



Mitchells & Butlers plc

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5 July 2024

Mr Andrew Ninian
The Investment Association
Camomile Court
23 Camomile Street
London
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Dear Mr Ninian

Investment Association's Public Register

The AGM of Mitchells & Butlers took place on 23 January 2024 and there were two resolutions where 20% or more of votes were cast against the relevant resolution. These were:

- Resolution 8 (re-election of Bob Ivell, Chairman); and
- Resolution 10 (re-election of Josh Levy)

As requested by the Investment Association's Public Register process, we set out below our comments in relation to those two voting outcomes.

By way of setting the context for this statement in relation to those votes cast against the specific resolutions, the following may be helpful.

The UK Corporate Governance Code (the "**Code**") contains best practice recommendations in relation to corporate governance yet acknowledges that, in individual cases, these will not all necessarily be appropriate for particular companies. Accordingly, the Code specifically recognises the concept of "comply or explain" in relation to divergences from the Code.

We find it unfortunate that, although the Code specifically makes provision for divergences from a rigid and inflexible approach to compliance pursuant to the "comply or explain" process, some investors are apparently unable (or unwilling to try) to understand governance structures which do not adhere exactly to the letter of the Code. It is equally unfortunate that the individual circumstances of specific companies, including Mitchells & Butlers plc, appear to be disregarded, even though the FRC specifically acknowledges, in its Introduction to the Code, that such an approach is not appropriate:





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

Turning, then, to the two specific resolutions, our comments are set out below.

Resolution 8 (re-election of Bob Ivell (Chairman))

We understand that the vote against Bob Ivell was the result of the composition of the Board, the perceived lack of diversity on the Board, and the fact that he had served on the Board for 12 years.

Again, these points were dealt with fully in the Annual Report. At the time of preparation of our Annual Report, there were two female members of the Board. As referred to on page 79 of the Annual Report, the composition of the Board, including its gender balance, is dealt with by the Nomination Committee on a regular basis, and on the same page, the importance of having diversity on the Board is acknowledged, including female representation. The Board Diversity Policy and progress against that policy are clearly explained in the Annual Report on page 79, including confirmation that any future appointments will continue to take into account diversity, not only in terms of gender but also in terms of the appropriate mix of skills and experience and that all Board appointments will always be made on merit.

As regards the tenure of Mr Ivell, we refer you to the detailed assessment of this issue which was carried out by the Board, recognising his extensive industry experience which has been of great assistance to the Company in addressing the ongoing challenges of energy prices, inflationary cost pressures, the demanding trading environment and dampened consumer confidence. This is clearly set out on page 75 of the Annual Report.

Resolution 10 (Josh Levy)

We understand that the votes against this resolution was due to insufficient independence on the Board and apparent concerns about the presence of Mr Levy on the Remuneration Committee.

Josh Levy is a shareholder representative of Piedmont Inc. which is a member of the Odyzean Group which, as at the date of the Company’s AGM, held approximately 57% of the issued share capital of Mitchells & Butlers plc. It should therefore not come as a surprise that the holders of a substantial majority stake in the business wish to have significant representation on the Board.

The Company has explained the circumstances of the positions of Mr Levy on the Board and his committee role in detail in its 2023 Annual Report.

We also refer you to the Prospectus for our Open Offer which completed in March 2021, which included the following statement:





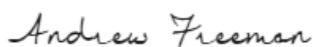
“The Odyzean Group has indicated that, in order to streamline decision-making, it intends to review the composition of the Board, which may result in fewer independent Non-Executive Directors and less focus on compliance with the UK Corporate Governance Code recommendations in the future. In particular, the Odyzean Group has indicated that it will disregard specific corporate governance expectations around tenure and that it expects the Board to focus on retaining and acquiring skillsets amongst the independent Non-Executive Directors that are required to optimise the development of the business going forward. The Odyzean Group has also indicated that the time and cost devoted by the senior management team to public company matters should be reduced.”

Please see the specific section on page 63 of our 2023 Annual Report headed “Major shareholder Board representation and relationship agreement”. Consistent with the “comply or explain” regime, shareholders have the benefit of a very clear explanation of why the Board believes these appointments to be appropriate. There is also no indication of undue influence on the Board (as supported by the Relationship Agreement which has been put in place pursuant to Listing Rule 9.2.2).

Page 75 of our Annual Report emphasises the contribution of the shareholder representatives, and that their commitment is felt to be a significant factor in the ongoing stability of the Board, particularly as a result of the strong support of those shareholders of the Board’s long-term strategy. The shareholders in question were also very supportive of the Board’s actions when the Company had to deal with the forced closure of the business during the Covid-19 pandemic, followed by the need for an Open Offer, which they subscribed for in full.

We acknowledge and accept that this letter should appear on the Investment Association’s Public Register.

Yours sincerely



Andrew Freeman
Group General Counsel and Company Secretary

