



Corporate Social Responsibility Review 2006

“We have a core belief that sustainable business success has to be based on experienced, professional licensed retailing which builds the reputation and appeal of each individual pub in its catchment area.”

- 3 Foreword
- 4 About this Review

Marketplace

- 6 Our guests
- 6 Industry issues
- 6 Alcohol & social responsibility
- 8 Licensing Act
- 8 Smoking
- 8 Gaming
- 8 Good food and healthy eating
- 9 Health and safety
- 9 Disabled customers
- 9 Customer complaint policy

Employees

- 11 Health and safety
- 11 Employee policies
- 12 Training
- 13 Employee engagement

Community

- 15 Community Awards
- 15 Pub at the Heart of the Community
- 17 National activity
- 18 Support in Birmingham
- 18 Our role as neighbours

Environment

- 20 Environment

Corporate Governance

- 22 Corporate Governance

Foreword

Tim Clarke, Chief Executive



'Our philosophy for corporate social responsibility combines the best of the traditions of the pub landlord's commitment to the community with leading practice in critical areas such as the responsible retailing of alcohol, food safety and staff training.'

Mitchells & Butlers is the leading operator of managed pubs and pub restaurants in the UK, employing 44,000 people in some 2,000 businesses. In a typical week we welcome several million guests to our operations, and serve them nearly 2 million meals and 10 million drinks. Yet such scale belies the fact that each of our pubs and pub restaurants seeks to satisfy a market that is predominantly local. Most are a key part of their local community, largely drawing their staff from the surrounding area.

Mitchells & Butlers has been in the pub business for well over a century. Running throughout the company is a core belief that sustainable business success must be based on experienced, professional licensed retailing which builds the reputation and appeal of each individual pub in its catchment area.

Whilst this positioning of our pubs at the heart of the community is an unchanging imperative, we also aim to ensure that our operations, marketing, training, procurement, systems and other management disciplines reflect the best of the advances that have taken place in modern licensed retailing.

We apply the same philosophy to corporate social responsibility, combining the best of the traditions of the pub landlord's commitment to the community with leading practice in

critical areas such as the responsible retailing of alcohol, food safety and staff training. This Review describes some of this work, from our Heart of the Community Awards which encourage pub managers to compete for the opportunity to donate £10,000 to a charity of their choice, to the recognition of our commitment to the responsible retailing of alcohol through the implementation of our rigorous Alcohol & Social Responsibility Policy.

We operate in a highly regulated industry and recognise that attached to the grant of our licences is the primary obligation to ensure the responsible operation of our premises at all times for customers, staff and the wider community. It is for this reason, which goes to the core of our business, and under the responsibility of the Board, that we strive to ensure that corporate social responsibility underpins our business operation at every level.

Whilst we are proud of our record in social responsibility, we recognise the need for continuous improvement in our processes, targeting and reporting of our commitment. The Review describes our plans and our progress.

I hope that you find this Review interesting and informative. We are constantly seeking to improve and would certainly like to hear any comments or ideas for improvement. Please email your comments or suggestions to csr@mbplc.com.

About this Review



This is Mitchells & Butlers' annual integrated Corporate Social Responsibility Review, published every December.

It comprises five areas that are of key importance to us as a Company, as well as to our customers, employees, local communities, suppliers and shareholders:

- Marketplace
- Employees
- Community
- Environment
- Corporate Governance

The Review demonstrates our performance in each of the areas.

The Review covers the whole of the Mitchells & Butlers Group, including, where applicable, the Alex group of companies in Germany where we have 42 outlets.

Marketplace

“We aim to provide the best value experience in the informal eating and drinking out markets through a combination of prime locations, a wide range of food and drink, high quality amenities and real service and value provided by fair and competitive pricing.”

Marketplace

“Mitchells & Butlers is the UK’s leading operator of managed pubs and pub restaurants, with around 2,000 high quality businesses offering food, drink, entertainment and accommodation in prime locations across the country.”

Our Guests

We aim to provide the best value experience in the informal eating and drinking out markets through a combination of prime locations, a wide range of food and drink, high-quality amenities, and real service and value provided by fair and competitive pricing.

Customer service is fundamental to our business. We are committed to delivering a high-quality and caring customer experience.

Industry issues

Alcohol and Social Responsibility

Mitchells & Butlers has had a comprehensive policy for the responsible sale of alcohol since 2000. Our Alcohol and Social Responsibility Policy includes clear guidelines on the responsible operation of our pubs, the sale and promotion of alcohol and our under 18s policy. The policy is supported by employee training and development programmes. The introduction of the policy led the industry. We re-launched the Alcohol and Social Responsibility Policy in May 2006 to include tighter guidelines on pricing and promotions.

The key components of our Alcohol and Social Responsibility Policy are:

1. Strict adherence to the law with regard to the sale of alcohol and other products, most particularly:

- Not serving customers who are intoxicated
- Not serving alcohol to people who are aged under 18

2. Support for the relevant agencies:

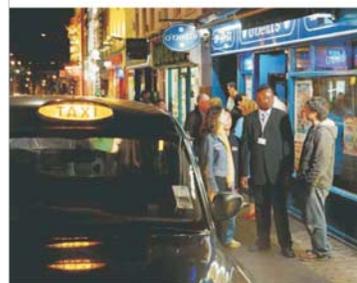
- Close working with the Police, Fire Services, Environmental Health and Local Authorities in pursuit of the four prime objectives of the Licensing Act 2003
- Support for regional Crime & Disorder partnerships
- Participation in local ‘Pubwatch’ schemes

3. Operation of a responsible Pricing and Promotions Policy

4. Comprehensive staff training:

- We require managers to ensure that each staff member receives thorough training as to the legal requirements of their job before they are allowed to serve guests
- This year more than 3,000 members of our retail staff passed the National Certificate for Personal Licence Holders, accredited by the British Institute of Innkeeping, and a requirement for the granting of a personal licence. This qualification underpins their commitment to responsible retailing

Alcohol and Social Responsibility Policy



Mitchells & Butlers
Alcohol and Social Responsibility Policy

In recognition of our achievements in responsible retailing, Mitchells & Butlers was awarded the title of Most Responsible On Trade Retailer of Alcohol by a leading trade journal, the Morning Advertiser, in 2004 and has also been short-listed for this title in both 2005 and 2006.



Marketplace

Challenge 21 policy

The Challenge 21 policy is an initiative launched by Mitchells & Butlers to support our staff in identifying underage customers. It is not an over 21s only entrance policy, but rather a requirement to ask for ID, if a customer appears to be under 21, so as to prove that he or she is at least 18 years of age. This policy is now applied throughout the estate.

Challenge 21 refresher training for all managers and staff is taking place in the autumn of 2006, in order to reduce the incidence of underage purchase.

During the last year we have moved to accept as proof of age ID cards within the 'PASS' scheme. The scheme accredits bona fide card issuers, with part of the accreditation being the prevention of forgery. Our employees are trained to recognise the 'PASS' logo, and to accept only such cards, or a passport or photo driving licence as proof of age.



Conflict management

Mitchells & Butlers recognises that failure to identify and resolve potential sources of conflict in our pubs or on the door can have serious consequences.

As a result, conflict management training has become a core ingredient of retail management training, helping to reduce the risk of serious incidents and better protect both employees and guests.

Conflict management training also helps our staff to manage issues associated with drugs abuse. Where there is any evidence of such in our businesses, we move rapidly to assess the situation and take appropriate, tough measures to resolve the matter immediately.

Partnerships with police and local communities

We encourage our licensed house managers to become active members of the local Pubwatch Scheme. Examples of partnerships with local communities include:

- Support for Business Improvement Districts (BIDs). We support a dozen such initiatives and are especially active in that for Broad Street, Birmingham.
- Participation in local city council and police initiatives such as Best Bar None Awards. For example:
 - Hull's Best Bar None awards scheme, introduced by Humberside police and Hull City Council's 'Citysafe' initiative, offers accreditation for well run pubs with staff well trained in regard to security, drug awareness, responsible drinking and the control of anti-social behaviour. Mitchells & Butlers' pub, The Mainbrace, won the overall award in the 'Best Pub' category, out of around 30 entrants.
 - A Scream pub, The Phoenix, won 'Best Club' in the Coventry Best Bar None Awards. Run by Coventry City Council, West Midlands Police and partners, the scheme recognises the high standard of safety management at city centre venues. Specially trained police and City Council officers examined each venue, checking on issues such as underage drinking, noise nuisance, fire safety training for staff and the use of CCTV.

Responsible promotions policy

Mitchells & Butlers is a member of the British Beer & Pub Association and played a central role in the formation of that organisation's code governing promotional activity, which in turn influenced the creation of the Social Responsibility Standards document signed by all of the relevant trade associations and launched in conjunction with the Home Office earlier this year.

The Company operates a responsible pricing and promotions policy, the guiding principles of which are:

- To offer guests real service and value at fair, competitive prices
- To seek to encourage guests to return to Mitchells & Butlers' pubs, rather than to encourage increased consumption by guests during a single visit
- To ensure that guests are offered choice and value without inducements to drink to excess. We will not, for example, offer any '2 for the price of 1' drinks promotions
- To encourage and support designated driver and other anti-drink/drive initiatives

Marketplace

“Mitchells & Butlers applied for no 24 hour licences.”

Alcohol awareness

Our brand-specific training highlights Alcohol By Volume information as part of all new product introductions. All managers and retail employees complete this training as part of the induction process and refresher training sessions are held every six months.

Mitchells & Butlers is an associate member of the Drinkaware Trust, an independent charitable trust aimed at changing the UK's drinking culture and tackling alcohol-related harms. Information on units of alcohol is provided on the drinks menus in a number of our brands and formats and further information about the Drinkaware Trust website is made available on other marketing material.

Increasing range of alternatives to alcohol

Over the last 12 months we have continued to increase our range of non-alcoholic drinks and to provide tap water to guests at no cost.

Licensing Act

The Licensing Act 2003 came into effect on 24 November 2005. From that date licensed premises have been able to make use of any variations to previous opening hours granted by the relevant local authority.

Mitchells & Butlers applied for an average of just over one additional hour per day per pub. In making applications we sought to balance the opportunity to offer our guests more flexible opening times with respect for local communities. In the vast majority of cases our applications were successful. Mitchells & Butlers applied for no 24 hour licences.

Predictions of a rise in alcohol-related disorder as a result of the Act proved largely unfounded. The on trade has seen little or no increase in consumption and in general guests have taken advantage of more flexible opening hours in a relaxed fashion.

The Company's experience has been one of successful implementation, much of this due to extensive training. We have seen a marginal increase in sales overall, but with less pressure at closing time and few instances of disorder.

Smoking

In 2004 we started a programme of reducing the floor space in which smoking was allowed in all of our pubs. By the end of 2005 we had eliminated smoking at the bar across the estate, thereby reducing the exposure of staff to environmental tobacco smoke.

In October 2005 the Government presented the Health Bill, containing proposals for reducing smoking in the workplace. The Bill introduced the notion of banning smoking in pubs serving food, but allowing smoking in other pubs and all membership clubs. The Company viewed the proposal as illogical and inequitable, and participated actively in a campaign to bring about a total ban in all pubs and clubs. The campaign was successful and as a result, a full ban will come into effect in Wales in April 2007, and in July 2007 in England.

Meanwhile, ahead of the ban, we have moved to a no smoking policy in a growing number of pubs. By December this year, around 200 of our pub restaurants in England and Wales were smoke-free.

A full ban on smoking in pubs came into effect in Scotland in March 2006. With careful planning and preparation, the Company managed the change successfully. The experience gained is proving helpful in our detailed planning for the new regime in England and Wales.

We are confident that a smoke-free environment will be beneficial to our staff and to our customers and will attract even more potential customers.

Gaming

Mitchells & Butlers was involved in the creation of the first industry Code of Practice that aimed to prevent under 18s from playing pub gaming machines. The Company has contributed for many years to charities such as GamCare that work in the area of treatment for problem gamblers. In recent years the Company's contributions have been made via the Responsibility in Gambling Trust. A Mitchells & Butlers senior manager is a Trustee.

Good food and healthy eating

We aim to provide a broad choice of menu items in our establishments so that guests seeking healthier options have plenty of choice.

We have taken advice from the Food Standards Agency (FSA) to improve the nutritional content of our menus, with particular emphasis on Harvester and children's menus. We committed to specific salt reduction targets, and are pleased to have met them for two successive years. New FSA targets regarding salt content in sausages and burgers provided to children have been adopted.



The salt and fat content of items on the menu at hollywood bowl have been reduced, and Harvester has recently launched its own website which includes nutritional data on all menu items.

Marketplace

Health and safety

The Company strives to provide a safe environment for all employees, guests and other visitors to its premises and to comply with relevant health and safety legislation. In addition, the Company:

- Aims to protect the health of employees with suitable, specific work-based strategies
- Seeks to minimise the risk of injury from Company activity
- Ensures that sufficient resources and information are made available and suitable management systems are in place to address health and safety matters

The Board is responsible for ensuring that sufficient resources are available to implement the Health and Safety Policy. Compliance with Company policy is monitored and audited centrally and a comprehensive annual health and safety report is produced for the Board.

We use a major, independent safety and assurance company to audit and report on safety practices in all businesses. These inspections, which take place at least twice a year, form an essential element of our due diligence and include:

- Independently verified means of monitoring safety standards
- Consistent audit systems across all businesses
- An independent assessment of standards combined with technical support on improvement

In addition to the Company's internal safety experts, leading consultants in the fields of food safety and fire safety are also retained. As a result of the audits, the management of health and safety, food safety and fire safety is constantly reviewed and improvements made where necessary.

Fire safety policy has been reviewed during 2006 to ensure compliance with the Regulatory Reform (Fire Safety) Order that came into effect on October 1st 2006.

The average audit scores for health and safety, food safety, and fire safety all improved in the year to September 2006.

Disabled Customers

In preparation for the Disability Discrimination Act in 2004, we undertook a review of our pubs and have invested significantly in making our premises better suited to welcome and accommodate disabled guests.

Mitchells & Butlers is a member of the Employers' Forum on Disability.

Customer Complaint Policy

If customers are not happy with their experience at one of our businesses, we ask them to direct their complaint in the first instance to the manager, as the manager is best placed to resolve the problem immediately and recover customers' goodwill.

Our approach is to ensure that customers:

- Always receive respectful, courteous treatment when they are making a complaint
- Are given the name of the person who is dealing with the enquiry or problem
- Are given clear and correct answers to enquiries within specified times for written, telephone and personal contacts

Our policy is for all complaints to be resolved within seven working days. Guests can escalate their complaint to area management or our Guest Care team if they are unsatisfied with the response they receive from the manager.

All senior operations personnel receive a weekly report of any complaints. A monthly complaints report is submitted to the Operating Boards for review.

Employees

“Mitchells & Butlers consistently seeks to recruit and retain the best employees in the industry - this is as true of the successful pub manager as it is of the senior executives of the Company.

“We believe that training and development is essential for all our employees. It is vital for our businesses that we retain our high performers and help all staff maximise their potential.”

Employees

“Management at all levels has a responsibility to ensure the health, safety and welfare of all our employees whilst at work.”



Health and Safety

A Risk Management System is in place to ensure health and safety practices are upheld throughout the Company. It comprises the following stages:

1. Health and safety policy
2. Procedures set in each pub
3. Training and educating staff
4. Measurement
5. Review / correct
6. Manage crisis (if required)

Health and Safety Policy

The Mitchells & Butlers health and safety policy provides a framework to assist all employees in maintaining a healthy and safe work environment.

Employee Security

The Company recognises its responsibility to protect staff from the effects of violence and has recently added dedicated resource to the security team in order to develop the capacity to run in house conflict management courses. A number of trainers have been trained to run courses which will be one day in duration and targeted at high risk houses.

There are existing Company policies on handling cash and the use of anti-hold up safes to minimise risk to staff.

Counselling/Employee Support

Mitchells & Butlers continues to make available an Employee Support Programme at no cost to all corporate employees, retail managers, retail assistant managers and their family members. It is a confidential and impartial counselling and advice service provided by an external independent company to help resolve difficulties which may affect our employees' health, well-being or work performance.

Employee Policies

Equal Opportunities

Mitchells & Butlers' Equal Opportunities Policy is that no employee should suffer detriment as a result of their gender, marital status, sexual orientation, colour, religion, race, nationality, ethnic origin, age or disability.



The nature of the retail sector generates a diverse workforce. We employ a wide mix of age ranges and nationalities across our businesses in the UK. The table below provides an update on employment in the company by gender:

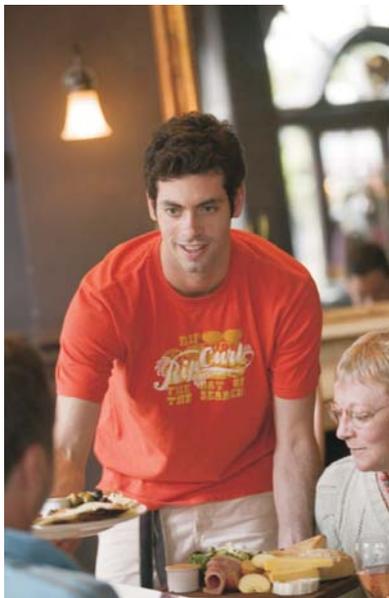
	Women (Nov 06)	Men (Nov 06)
Retail Staff	57%	43%
Retail Managers	37%	63%
Corporate Staff	47%	53%
Senior Managers	26%	74%

	Women (05)	Men (05)
Retail Staff	57%	43%
Retail Managers	33%	67%
Corporate Staff	46%	54%
Senior Managers	24%	76%

Some increases are shown in the number of women employed in Senior Management and Retail Management roles.

Employees

“Mitchells & Butlers’ graduate recruitment team won Springboard UK’s award for the Best Student Placement for a Large Organisation, for the second year running.”



Work Life Balance

We see a successful work-life balance for our employees as an integral part of our commercial success. Part-time working continues to be a central feature of our business, indeed 67% of our retail staff work part-time. We continue to make available flexible start and finish times, together with a flexible holiday benefit, to enable our corporate employees to integrate work with other commitments.

Training

Opportunity for continuous development through training is fundamental to staff motivation and we have established company-wide programmes to ensure our people are able to fulfil their potential. At the same time, employees are incentivised in a way that aligns their objectives to those of the company and there is a high level of share ownership amongst employees. Schemes such as the Employee Share Save schemes ensure that company success is shared directly with staff. At the end of September this year, Mitchells & Butlers’ first three-year share save scheme matured and participating employees enjoyed a return of nearly 250% on their savings.

The Company invested an average of six training days per employee in 2006 and we have been short-listed in the 2006 Personnel Today awards for the excellence in graduate recruitment category. This category recognises employer achievement in attracting and retaining graduates. The judges short-listed entries based on innovation in recruiting and managing degree level qualified individuals in line with organisational goals, taking into account efforts around employer branding, online recruitment, diversity, assessment, focus group work and career management.

Mitchells & Butlers’ graduate recruitment team won, Springboard UK’s award for the Best Student Placement for a Large Organisation, for the second year running. Springboard UK promotes careers in hospitality, leisure, tourism and travel and Mitchells & Butlers is the only operator in the licensed retail industry to offer both a dedicated placement scheme and a graduate management trainee scheme.

To ensure continued focus on the improvement of training and development for corporate employees, a full training and development review was completed this year. As a result several new courses have been developed in partnership with senior management.

Employees

“94% of employees would recommend Mitchells & Butlers as a good place to work”

Employee engagement

Considerable emphasis is placed on employee communication, particularly on matters relating to the Company's business and its performance. Communication channels include regular team meetings, communication forums, informal briefings, in-house publications and the Company Intranet. Regular feedback is obtained through employee focus groups and employee opinion surveys, the results of which are used in developing management policies and best practice. The Company conducts an annual Business Forum at which Executive Directors and representatives of the senior management team meet with employee representatives at all levels to discuss business issues.



Discussion Groups

As part of the Employee Communications programme, a monthly discussion group is held comprising a member of the Executive Committee and a randomly selected group of corporate employees. The aim of the session is to stimulate a two-way discussion between employees and Executive members in an informal, relaxed environment. Employees are able to ask questions, offer their opinions and make suggestions about Company policies and procedures.

A dedicated 'Industry Issues' discussion group was held for the second year, chaired by the Director of Public Affairs. Employees were invited to discuss topics which included; smoking in public places; responsible retailing; the Disability Discrimination Act and the importance of corporate social responsibility in today's business.

Employee Satisfaction Survey

The Group conducts an annual Corporate Employee Satisfaction survey of all employees not directly employed in the pub in order to ascertain their opinions on a variety of working practices in a confidential manner.

The 2006 Corporate Employee Satisfaction Survey showed an improvement in the overall aggregate score for the third year running. The response rate increased to 84%. Job satisfaction and motivation continues to improve, with 94% of employees saying that they would recommend Mitchells & Butlers as a good place to work, which represents a further increase of 2% on the previous year.

Community

“Mitchells & Butlers understands that each of our businesses has an impact on its local community. We aim to ensure that this impact is always positive and we pursue this through a carefully composed blend of local and national initiatives.”

Community

“Our employees and customers help to raise thousands of pounds each year for local causes.”



The five elements of our community programme are set out below.

Community awards

We operate two community award schemes that encourage employees to support worthy national and local causes:

1. The Pub and Restaurant Community Award scheme encourages retail managers and staff to raise money for local causes and bring local communities together.
2. The Employee Community Award Scheme enables our corporate employees, who actively support a charity through fundraising or voluntary work, to apply for a Company donation.

In total, the company has donated £40,000 via these two schemes and beneficiaries include Macmillan, The Royal British Legion, Cancer Research and the Samaritans.

Pub at the heart of the community

We actively encourage pub and pub restaurant managers to select which local initiatives to support, as they know best what suits their guests, employees and communities, but we make available funds to help such local enterprise get off the ground. Many of our brands, such as Ember Inns and Sizzling Pub Co, adopt a charity in their local area.

Mitchells & Butlers' Heart of the Community Awards are now in their third year. The purpose is to celebrate and recognise the positive community impact achieved by our pub managers.

These awards recognise the fundraising and community activities which help forge good relations with the communities in which we participate.

Mitchells & Butlers awarded a total of £25,000 in charity donation prizes to the winners of the Heart of the Community Pub of the Year Awards in 2006.

Over the last twelve months, the excellent fundraising activity organised by our Heart of the Community winners has raised over £60,000 for local charities and causes across the UK.

The regional finalists for the Heart of the Community Awards 2006 were as follows:

Community



The Bryncoch Inn, Neath (Sizzling Pub Co) - National Winner and Regional Winner Wales

In 2005 the pub was a key player in launching the Bryncoch Environmental Group, which aims to encourage the protection, conservation and enhancement of the local area. The Group took part in the 'Clean Up Wales' week in April and has plans to build on its success and develop a full-time conservation group.

The local Bryncoch Scout Group also benefits from the pub's generosity. A Duck Race organised to raise funds to repair the Scout Hut brought the whole community together and will hopefully become an annual event.

Murdo's, Aberdeen (Community Pubs) - Regional Winner Scotland

Murdo's supports a variety of charities including Make A Wish and the Royal Aberdeen Children's Hospital Archie Fund. The pub not only donates funds to local charities but also establishes its community role through sponsoring sports teams, involving local businesses in donating raffle prizes and hosting a Christmas party for local OAPs. The Murdo's team is particularly supportive of Rosehill House, an organisation for people with learning difficulties.

hollywood bowl, Stockton - Regional Winner North East

The Stockton Bowl has supported a total of 98 different charities and local organisations during 2005 through the donation of bowling vouchers. The team also organised a series of charity fundraising nights, as well as becoming

Anderton Arms, Fulwood (Ember Inns) - Regional Winner North West

For several years, The Rosemere Cancer Foundation has been the pub's adopted charity and thus far the Anderton Arms has raised in excess of £10,000 for the organisation. This special charity relationship is the focal point of the pub's activities and demonstrates their commitment to local causes.

Open Arms, Coventry (Ember Inns) - First Runner Up and Regional Winner Midlands

The breadth of charity support this pub offers is outstanding and has resulted in over £14,000 being donated to good causes over the last 12 months. The Open Arms ran a full events calendar which included holding a car boot sale, hosting a Cinderella Party Night, Bingo Nights and celebrating Burns Night. The pub also gives much needed support to local groups such as the local OAP group, the Amateur Boxing Society and buying books for the local school.

Anglers, Teddington (Metro Professionals) - Second Runner Up and Regional Winner South East

The Anglers is located in the village community of Teddington, London, and attributes its success to embracing all things local and playing a significant role in its local community. The Anglers held the successful 'Goats On Boats' event which raised over £1,000 to provide a number of South Indian families with a goat, to help the regeneration process.

Red Lion Bath (Sizzling Pub Co) - Regional Winner South West

This pub was transformed into a tropical paradise for a Caribbean Evening as part of the Red Lion's summer fundraising programme. The event was complete with cocktails, salsa dancing and flower garlands which raised £500 for a local child suffering from muscular dystrophy. This is just one example of the local stories which inspire the team to raise funds.

Work is currently underway to recognise the Heart of the Community winners for 2007.

Community

National activity



Mitchells & Butlers is into the second year of a successful charity partnership with Barnardo's. Our in-house campaign is called 'Routes to a Brighter Future'. Barnardo's works with the most vulnerable children and young people, helping them transform their lives and fulfil their potential. They have an excellent network of local projects enabling us to increase our commitment to the communities in which we operate.

Mitchells & Butlers made a second donation to the Barnardo's national campaign of £50,000 in April 2006. In addition, our employees helped raise a further £22,406 for three regional projects; Dudley Community Routes, Community Plus Bartley Green and Dr B's Restaurant and Coffee Shop in Harrogate.



June Hill, Project Manager at Dudley Community Routes, explains how the donation will help: "Dudley Routes work to engage parents and prepare them for further training by building up their self confidence and self esteem, particularly for those who have had poor experiences of school. We identify their training needs and interests in future jobs/career guidance and then negotiate with local colleges to provide accredited training. We also support parents whilst training and help them apply for jobs and interviews."

Mitchells & Butlers also administers three charitable trusts which were set up by the founders of the Company, Henry Mitchell and William Butler, and their family members for the benefit of employees and local communities. They are The Mitchell Fund, The Henry Mitchell Memorial Scholarship Fund and the William Waters Butler Welfare Fund. Their principle objectives are to provide financial assistance to those in need and support the provision of education.

Some of our brands opt to support their chosen charity on a national scale. In August 2006 Harvester restaurants nominated the Make A Wish Foundation UK as their chosen charity. Customers helped raise £3,500.

In March 2006, our Ember Inns brand ran a campaign called 'Drink Pink' in which they agreed to donate 5p per glass of rosé wine sold to the charity 'Against Breast Cancer', raising a total of £6,700 for the charity. GMTV's Ben Shepherd helped publicise the fundraising with Ember Inns.



Community

Support in Birmingham

As a leading company with its headquarters in Birmingham, we are keen to support organisations that further the economic and cultural well-being of the city.



We are proud to have supported the City of Birmingham Symphony Orchestra (CBSO) for 26 years, having given over £358,000 through sponsorship of an annual concert and chair endowment.

Our support of the CBSO has been recognised by the Arts & Business Council, where we were nominated for the Arts, Business and Sustainability award in 2005. This is in recognition of the successful partnership that has been sustained over time to the maximum benefit of both parties.

Our unwavering support of the 'CBSO On the Road' project has taken music out to the communities across the Midlands Region, the company's heartland.

The Bowling Green Ember Inn, Lichfield, saw regular guests enjoy a drink and a bite to eat whilst being serenaded by The Leo Quartet back in July. Jayne Dericioglu, landlady at the Bowling Green, said: "The performance was a great success. Our regulars, and new guests, really enjoyed the music – a string quartet isn't something you see every day in your local pub."

THE REP Birmingham Repertory Theatre

Mitchells & Butlers is now entering its fifth year as a Major Corporate Patron of the Birmingham Repertory Theatre. This has developed our association with arts organisations in Birmingham and also enables us to offer our employees special benefits, such as complimentary tickets to performances.



We also support Ex Cathedra, one of the UK's finest choirs and the flagship Early Music ensemble for Birmingham and the West Midlands.



We are delighted to report that we have recently embarked on a new partnership with the Birmingham Royal Ballet and we are looking forward to the mutual benefits this relationship will bring.

Mitchells & Butlers is an active participant in Fair Cities Birmingham, a programme that aims to enhance the employment opportunities of people from disadvantaged communities. Trainees who successfully complete a four week training course at the Birmingham College of Food are guaranteed an interview for work in one of our local pubs. Ten people have already been placed in work.



In total, the Company's corporate donations were over £200,000 in 2006 (2005 £143,170).

Our role as neighbours

Pubs, bars and restaurants play a valuable role in the culture and economy of the communities in which they are situated and Mitchells & Butlers is committed to ensuring that our businesses fulfil this role successfully and remain on good terms with those who live nearby.

In doing this we:

- Encourage our managers to be active members of the community and to deal directly with neighbours quickly and amicably to resolve issues
-

Aim to take all reasonably practicable steps to minimise any disturbance to the local community

Aim to keep our premises clean, neat and tidy

It is a Company policy that all of our door staff work for approved door contractors and this year we ran a national conference, coaching door staff in all aspects of their responsibilities, including the minimising of disruption through noise or anti-social behaviour.

Environment

“Mitchells & Butlers takes its environmental responsibilities seriously and has a policy of seeking continuous improvement, with particular focus on re-cycling and energy usage.

“Our efforts in this area were recognised in December 2005 when we were awarded the Energy Efficiency Accreditation by the Energy Institute and the Carbon Trust.”

Environment

We take our environmental responsibilities seriously and have a policy of seeking continuous improvement, with particular focus on re-cycling and energy usage.

Recycling

We have established a programme for collecting and recycling glass and cardboard in our businesses. Following a successful trial, the initiative has been rolled out and by September 2006, there were over 500 pubs participating in the glass recycling programme and over 250 recycling cardboard.

Energy consumption

We continue to make progress in energy saving. A reduction of 2% has been achieved, despite a 3% increase in demand driven by volume growth.

Trials of various energy saving measures are to be carried out at two new-build Toby Carveries in 2007.

Supplier policies

The Company carries out an assessment of the environmental policies and practices of its major food suppliers. Growers and farmers who supply Mitchells & Butlers are required to comply with the Euro-Retailer Produce Working Group's standard of good agricultural practice, known as the EurepGAP Standard.



Mitchells & Butlers also abides by the Code of Ethics issued by The Chartered Institute of Purchasing & Supply. Our guiding principles on corporate procurement are to:

- Enable the Company to conduct its procurement activities in a safe, ethical and professional manner
- Exclude suppliers that disregard health, safety and welfare
- Ensure all personnel conform with national and EU laws
- Ensure representatives are fair and reasonable with suppliers
- Exclude suppliers that exploit people unfairly
- Utilise suppliers that preferentially conserve the environment

Corporate Governance

“Our businesses and employees are part of a wider community and are expected to act in a way that respects the social, economic and environmental well-being of the wider world.”

Corporate Governance



The Board is responsible for the Company's internal control and risk management system and our Executive Committee has adopted a Code of Ethics to promote honest and ethical conduct throughout our business. The code includes:

- The ethical handling of actual or apparent conflicts of interest between personal and professional relationships
- A requirement that any hospitality from suppliers must be approved, with a presumption against its acceptance
- Requiring full, fair, accurate, timely and understandable disclosure in periodic reports required to be filed by Mitchells & Butlers plc
- Promoting compliance with all applicable rules and regulations that apply to the Company and its officers

Our Business Conduct guidelines describe the standards of behaviour expected from those working for the Company. Our corporate reputation depends on all staff acting in good conscience and behaving with integrity in our dealings with employees, shareholders, customers, suppliers and all other stakeholders.

Mitchells & Butlers offers an independently administered confidential hotline, also known as a whistle-blowing hotline, for any employee wishing to report any concern that they may have that they feel unable to raise with their line manager. All whistle-blowing allegations are reported to and considered by the Audit Committee.

The Board takes regular account of social, environmental and ethical matters concerning the Company through the Chief Executive's regular reports to the Board, presentations to the Board at its strategy meetings and through adoption of its Code of Ethics. The Company Secretary is responsible for ensuring that Directors are made aware of and receive training in respect of such matters. Formal reporting to the Board of social, environmental and ethical matters takes place every six months.

Identification and assessment of risks to the Company's short and long-term value arising from social, ethical and environmental matters are achieved through the Company's Major Risk and Assurance Review, regularly updated and presented to the Board annually. The Board considers as an intrinsic part of this review whether the steps taken to address these risks are appropriate. These are detailed further below. Opportunities to enhance the Company's value are considered as part of that review and at strategy discussions.

A Mitchells & Butlers Risk Management and Disclosure Forum exists to monitor the Company's activities and to ensure that a consistent and proactive approach to managing risk occurs throughout the Company, including those of a social, ethical or environmental nature. The Forum meets on a quarterly basis and has been enhanced this year to include further Executive Committee members and a wider coverage of the Company's business areas.

The Board also receives regular updates on significant legislative change or development in corporate governance best practice. The Company's social, environmental and ethical disclosures are reviewed for accuracy through a combination of detailed verification by members of management responsible for the individual areas of corporate social responsibility and high level review by the members of the Board and Executive Committee.



Contacts and Feedback

Contacts and feedback

Mitchells & Butlers welcomes your feedback to this Review.

If you have comments regarding this review, please email us at:

csr@mbplc.com

Or write to us at:

Corporate Social Responsibility
Communications
Mitchells & Butlers
27 Fleet Street
Birmingham B3 1JP

Further information on
Mitchells & Butlers plc can be found at:
www.mbplc.com

www.mbplc.com/responsibility

