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16 April 2019

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

Investment Association's Public Register

I am now in a position to respond to your letter of 4 December 2018, in which you confirmed that Mitchells & Butlers would feature again on the Investment Association's Public Register. You will recall our subsequent telephone conversation in which I indicated that steps were being taken to deal with some of the points raised in your letter, but that I was not at that time in a position to elaborate, and that I would do so as soon as I was able. This is now a formal response to your letter of 4 December 2018.

As you may be aware, at our AGM on 22 January 2019, we had five resolutions where 20% or more of votes cast, were cast against the resolution. These were:

- Re-election of Keith Browne;
- Re-election of Eddie Irwin;
- Re-election of Bob Ivell;
- Re-election of Josh Levy; and
- Re-election of Ron Robson.


Bob Ivell is our Chairman, Keith Browne and Eddie Irwin are shareholder representatives of Elpida Group Limited, and Josh Levy and Ron Robson are shareholder representatives of Piedmont Inc.

Following our AGM, we received press comment on our Board structure, including allegations of Boardroom gender bias for having failed to put more women on our Board, and questioning the independence of our non-executive Directors. However, we had already made clear at our 2019 AGM that we recognised both the scale of non-independence of the Board composition and the lack of gender diversity, and that we were well advanced in the recruitment process for two new independent non-executive Directors, with Bob Ivell stating at the AGM that these appointments would:

"address our desired wish for greater gender diversity on our Board". (source: AGM transcript)



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Since then, on 27 February 2019, we announced the appointments of Jane Moriarty and Susan Murray, effective on 27 February 2019 and 8 March 2019 respectively. This now takes our Board to a total of 12, five of whom are independent non-executive directors, including three female INEDs, taking the total percentage of women on our Board from 9% (per page 60 of our 2019 Annual Report), to the current ratio of 25%.

On the subject of diversity, I would refer you to our Board diversity policy statement, which is set out on page 60 of our 2018 Annual Report:

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

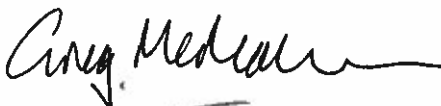
The voting pattern at our 2019 AGM did not, and could not at the time the votes were cast, reflect the significant progress we have made since, and for that reason I believe that it is misleading now to view such votes without reference to subsequent events.

Equally, in light of the fact that the recruitment process which had been instigated in the Autumn of 2018 was not sufficiently near to conclusion at the time of the production and publication of the Company’s 2018 Annual Report or the posting of the Notice of its 2019 AGM, these proposed appointments could not be referred to in those documents without the risk of creating a misleading impression (however welcome that may have been) if, for whatever reason, the appointments were not finalised.

Finally, while our September year end means that we do not have to comply with the new 2018 Corporate Governance Code until our 2020 Annual Report, I would like to update you on a significant programme of activity which was approved by the Board of Mitchells & Butlers plc in March 2019. This is well advanced and will seek to address the matters identified in the 2018 Code which deal with Board balance, diversity and tenure and we expect there to be further enhancements to our compliance and reporting/disclosure arrangements in both our 2019 and 2020 Annual Reports. Other matters we are progressing include workforce representation and reporting on how the requirements for considering the interests of stakeholders in the Board’s decision making are taken into account.

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

Yours sincerely



Greg McMahon
Company Secretary and General Counsel

