

38.7/100

MITCHELLS & BUTLERS PLC ESG DISCLOSURE REPORT

OVERVIEW

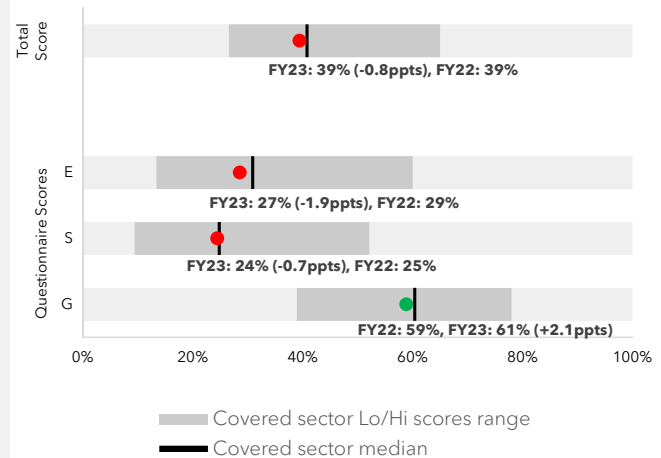
Mitchells & Butlers plc outlined the progress made with its three sustainability pillars in FY23 but its KPIs and metrics were lacking in scope and depth. Scoring revisions also impacted our assessment leaving the overall score below the **Food & Beverage** sector median.

Environmental highlights included the submission of a net zero roadmap for SBTi approval and increased engagement with suppliers on sustainable packaging. A rollout of solar panels is underway alongside measures to remove gas from the estate. M&B plans to start reporting scope 3 emissions in FY24.

Despite scoring revisions, **Social** was on par with the sector median. M&B updated its animal welfare policy, completed modern slavery risk assessments and created strategic partnerships with charities.

Governance saw the only positive y-o-y change thanks to alignment with the UK Corporate Governance Code. M&B plans to include a sustainability objective in executive LTIPs from FY2024.

ESG SCORE MOMENTUM



ENVIRONMENTAL

Strengths – Policy accounted for 44% of the score. Policies disclosed by the company included those on the topics of Environmental Management, Climate Change and Product/Service Responsibility.

Scoring was supported by disclosure in the topic of Product/Service Responsibility. This included evidence of the extent of carbon or energy reduction programmes in operations (Resources Allocated).

Weaknesses – In the material topic of Supply Chain the company failed to score 2.9 points out of the total of 3.4. Missing scorable disclosure included: evidence of suppliers (e.g. farmers) producing or purchasing sustainable raw materials (e.g. beef, dairy) with compliance verified by a third party and also evidence of carbon or energy reduction supplier programmes in raw materials production and manufacturing (Resources Allocated).

Measurement only scored 8.8% of the 6.7 possible points. Absent data points included: the percentage of food waste as a proportion of total waste (Waste & Hazardous Materials), total volume of water consumption (m3) and withdrawn (m3) (Water).

SOCIAL

Strengths – Policy accounted for 43% of the score. Policies disclosed by the company included those on the topics of Health and Safety, Supply Chain and Community.

In the material subcategory of Labour, the company described its policy commitment (Policy) and disclosed the annual employee turnover percentage (Measurement).

Weaknesses – In the highly weighted topic of Diversity/Discrimination the company failed to score 7.6 points out of the total of 10. Missing scorable disclosure included: the gender split in all management positions and in the executive management team, and also the percentage of total employees at the company who identified as Minority Ethnic (Measurement).

Measurement, overall, only scored 12% of the 15 available points. Missing data points included: the average training expense per employee by employee category, the percentage of employees who received training and the average training time per employee by employee category (Career Management and Promotion).

GOVERNANCE

Strengths – Board of Directors contributed 76% of points. The score was, in part, driven by confirmation that the Chair and all non-executive directors had a shareholding of less than 5% (Independence). Scoring was also supported by disclosure of a non-executive director who was considered an industry expert (Experience).

Remuneration accounted for 13% of points. The company disclosed the share ownership of executive directors and confirmed that it had share ownership guidelines in place (Long term alignment of remuneration).

Weaknesses – No score was achieved in Shareholders. The company did not confirm the absence of anti-takeover devices, such as not having limitations on share ownership or an inability to issue new capital.

Bribery & Corruption was a relative weakness. The company did not disclose scorable evidence of board-level oversight of the bribery and anti-corruption policy (Oversight) nor bribery and anti-corruption training (Resources Allocated).

Materiality Assessment

There was no evidence that a materiality assessment was completed.

UN SDGs

UN SDGs 1-2, 5, 8 and 11-15 were identified, with evidence of alignment to operations and value chain with targets disclosed.

KEY

Score=Zero

Score≤25%

Score 25%<50%

Score 50%<75%

Score ≥75%

CATEGORY SCORES

Subcategories	Score achieved	Possible score	Percentage of total possible score achieved	Profile
Environmental	5.9	22.2	27%	
Supply Chain	0.5	3.4	15%	
Waste & Hazardous Materials	0.8	3.4	25%	
Product/Service Responsibility	1.0	3.3	32%	
Emissions	0.7	3.1	23%	
Water	0.3	2.5	10%	
Environmental Management	0.6	2.2	26%	
Climate Change	1.7	2.2	75%	
Energy	0.3	2.1	14%	
Social	9.4	39.3	24%	
Diversity/Discrimination	2.9	10.5	28%	
Product/Service Responsibility	1.6	8.4	19%	
Health and Safety	0.2	4.5	5%	
Career Management and Promotion	0.5	3.4	14%	
Labour	1.3	3.4	40%	
Supply Chain	0.4	2.2	17%	
Animal Welfare	0.8	1.1	71%	
Tax	0.2	1.1	21%	
Human Rights	0.4	1.1	36%	
Freedom of Association and Collective Bargaining	0.0	0.8	0%	
Community	0.7	0.8	85%	
Philanthropy	0.0	0.6	0%	
Political Influence	0.0	0.6	4%	
Information Security/Cybersecurity	0.3	0.6	50%	
Restructuring	0.0	0.3	0%	
Governance	13.7	22.5	61%	
Board of Directors	10.5	13.7	76%	
Remuneration	1.8	3.9	45%	
Shareholder Voting	0.9	1.5	63%	
Bribery & Corruption	0.1	1.1	13%	
Whistleblower	0.4	1.1	36%	
Shareholders	0.0	1.1	0%	
Materiality Assessment	0.0	4.0	0%	
UN SDGs	3.0	4.0	75%	
Controversies	6.7	8.0	83%	
Grand Total	38.7	100.0	39%	

Not applicable	Score=Zero	Score≤25%	Score 25%<50%	Score 50%<75%	Score ≥75%
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QUESTIONNAIRE DISCLOSURE HEAT MAPS

The heat maps present the outputs of each section of the questionnaire. For each subcategory, up to 10 disclosure aspects were analysed. The heat maps illustrate the percentage of data points currently disclosed out of the total required for a full score for each aspect. They identify which aspects are deemed most relevant for each subcategory and hence where to focus when attempting to improve disclosure.

Table 1. Environmental disclosure heat map

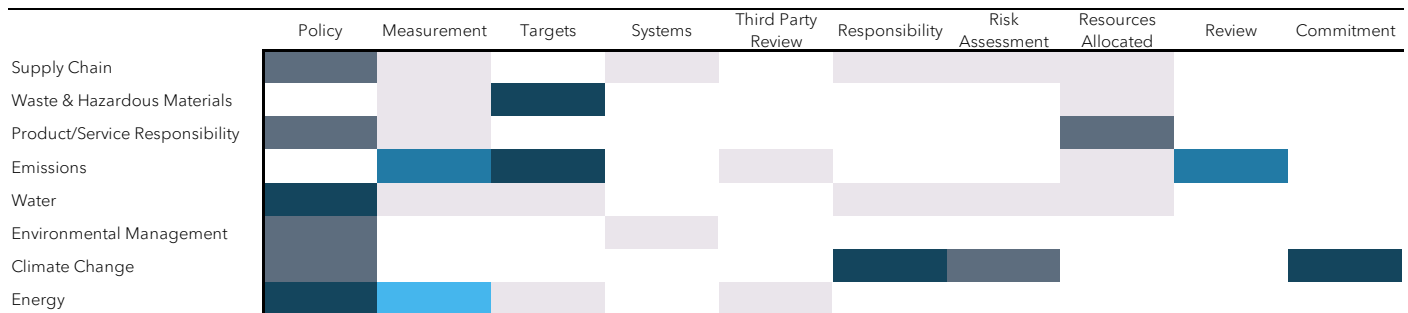


Table 2. Social disclosure heat map

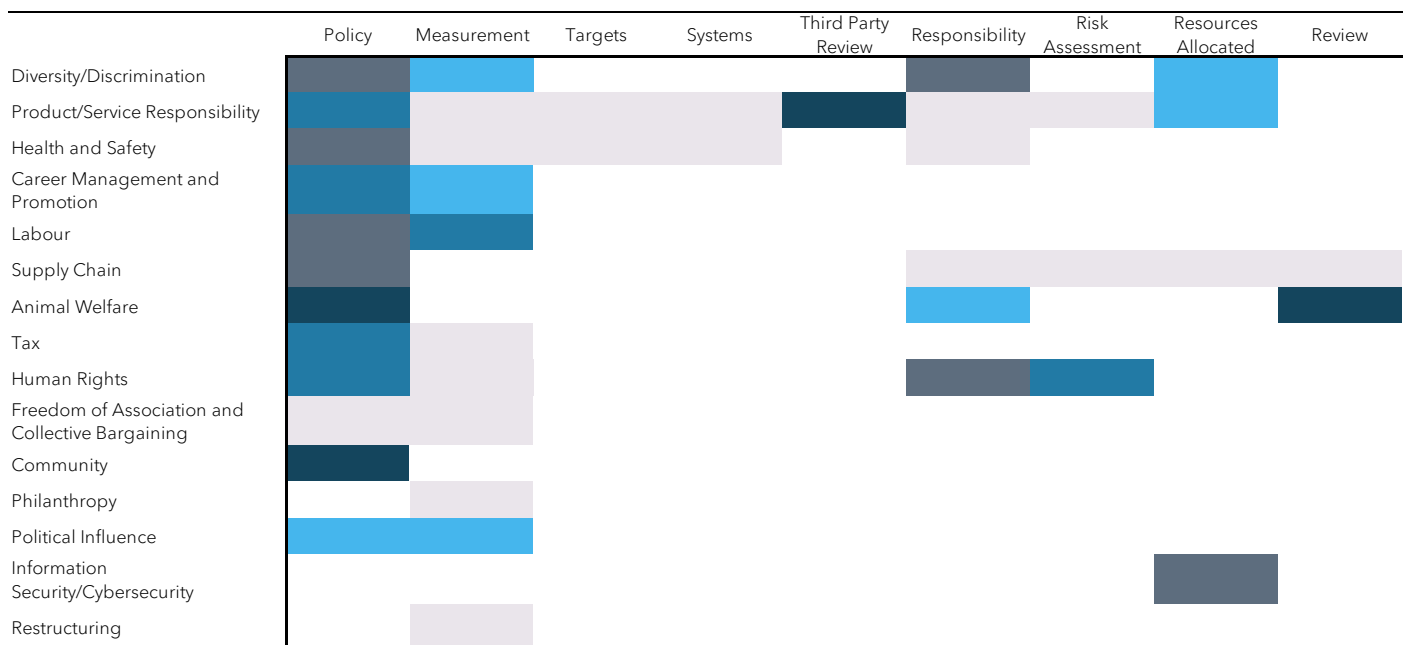
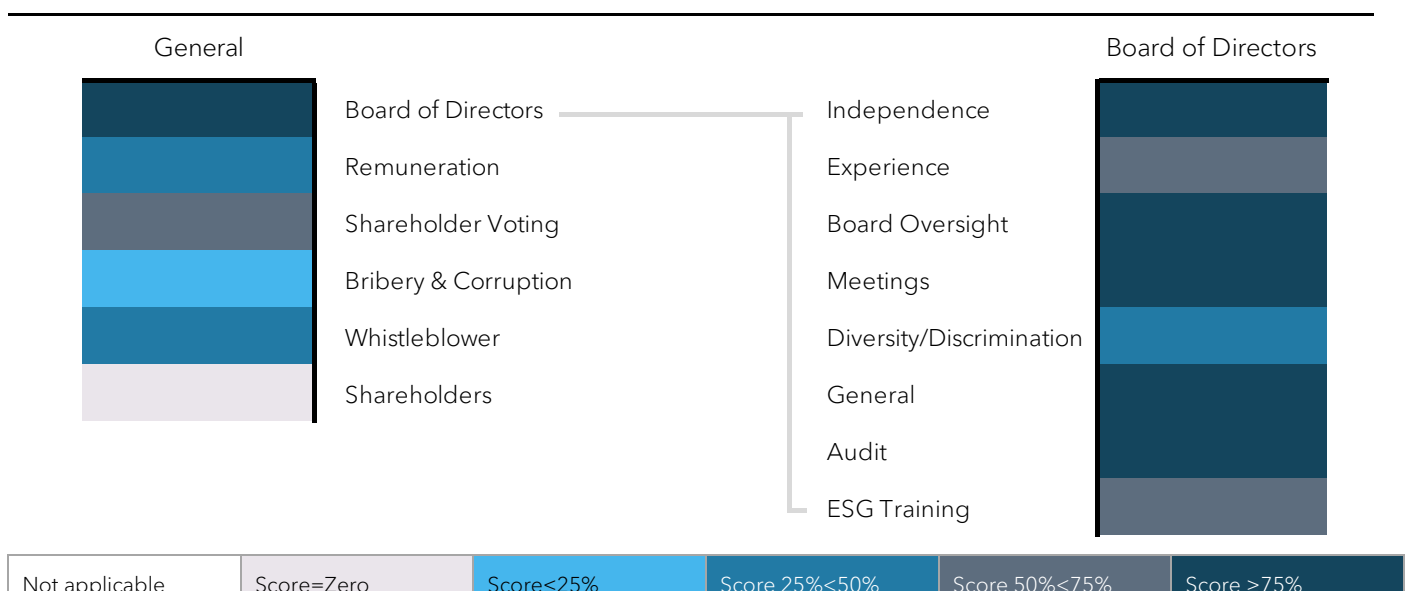


Table 3. Governance disclosure heat maps



CONTROVERSIES

Media Article Incident	Source	Article Date
Unfair Dismissal of an employee	https://violationtrackeruk.goodjobsfirst.org/violation-tracker/Mitchells-and-Butlers-PLC-2	20 March 2019
Unlawful Deduction from Wages	https://violationtrackeruk.goodjobsfirst.org/violation-tracker/Mitchells-and-Butlers-Retail-Ltd	03 June 2019
Irish-backed Mitchells & Butlers pub group gets relief from lenders	https://www.irishtimes.com/business/agribusiness-and-food/irish-backed-mitchells-butlers-pub-group-gets-relief-from-lenders-1.4228490	14 April 2020
Mitchells and Butlers consulting on redundancies	https://www.independent.co.uk/news/uk/home-news/mitchells-and-butlers-redundancies-harvester-al-bar-one-oneills-jobs-b996683.html	12 October 2020
O'Neill's and Harvester owner considers emergency cash call	https://www.theguardian.com/business/2021/jan/07/oneills-and-harvester-owner-considers-emergency-cash-call-mitchells-butlers	07 January 2021
Mitchells sees shareholder protest against pay plans and corporate governance	https://www.belfasttelegraph.co.uk/business/uk-world/mitchells-sees-shareholder-protest-against-pay-plans-and-corporate-governance-40234766.html	24 March 2021
Pub chain fined £90k for contributing to fatbergs in Oxfordshire	https://www.oxfordmail.co.uk/news/19366285.pub-chain-fined-90k-contributing-fatbergs-oxfordshire/	12 June 2021
High Court rectifies pension increase provisions in Mitchells & Butlers pension plan	https://www.lexology.com/library/detail.aspx?g=9a32a04e-1c06-41bb-bdce-362171debc9b	15 November 2021
Scots bar slammed after staff 'covered bills of diners who left without paying'	https://www.dailyrecord.co.uk/news/scottish-news/scots-bar-slammed-after-staff-25744547	20 December 2021
Environmental Violation	https://violationtrackeruk.goodjobsfirst.org/violation-tracker/Toby-carvery	22 September 2022
Breach of Contract, Unfair Dismissal, Unlawful Deduction from Wages, Working Time Regulations	https://violationtrackeruk.goodjobsfirst.org/violation-tracker/Mitchells-and-Butlers-Retail-Ltd-0	06 June 2023
Total Score Reduction		1.3

