employees are invited to complete a comprehensive survey, 'YourSay', and this is supplemented by a shorter pulse survey in February. This year around two thirds of employees completed a survey and the overall score across the two surveys was 82.5, a record high for employee engagement resulting in a maximum payment for this element.

Food Safety (0% out of 5%)

Food safety is measured by reference to the National Food Hygiene Rating System ('NFHRS') which is based on the number of businesses achieving a 4 or 5 rating. Although the outcome was very strong at 98.9% it fell just short of the very demanding target set at the start of the year and therefore no bonus is payable in respect of this element.

Overall outcome

The total bonus awarded to Executive Directors is 95% of salary, resulting in bonus payments of £552,078 and £461,975 to Phil Urban and Tim Jones respectively.

In line with our policy, half of any bonus award will be deferred into shares under the Short Term Deferred Incentive Plan ('STDIP'), which will be released in two equal amounts after 12 and 24 months. Bonus Share awards are subject to continued employment. These shares must be retained until the shareholding requirement is met and are subject to a post-cessation holding period.

Long-term incentives vesting during the year

FY 2021/23 RSP vesting

During FY 2021 share awards were made to Phil Urban and Tim Jones under the terms of the RSP to the value of 100% of their respective salaries.

Awards were subject to a performance underpin, meaning that the Committee took into account the following factors (amongst other things) when determining whether to exercise its discretion to adjust the number of shares vesting:

Underpin condition	Commentary
• if any adjustments have been made to annual bonus outcomes for each of the three years covered by the vesting period for awards under the RSP;	No adjustments were made to any bonus outcomes during the vesting period. The approval of any annual bonus payout is subject to a robust quality of earnings assessment that considers all aspects of scorecard performance and a range of other performance factors to determine if the annual bonus outcome was consistent with overall business performance. This annual assessment is then used as a basis to assess performance against these factors over the course of the RSP vesting period.
• whether there has been material damage to the reputation of the Company (in such circumstances, responsibility and hence any adjustments to the level of vesting may be allocated collectively or individually to participants); and	There were no issues that caused material damage to the reputation of the Company.

Underpin condition	Commentary
• that the business has a stable and appropriate capital structure in place following the cessation of restrictions on trade due to the Covid-19 pandemic that enables the recovery of the business and execution of the Company's strategic priorities.	The Board believes that the business continues to have a stable capital structure and also notes that during the period our unsecured debt facilities were successfully renegotiated. The new Revolving Credit Facility ('RCF') has been increased in size to £200m based on a wider banking group, including the continued support of all existing banks, and extends for a further three years to July 2026.

Therefore, having reviewed each underpin condition, the Committee determined that awards should vest in full. In addition, no discretion was exercised by the Committee in respect of share price depreciation over the period.

Long-term incentive awards made during FY 2023

An award for FY 2023/25 was made to the Chief Executive and the Chief Financial Officer in December 2022 in accordance with the rules of the RSP and within the approved remuneration policy.

The RSP is not subject to further performance conditions. However, the Committee will take into account the following factors (amongst other things) when determining whether to exercise its discretion to adjust the number of shares vesting:

- if any adjustments have been made to annual bonus outcomes for each of the three years covered by the vesting period for awards under the RSP;
- whether there has been material damage to the reputation of the Company (in such circumstances, responsibility and hence any adjustments to the level of vesting may be allocated collectively or individually to participants); and
- that the business has a stable and appropriate capital structure that enables execution of the Company's strategic priorities.

Full details of awards made to Executive Directors under the RSP are set out below (audited by KPMG):

Executive Directors	Nil Cost Options awarded during the year to 30/09/23	Basis of award (% of basic annual salary)	Award date	Market price per share used to determine the award (p)[a]	Actual/ planned vesting date	Latest lapse date[b]	Face value[c] £
Phil Urban	412,490	100	Dec 2022	133.7	Dec 2025	Feb 2026	555,212
Tim Jones	345,175	100	Dec 2022	133.7	Dec 2025	Feb 2026	464,606
Total	**757,665**						**1,019,818**

a. Market price is the average of the middle market quotations on the three days prior to the award being made.
b. The date on which vested shares will lapse if not exercised.
c. Face value is the maximum number of shares that may vest (excluding any dividend shares that may accrue) multiplied by the middle market quotation of a Mitchells & Butlers share on the day the award was made (134.6p).

All-employee SIP

The table below shows the awards made to Directors under the free share element of the SIP during the year (audited by KPMG).

SIP

Executive Director	Shares awarded during the year to 30/9/23	Award date	Market price per share at award (p)	Normal vesting date	Market price per share at normal vesting date (p)	Lapsed during period
Phil Urban	1,343	14/9/23	223	14/9/26	n/a	–
Tim Jones	1,113	14/9/23	223	14/9/26	n/a	–
Total	**2,456**					–

Directors' entitlements under the Partnership Share element of the SIP are set out as part of the Directors' interests table on page 116.

Executive Directors: Implementation of remuneration policy in FY 2024

Fixed Pay (Base Pay, Pensions and Benefits)

The current level of inflation is putting pressure on pay increases. Overall pay increases have been 7.7% over the year with hourly paid frontline employees who are typically the lowest paid employees in the Group, seeing the largest increases.

With effect from 1 January 2024 Phil Urban's salary will increase to £607,500 (4.9%) and Tim Jones's to £508,000 (4.9%).

In line with our intention to reduce pension allowances for Executive Directors to the average employer contribution, the pension allowance paid to Executive Directors will reduce to 4%, in line with the general workforce.

There are no changes to the benefits available to Executive Directors.

Annual Bonus

The Committee believes that the annual bonus scheme for FY 2023 was successful in driving the right behaviours across the business and as such has determined that the annual bonus scheme for FY 2024 will be broadly the same and will be structured as follows:

- The maximum earnings opportunity will remain at 100% of base salary.
- Adjusted Operating Profit will continue to account for 70% of the overall opportunity.

  The remaining 30% of the annual bonus plan will be allocated against the business scorecard as follows:

  - 15% for Guest Health (reputation.com scores and guest complaints).
  - 10% for employee engagement.
  - 5% for Overall safety performance.

- The non-financial elements will only be payable if a threshold level of financial performance is achieved. For FY 2024 this will be unchanged at 97.5% of Adjusted Operating Profit.

Targets are not being disclosed on the basis that they are considered commercially sensitive but will be disclosed in next year's report.

Executive Directors are also aware that the Committee may take into account other factors when assessing if any bonus may be paid as part of our established quality of earnings assessment. In particular this assessment will review the overall financial performance of the Group over the year to ensure that any payout resulting from the approach to target setting above is consistent with overall performance across the year.

Performance Share Plan ('PSP') award FY 2024 to FY 2026

A PSP award is due to be made in respect of the 2024-2026 performance period subject to shareholder approval of the plan. This will be the first PSP under the new plan.

The Committee has undertaken a thorough review of the performance measures that will apply to the first awards to be granted under the new PSP and these are summarised in the table below:

2024 – 2026 PSP performance conditions	Weighting (% of maximum)	Threshold	Maximum
Operating Cashflow (£m)	70%	1,296	1,368
EPS Growth (% CAGR)	20%	21.4	25.9
Sustainability – reduction in Scope 1, 2 & 3 emissions tCO_2e	10%	-53,619	-53,619

Additional remuneration disclosures

Payment for loss of office

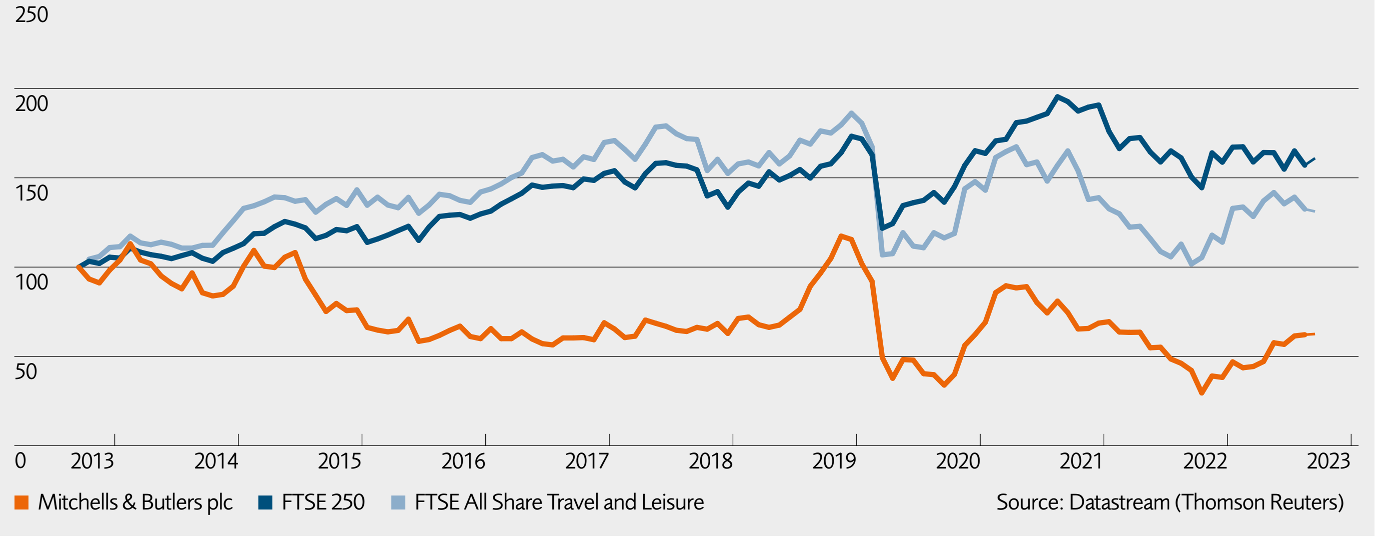
No payments for loss of office were made in the year ended 30 September 2023.

Payments to past Directors

No payments were made to any past Directors in the year ended 30 September 2023.

Total shareholder return from September 2013 to September 2023 (rebased to 100)

This graph shows the value, by 30 September 2023, of £100 invested in Mitchells & Butlers plc on 30 September 2013, compared with the value of £100 invested in the FTSE 250 and the FTSE All Share Travel and Leisure indices.



CEO earnings history

Year ended	27/09/14	26/09/15	24/09/16	30/09/17	29/09/18	28/09/19	26/09/20	25/9/21	24/9/22	**30/9/23**
Phil Urban										
Single figure remuneration (£000)	–	–	613	770	819	1,684	553	627	810	**1,573**
Annual bonus outcome (% of max)	–	–	–	28	39	82	–	–	33	**95**
LTIP vesting outcome (% of max)	–	–	–	–	–	47.5	–	–	–	**100**
Alistair Darby										
Single figure remuneration (£000)	642	878	–	–	–	–	–	–	–	
Annual bonus outcome (% of max)	–	–	–	–	–	–	–	–	–	
LTIP vesting outcome (% of max)	n/a	19.0	–	–	–	–	–	–	–	

Pay ratios

The table below sets out the Chief Executive pay ratio at the median, 25th and 75th percentiles for 2023. Data is also presented for 2018 as Mitchells & Butlers has disclosed the pay ratio between the Chief Executive and the median pay of other employees for the last six years, despite not needing to comply with this requirement until the 2020 Annual Report.

	Chief Executive pay ratio			
Financial year	Method	P25 (lower quartile)	P50 (median)	P75 (upper quartile)
2023	**Option C**	**86:1**	**82:1**	**78:1**
2022	Option C	53:1	47:1	45:1
2021	Option C	41:1	38:1	36:1
2020	Option C	37:1	35:1	35:1
2019	Option C	120:1	112:1	106:1
2018	Option C	61:1	58:1	52:1

The lower quartile, median and upper quartile employees were calculated based on full-time equivalent base pay data as at 30 September 2023. This calculation methodology was selected as the data was felt to be the most accurate way of identifying the best equivalents of P25, P50 and P75 and, therefore, the most accurate measurement of our pay ratios. Of the three allowable methodologies under the legislation, this method is classed as 'Option C'. Option A was considered but given the high levels of team member turnover, it was felt more appropriate to adopt the approach set out above.

The employee pay data has been reviewed and the Committee is satisfied that it fairly reflects the relevant quartiles given the very large proportion of hourly paid team members employed by Mitchells & Butlers (c. 85% of the total workforce). The three representative employees used to calculate the pay ratios are hourly paid and the base pay elements were calculated using a full-time equivalent hourly working week of 35 hours. Hourly paid employees do not participate in the annual bonus plan or long-term incentive plan and in most cases do not have any taxable benefits. Employee pay does not include earnings from tips and service charges, from which many employees benefit. It is Mitchells & Butlers' policy to pass all earnings from tips and service charges to employees without deduction for administration. The calculations are based on the single figure methodology and exclude the value of any awards under the free share element of the SIP.

Pay details for the individuals are set out below:

	Chief Executive (£)	P25 (lower quartile) (£)	P50 (median) (£)	P75 (upper quartile) (£)
Salary	581,134	18,218	18,964	20,002
Total pay	1,568,037	18,218	18,964	20,058

On a total pay basis, the ratio of workforce pay to the Chief Executive's total pay has increased, reflecting the higher levels of variable pay from the annual bonus plan and the first vesting under the RSP. The Committee believes that the ratio is broadly consistent with that of other organisations in the hospitality and retail sectors. The overall trend in the median ratio aligns with the movement in the single total figure of remuneration over time.

Hourly-paid employees do not participate in the annual bonus plan, whereas salaried employees do participate in an annual bonus plan (c. 5,200 employees). The median pay ratio is consistent with pay and progression policy for UK employees. More broadly, pay in the hospitality sector is lower than many other sectors and this will be an influencing factor in the overall pay ratio, despite significant increases in pay rates over the last few years.

Gender Pay Gap

The 2023 mean Gender Pay Gap for the Group is -1.7% (2022, 5.6%) and the median Gender Pay Gap is 0.6% (2022, 2.2%. The mean bonus gap is 24.3% (2022 11.0%) and the median bonus gap is 26.3 (2022, 0.0%).

Report on Directors' remuneration continued

Year-on-year change in remuneration of Directors compared to an average employee

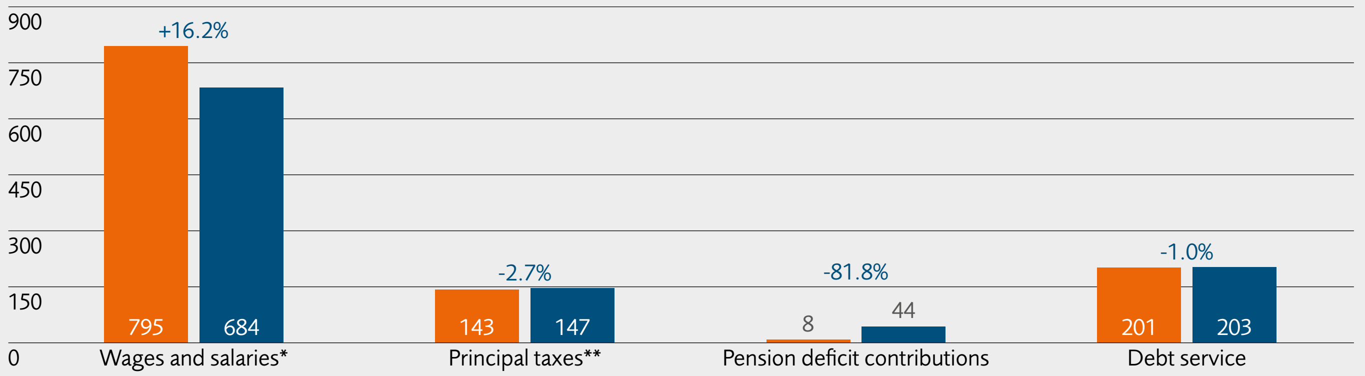
	2023			2022			2021		
	Salary/Fees	**Bonus**	**Benefits**	Salary/Fees	Bonus	Benefits	Salary/Fees	Bonus	Benefits
Average employee	**8.7%**	**422.3%**	**-6.3%**	5.6%	32.2%	-14.0%	1.2%	81.6%	6.3%
Executive Directors									
Phil Urban	**6.5%**	**202.9%**	**4.3%**	2.2%	100.0%	3.1%	0.00%	0.00%	-1.4%
Tim Jones	**6.5%**	**203.0%**	**2.2%**	2.2%	100.0%	5.9%	0.00%	0.00%	-3.3%
Non-Executive Directors									
Bob Ivell	**4.8%**	**–**	**180.0%**	0.0%	0.0%	-60.4%	0.0%	0.0%	-25.4%
Eddie Irwin	**4.8%**	**–**	**–**	0.0%	0.0%	0.0%	0.0%	0.0%	0%
Dave Coplin	**4.8%**	**–**	**967.9%**	0.0%	0.0%	-93.2%	0.0%	0.0%	-74.0%
Josh Levy	**4.8%**	**–**	**–**	0.0%	0.0%	-100.0%	0.0%	0.0%	225.1%
Keith Browne	**4.8%**	**–**	**–**	0.0%	0.0%	0.0%	0.0%	0.0%	-59.2%
Jane Moriarty	**8.7%**	**–**	**197.3%**	34.8%	0.0%	-54.3%	24.5%	0.0%	443.9%
Amanda Brown	**354.0%**	**–**	**–**	100.0%	0.0%	0.0%	n/a	n/a	n/a

Salaries and fees are based on rates at the year-end date on a full time equivalent ('FTE') basis. Hourly paid employees do not participate in any bonus scheme and in most cases are not eligible for taxable benefits. The figures shown for these elements are based on the year-on-year change for eligible employees.

The figures for Executive Directors do not include LTIP awards or pension benefits that are disclosed in the single figure table. The benefit figures for Non-Executive Directors relate to taxable expenses as detailed in the single figure table on page 115. The increase in fees for Amanda Brown in FY 2023 reflects that she was only in position for a short period in FY 2022.

Relative importance of spend on pay £m

Figures shown for wages and salaries consist of all earnings, including bonus. In FY 2023, £2.9m (0.36%) was paid to Executive and Non-Executive Directors (2022 £1.5m (0.1%)).



* From note 2.3 to the consolidated financial statements.

** Business Rates, Corporation Tax, Employer's NI.
There were no shareholder dividends or share buybacks in FY 2022.

Fees for external directorships

No external non-executive directorships were held by either Executive Director during the year to 30 September 2023.

Chairman and Non-Executive Directors

Non-Executive Directors (audited by KPMG)

The table below set out the single figure remuneration received by the Non-Executive Directors during the reporting year and prior year.

	Fees £000		Taxable benefits[a] £000		Short-term incentives £000		Pension-related benefits £000		Long-term incentives £000		Other £000		Total remuneration £000		Total fixed pay £000		Total variable pay £000	
	FY 2023	FY 2022	**FY 2023**	FY 2022	**FY 2023**	FY 2022	**FY 2023**	FY 2022	**FY 2023**	FY 2022	**FY 2023**	FY 2022	**FY 2023**	FY 2022	**FY 2023**	FY 2022	**FY 2023**	FY 2022
Bob Ivell	**298**	284	**2**	1	**–**	–	**–**	–	**–**	–	**–**	–	**300**	285	**300**	285	**–**	–
Eddie Irwin	**55**	53	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**55**	53	**55**	53	**–**	–
Josh Levy	**55**	53	**0.5**	–	**–**	–	**–**	–	**–**	–	**–**	–	**55.5**	53	**55.5**	53	**–**	–
Dave Coplin	**69**	66	**0.5**	–	**–**	–	**–**	–	**–**	–	**–**	–	**69.5**	66	**69.5**	66	**–**	–
Keith Browne	**55**	53	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**55**	53	**55**	53	**–**	–
Susan Murray[b]	**–**	22	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	22	**–**	22	**–**	–
Jane Moriarty	**83**	76	**1**	0.5	**–**	–	**–**	–	**–**	–	**–**	–	**84**	76.5	**84**	76.5	**–**	–
Amanda Brown[c]	**69**	15	**1**	–	**–**	–	**–**	–	**–**	–	**–**	–	**70**	15	**70**	15	**–**	–
Sub-total Non-Executive Directors	**684**	622	**5**	1.5	**–**	–	**–**	–	**–**	–	**–**	–	**689**	623.5	**689**	623.5	**–**	–
Total Executive Directors and Non-Executive Directors	**1,751**	1,625	**36**	31.5	**1,014**	334	**74**	117	**702**	–	**5**	5	**3,582**	2,112.5	**1,866**	1,778.5	**1,716**	334

a. Taxable benefits for Non-Executive Directors include cash payments made or accounted for by the Company relating to the reimbursement of expenses (and the value of personal tax on those expenses).
b. Susan Murray stepped down from the Board on 25 January 2022.
c. Amanda Brown was appointed to the Board on 4 July 2022.

Non-Executive Directors: Implementation of remuneration policy in FY 2024

The Chairman's fee and those of the Non Executive Directors were increased in January 2022. No increase will apply in 2024.

Directors' shareholdings and share interests

PRSP, RSP, STDIP and SAYE

The table below sets out details of the Executive Directors' outstanding awards under the PRSP, RSP, STDIP and Sharesave ('SAYE') (audited by KPMG).

Executive Director	Scheme	Number of shares at 24 September 2022	Granted during the period	Lapsed during the period	Exercised during the period	Number of shares at 30 September 2023
Phil Urban	PRSP	342,596	–	253,113	–	89,483
	RSP	400,617	412,490	–	–	813,107
	STDIP	–	68,152	–	–	68,152
	SAYE	7,031	–	–	–	7,031
	Total	**750,244**	**480,642**	**253,113**	**–**	**977,773**
Tim Jones	PRSP	200,598	–	148,216	–	52,382
	RSP	335,157	345,175	–	–	680,332
	STDIP	–	57,027	–	–	57,027
	SAYE	–	–	–		–
	Total	**535,755**	**402,202**	**148,216**	**–**	**789,741**

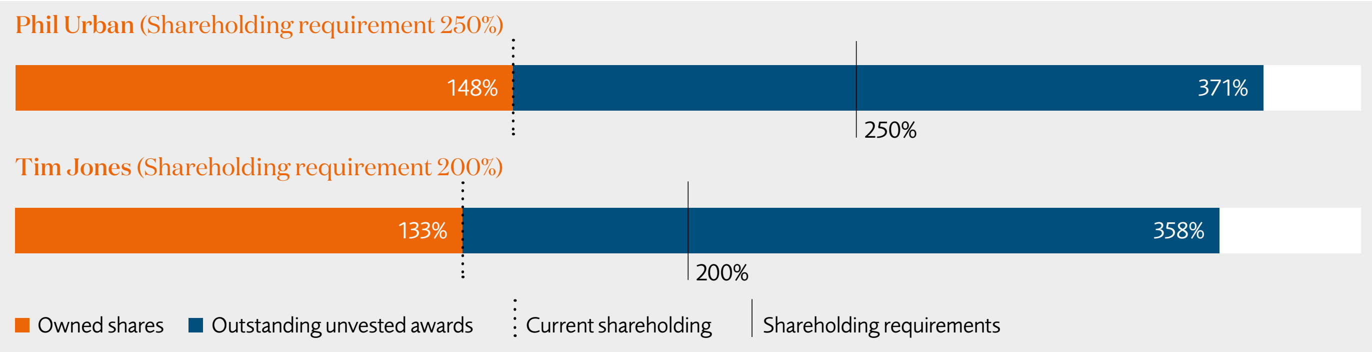
Gains made by the Executive Directors in relation to share options during FY 2023 were nil. In the prior year both Phil Urban and Tim Jones exercised options under the SAYE scheme and the resultant gain was £2,377 for each Director.

Directors' interests

Executive Directors are expected to hold Mitchells & Butlers shares in line with the shareholding guideline set out in the approved remuneration policy.

This requires the Chief Executive to accumulate Mitchells & Butlers shares to the value of a minimum of 250% of salary (200% of salary for the CFO) through the retention of shares arising from share schemes (on a net of tax basis) or through market purchases. Phil Urban's shareholding at 30 September 2023 was 148% of his basic annual salary (2022 119.3%) and Tim Jones's shareholding was 133% of his basic annual salary (2022 109.6%) and as a result the shareholding guideline is not met at this time. In line with the remuneration policy, no shares can be sold until the guideline is met and post-cessation holding requirements are in place.

Executive Directors' shareholdings



Executive Directors' shareholdings are calculated based on the average share price over the final three months of the financial period; for FY 2023 this was 219.8p (FY 2022 173.1p).

The interests of the Directors in the ordinary shares of the Company as at 24 September 2022 and 30 September 2023 are as set out below (audited by KPMG):

	Wholly-owned shares without performance conditions[a]		Unvested shares with performance conditions		Unvested shares without performance conditions[b]		Unvested options without performance conditions[c]		Unvested options with performance conditions/underpins[d]		Vested but unexercised options		Total shares/options	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Executive Directors														
Phil Urban	**388,139**	385,742	**–**	–	**68,152**	–	**7,031**	7,031	**902,590**	743,213	**–**	–	**1,365,912**	1,135,986
Tim Jones	**294,259**	292,092	**–**	–	**57,027**	–	**–**	–	**732,714**	535,755	**–**	–	**1,084,000**	827,847
Non-Executive Directors														
Bob Ivell	**17,222**	17,222	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**17,222**	17,222
Eddie Irwin	**43,883**	43,883	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**43,883**	43,883
Dave Coplin	**6,000**	2,836	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**6,000**	2,836
Josh Levy	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Keith Browne	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Jane Moriarty	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Amanda Brown	**–**	–	**–**		**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Total	**749,503**	741,775	**–**	–	**125,179**	–	**7,031**	7,031	**1,635,304**	1,278,968	**–**	–	**2,517,017**	2,027,774

a. Includes Free Shares and Partnership Shares granted under the SIP.
b. Deferred bonus awards granted under the STDIP.
c. Options granted under the Sharesave as detailed in the table on page 115.
d. Options granted under the PRSP or RSP as detailed in the table on page 115.

Directors' shareholdings (shares without performance conditions) include shares held by persons closely associated with them.

The above shareholdings are beneficial interests and are inclusive of Directors' holdings under the Share Incentive Plan (both Free Share and Partnership Share elements).

Phil Urban and Tim Jones acquired 127 and 128 shares respectively under the Partnership Share element of the Share Incentive Plan between the end of the financial period and 29 November 2023. There have been no changes in the holdings of any other Directors since the end of the financial period.

None of the Directors has a beneficial interest in the shares of any subsidiary or in debenture stocks of the Company or any subsidiary.

The market price per share on 30 September 2023 was 226p and the range during the year to 30 September 2023 was 102p to 236.2p per share.

The Executive Directors as a group beneficially own 0.1% of the Company's shares.

Service contracts and Letters of Appointment

Executive Directors

Details of the service contracts of Executive Directors are set out below.

Director	Contract start date	Unexpired term	Notice period from Company	Minimum notice period from Director	Compensation on change of control
Phil Urban[a]	27/09/15	Indefinite	12 months	6 months	No
Tim Jones	18/10/10	Indefinite	12 months	6 months	No

a. Phil Urban became Chief Executive and joined the Board on 27 September 2015. His continuous service date started on 5 January 2015, the date on which he joined the Company as Chief Operating Officer.

Non-Executive Directors

Non-Executive Directors, including the Company Chairman, do not have service contracts but serve under letters of appointment which provide that they are initially appointed until the next AGM when they are required to stand for election. In line with the Company's Articles of Association, all Directors, including Non-Executive Directors, will stand for re-election at the 2024 AGM. This is also in line with the provisions of the 2018 UK Corporate Governance Code. Non-Executive Directors' appointments are terminable without notice and with no entitlement to compensation. Payment of fees will cease immediately on termination.

Copies of the individual letters of appointment for Non-Executive Directors and the service contracts for Executive Directors are available at the registered office of the Company during normal business hours and on our website. Copies will also be available to shareholders to view at the 2024 AGM.

Mitchells & Butlers Remuneration Committee

Committee terms of reference

The Committee's terms of reference were reviewed and updated in 2019 to take account of the 2018 UK Corporate Governance Code.

The Committee's main responsibilities include:

- determining and making recommendations to the Board on the Company's Executive remuneration policy and its cost;
- taking account of all factors necessary when determining the remuneration policy, the objective of which is to ensure that the policy promotes the long-term success of the Company;
- determining the individual remuneration packages of the Executive Directors and other senior Executives (including the Group General Counsel and Company Secretary and all direct reports to the Chief Executive) and, in discussion with the Executive Directors, the Company Chairman;
- having regard to the pay and employment conditions across the Company when setting the remuneration of individuals under the remit of the Committee; and
- aligning Executive Directors' interests with those of shareholders by providing the potential to earn significant rewards where significant shareholder value has been delivered.

Committee membership and operation

Committee members and their respective appointment dates are detailed in the table below.

Name	Date of appointment to the Committee
Amanda Brown[a]	4 July 2022
Bob Ivell	11 July 2013
Dave Coplin[a]	29 February 2016
Josh Levy	20 July 2017
Jane Moriarty[a]	27 February 2019

a. Independent Non-Executive Directors.

Committee activity during the year

During the year the Committee met six times.

Key remuneration items considered over the year were as follows:

October 2022	Annual Bonus Targets
	Salary Reviews
	Annual Bonus and 2020/2022 PRSP update
November 2022	2022 Bonus – Confirmation of outcome
	2020 PRSP Vesting outcome
	Final approval of RSP plan operation
March 2023	Confirmation of targets for Annual Bonus
	AGM Voting outcomes
	Remuneration policy approach and timeline
April 2023	Remuneration policy design and PSP structure
	PSP measures
July 2023	Remuneration policy review
	Approval of PSP
September 2023	Remuneration policy review
	2024 Annual Bonus Plan structure
	Employee engagement

Advice to the Committee

The Committee received advice from PwC LLP ('PwC') during the year. PwC were appointed following a competitive tender process during 2018. PwC are signatories to the Remuneration Consultants Group Code of Conduct and any advice received is governed by that Code. Total fees payable in respect of remuneration advice to the Committee in the reporting year totalled £66,250[b] and were charged on a time and materials basis.

Advice was also received from the Company's legal advisers, Freshfields Bruckhaus Deringer LLP, on the operation of the Company's employee share schemes and on corporate governance matters. Clifford Chance LLP also provided advice in relation to pension schemes.

The Committee is satisfied that the advice received from its advisers was objective and independent and that the PwC engagement partner and the team that provide remuneration advice to the Committee do not have any connections that may impair their independence.

Members of management including Susan Martindale, the Group HR Director, and Craig Provett, the Director of Compensation and Benefits, are invited to attend meetings on remuneration matters where appropriate. They are not present when matters affecting their own remuneration arrangements are discussed. The Company Chairman does not attend Board or Committee meetings when his remuneration is under review.

Phil Urban and Tim Jones were present at meetings where the Company's long-term and short-term incentive arrangements and share schemes were discussed. However, each declared an interest in the matters under review and did not vote on their own arrangements.

b. Fees are shown net of VAT. 20% VAT was paid on the advisers' fees shown above.

Report on Directors' remuneration continued

Previous AGM voting outcomes

At the last AGM (held on 8 February 2023), a resolution on the annual report on remuneration was subject to an advisory vote.

The table below sets out details of this advisory vote at the 2023 AGM, and also the outcome of the vote on our remuneration policy at the 2021 AGM:

	Votes cast	Votes for[a]	%	Votes against	%	Votes withheld[b]
Approval of annual report on remuneration	519,324,549	407,632,174	78.49	111,692,375	21.51	52,492
Approval of remuneration policy at 2021 AGM	516,340,056	425,892,672	82.48	90,447,384	17.52	61,932

a. The 'For' vote includes those giving the Company Chairman discretion.
b. A vote withheld is not a vote in law and is not counted in the calculation of the votes 'For' or 'Against' the resolution.

Votes 'For' and 'Against' are expressed as a percentage of votes cast.

The Board was disappointed by the level of votes against the resolution to approval the annual report on remuneration at the 2023 AGM. The Board sought to set out the rationale for the key decisions taken in relation to remuneration, which they firmly believed were in the best interests of all shareholders.

The Directors' Remuneration Report has been approved by the Board of Mitchells & Butlers plc.

Amanda Brown
Chair of the Remuneration Committee
29 November 2023