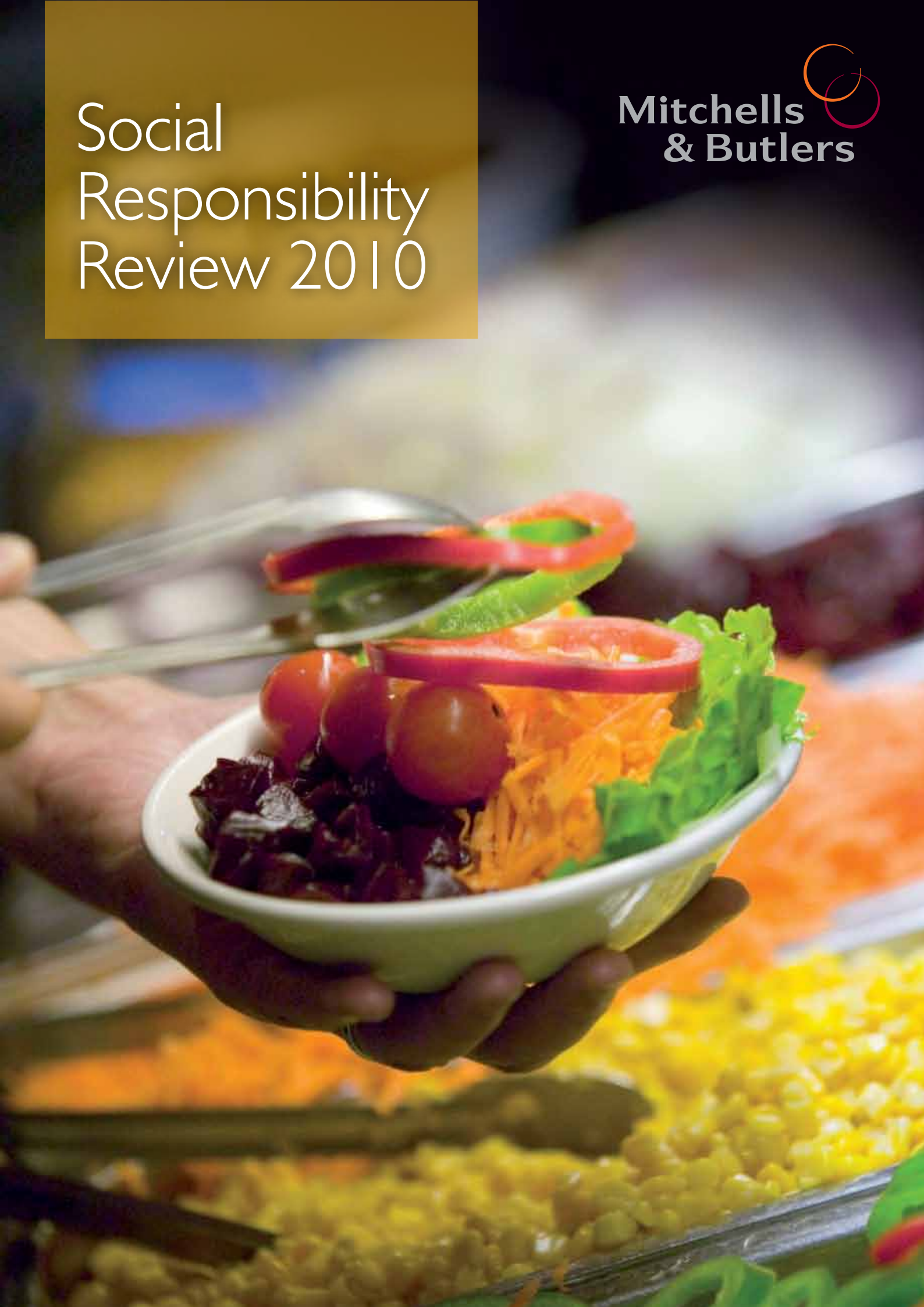


Social Responsibility Review 2010

**Mitchells
& Butlers**



To be the UK's preferred choice for informal eating out. With great brands that satisfy key customer occasions, to grow shareholder value.

Mitchells & Butlers is the leading operator of managed restaurants and pubs in the UK, with around 1,600 businesses.

We employ around 37,000 people in our retail business and around 800 at our head office in Birmingham.

With 10% of the UK's eating out market, Mitchells & Butlers has over 20 distinctive brands including Harvester, Vintage Inns, Toby Carvery, Crown Carveries, Sizzling Pub Co., Premium Country Dining Group, O'Neill's, Ember Inns, Browns and All Bar One.

For more information about our brands visit www.mbplc.com.

Cover shot:

You can help yourself to as much as you like from Harvester's famous fresh salad cart

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Welcome

Recognising our responsibilities

As one of the UK's leading companies in the drinking and eating out market, Mitchells & Butlers, with its highly visible brands, understands the vital importance of maintaining high corporate social responsibility values.

Every year, thousands of people enjoy visiting the pub, safely, responsibly and without risking their health.

As we serve our customers some 125 million meals and 450 million drinks each year in our pubs, we recognise that we have an inherent duty under our licenses to ensure the responsible operation of our premises for our customers, our employees and the wider community.

In addition, we also appreciate the importance of fostering and maintaining strong working relationships with suppliers, employees, neighbours and government bodies.

As a result, we seek to be at the forefront of good corporate practice in every area of our business.

In some areas we are leading the way in corporate social responsibility and in others we are starting to make positive progress.

Some of our social responsibility highlights this year are summarised below:

- We have published online the calorific and nutritional information on all menu items for over 400 restaurants

- Over 70 of our restaurants and pubs across the country entered and won a 'Best Bar None Award' for upholding the highest standards of safety and security

- 1.1 million customers were refused service for appearing to be under 21 and being unable to produce acceptable identification to prove they were of legal drinking age

- 328,000 customers were refused service for being, or appearing to be, intoxicated

- Over £350,000 was donated to worthy causes through corporate donations and fundraising by employees

- We achieved a 15% reduction in relative carbon emissions and were awarded the Carbon Trust Standard. As a result of waste food and oil recycling alone in the year, the carbon equivalent of 36,500 family cars were taken off the road

Adam Fowle, chief executive



Good food

Last year, Mitchells & Butlers served over 125 million meals and we are committed to continuing to offer great choice and value to our customers.

Nutritional information

We have a wide selection of dishes available on our menus to ensure we can cater for the huge variety of tastes and appetites shared by our customers. Working closely with our food suppliers, we are constantly striving to improve the nutritional content of our menu items, whilst our food development teams consider how we can incorporate healthy cooking practices into our kitchens.

We were one of the first pub companies to publish information about the calorie content of dishes on our brand websites. This has enabled our customers to make their own choices about the food and drink they want to enjoy in our businesses. Over 400 Toby Carveries, Crown Carveries and Harvester restaurants now provide information about the calories, salt and fat content of their menu items online. We aim to make this information available online for all brands by the end of 2011.

The Good Food group

Our Good Food group was set up during the year. The group reports to the Executive Committee and is responsible for ensuring that the purchasing and retailing of food is combined in a responsible manner. It brings together the key experts in food related matters to discuss and agree the policies that cover the sourcing and purchasing of recipe ingredients.

Where our food comes from

We take responsible sourcing extremely seriously, continually assessing and monitoring the environmental processes and practices of our major food suppliers. This includes animal welfare standards and sourcing sustainably within UK and international regulatory guidelines.

With large scale national brands competing in different markets, we require our suppliers to guarantee the supply of substantial quantities of quality ingredients for the life of a menu. Our objective is to offer competitively priced dishes of appropriate quality and provenance. Therefore, we source products regionally where we can guarantee the quality and consistency of supply and where the product adds value to our menu offer for customers.

We are committed to source local, sustainable and British produce where price and availability allow. For example, in summer, our lettuces are all British grown. Our vegetables are all sourced in Britain wherever possible and we are proud to be able to say that the roast potatoes in Toby Carvery and Crown Carveries together with the jacket potatoes in Harvester and Ember Inns are 100% British.

In Village Pub & Kitchen, our hake, mackerel and cod used in our fish pie are all from sustainable stocks and are sourced from well managed fisheries.

The Shetland salmon on our Vintage Inns menu is farmed in deep-water 'voes' in Shetland (voes is a Shetland term for a small bay, loch or creek) where the lack of a continental shelf means that there is a huge movement of water as the coastline plunges straight down into the North Atlantic, giving the Salmon an outstanding standard of environmental habitat. This salmon is also farmed to RSPCA Freedom Foods welfare standards.

Lion Brand eggs are sourced as a minimum standard and our premium brands such as Browns, Miller & Carter and Village Pub & Kitchen all offer free range eggs.

Our priority when sourcing meat is based purely on ensuring high standards of animal welfare, quality, food safety and, of course, price so that we can provide the best possible value for money to our customers. To this end, all of our meat suppliers operate to highly regulated EU animal welfare standards.

The majority of our steaks are sourced from UK and Irish producers, as are the topside and rib joints used in Toby Carvery. In Miller & Carter specifically, steaks are sourced from a small number of select West Country farms, before being prepared to exacting standards by our master butcher. O'Neill's is proud of its Irish heritage and is committed to sourcing food direct from Ireland and showcasing Irish dishes. O'Neill's steaks are 100% Irish and the Cashel Blue cheese is sourced from Tipperary.

Succulent and indeed iconic products such as Toby Carvery's roast turkey and Harvester's spit roast chickens are 100% British and are endorsed by ACP (Associated Chicken Producers) and Red Tractor. The belly pork and venison dishes in Vintage Inns are also British.

Note: All of the items mentioned above were featured on our menus at the time of writing this report, but are subject to seasonality and menu changes.





Supply Chain


As a large food retailer with the objective of sourcing competitively priced products of appropriate quality and provenance, our supply chain is increasingly complex.

In recognition of the strategic importance of food sales growth across the Company, the food development and food purchasing teams are now working together on this key objective, creating greater synergies across our food supply chain to deliver the right offers and value to our customers. Through our in-house team of specialists we are able to identify the best suppliers, the best products and continue to grow the range of menu choices we have available. We pride ourselves on developing long term supplier relationships and have dealt with over 20 of our food suppliers for more than ten years.


We have noted that both the European Food Safety Authority

and the Food Standards Agency (FSA) are carrying out research into the implication of animal cloning on food safety, animal welfare, and the environment. Mitchells & Butlers recognises that animal cloning is likely to trigger consumer concerns about food safety, animal welfare, the environment and ethics. We believe that our customers should have the choice not to eat food from cloned animals or food containing Genetically Modified Organisms (GMOs) and so it is Company policy not to sell food made from GMOs or foods containing GM additives or flavourings, neither do we sell meat from animals that have been fed with GM feed.

The Company will continue to carefully monitor the development of novel foods, including products from cloned animals and continue to provide our customers with the choice of not consuming GMOs or products from cloned animals.



Toby Carvery's guests can find out exactly what's in their food by using the interactive tool on their website.



Turkey	
Nutritional Information	
Energy (kcal):	145
Protein (g):	32.0
Carbohydrate (g):	0.1
Sugar (g):	0.1
Fat (g):	1.8
Sat Fat (g):	0.6
Salt (g):	0.2
Based on a 100g serving	



As part of his induction programme, Mitchells & Butlers' HR director, Saudagar Singh attended a Food Quality & Kitchen Productivity workshop at the Kitchen Skills Academy in Watford. Supported by accredited kitchen managers, Saudagar took an active part in the day, gaining greater insight into how we can drive great food quality through embracing the key principles of preparation, kitchen organisation, equipment usage and communication.

Saudagar Singh learning about kitchen productivity at our Kitchen Skills Academy

Food Skills Training

As part of our commitment to delivering the very best in food standards to our customers, the Company has invested heavily in food skills and training facilities.

Kitchen Skills Academy

Our Kitchen Skills Academy in Watford provides us with the platform to improve food quality and kitchen productivity. Best practice managers and accredited kitchen managers are invited to the academy to be trained on new menus, which they then cascade to their district teams. This facility has dramatically improved cooking skills for new menu training.

Food Development Centre

We have created two food development centres in Walsall and Hemel Hempstead which act as the bases for the Food Development Team. The centres are also used for menu feedback focus groups where we can try out new dishes and menus before release.

Productivity Programme

We have also launched the Food Quality and Kitchen Productivity programme. This programme is tailored to teach individuals food capability, quality and the execution of the perfect dish.

The programme is attended by everyone from senior corporate managers to pub managers and aims to build the overall confidence of our teams to improve kitchen culture, structure and food quality. Over 500 employees have completed the programme to date.

Food Safety

We want our customers to feel confident about the food they are served in our pubs. We believe we have robust processes and procedures in place and we always strive to ensure that our kitchen teams adhere to the highest standards of food safety, including food hygiene.

The Company continually monitors the practices of our food suppliers. All growers supplying the Company are required to meet the Euro-Retailer Produce Working Group's standard of good agricultural practice, known as the EurepGAP standard, which is an integrated agricultural assurance standard covering food safety, occupational health and safety, environmental protection, bio diversity and animal welfare.



The Miller & Carter brand team at Steak School

Back to Steak School with Miller & Carter

Miller & Carter is a chain of contemporary steakhouses that cater for all social occasions.

The steak is the star and the brand serves an average of 750,000 succulent and flavoursome steaks each year. Most of these hail from the Ashdale West Country breed of cattle - voted best in the world and recognised as the highest premium grade of beef in the UK, supplied exclusively to Miller & Carter.

"The quality of our food is essential to our offer and we want to be recognised as the authority on steak," says operations manager, Jayne Baker. For this reason, the Miller & Carter kitchen teams all attend 'Steak School' which was developed and is now delivered by Miller & Carter's Operations and

Kitchen Learning & Development teams, enabling their students to take pride in the preparation and delivery of their food.

The intensive, three day, hands-on course takes them on a journey starting back to the farm in the West Country, where Ashdale beef is ethically reared and cared for by specialist farmers, moving to the abattoir and finally, the kitchen.

"From field to fork our steak is 100% traceable," says Jayne. "We can guarantee that we are sourcing cattle that meet a very high standard of quality."



MILLER & CARTER
STEAKHOUSE • PUB • GRILL



Primary school children from Derby visit the Pride Park Harvester to learn about the importance of fruit and vegetables



Harvester schools project

Harvester's fantastic family friendly and health focused food campaign continues to work successfully with schools.

More than 50 Harvester restaurants have now welcomed primary school children for a fun-filled, practical session about fruit and vegetables.

Nearly 1500 children from across the UK have taken a break from the classroom to visit their local Harvester and take part in an exciting and unique behind the scenes experience, which is centred on the importance of five-a-day.

Harvester's senior marketing manager, Alex Meyer, says:

"The sessions have proved very successful for us because they have helped our restaurants improve relations with their local school and the wider community."

The free sessions, taught by specially trained Harvester staff, include:

- A blind taste test at Harvester's famous Salad Cart
- A tour of the kitchen
- A 'Which fruit is in the box?' touch based game
- An alphabet food word challenge
- Fun facts about fruit and vegetables
- A complimentary meal for pupils and teachers.



Serving alcohol responsibly

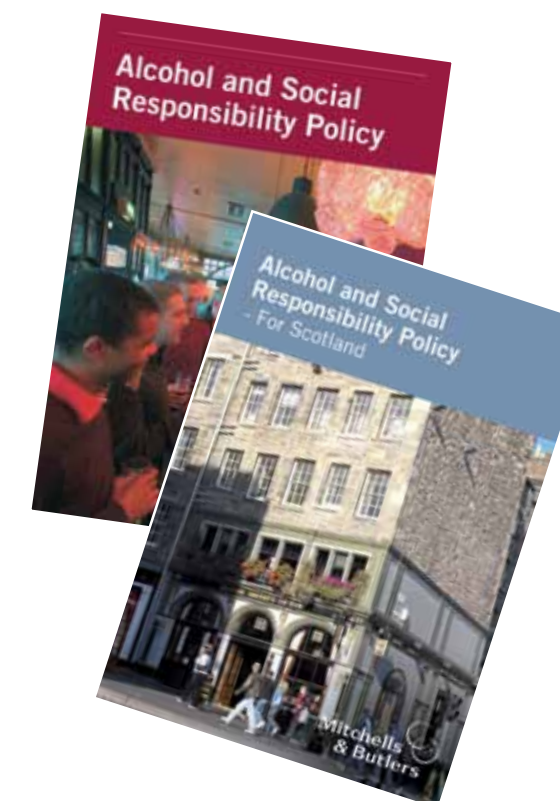


Alcohol and social responsibility policies

Our pubs operate in hundreds of communities across the UK, serving hundreds of thousands of customers around 450 million drinks each year.

Our Alcohol and Social Responsibility policy has been in place since 2000 and aims to ensure that all of our licensed premises are operated responsibly, safely and within the parameters of the law; while providing an inclusive environment for the sensible, controlled consumption of alcohol.

In September 2009, to reflect the introduction of the Licensing (Scotland) Act 2005, we launched a separate Alcohol and Social Responsibility policy for Scotland. The policy reflects our investment in the Scottish licensing law changes and incorporates the Act's five prime licensing objectives, the employee training requirements and details the mandatory conditions on pricing and promotions.



www.mbplc.com/responsibility/servingalcohol



What's in your drink?

Mitchells & Butlers is currently involved in a unit awareness campaign being led jointly by the British Beer and Pub Association (BBPA) and Drinkaware.

During this year, Toby Carvery and O'Neill's have included information about units of alcohol on their drinks menus and our other brands have committed to follow their lead in 2011.

Units of alcohol are displayed on the labels of our range of own label wines.



Alcohol and the off-trade

A recent survey* of five hundred 18-22 year olds across the UK who are legally permitted to drink in a pub, revealed that the following social changes are taking place:

- 68% of respondents said they purchased their alcohol from the off trade (e.g. a supermarket or off licence)
- Respondents said they consumed an alcoholic drink at home an average of 1.6 times per week
- The average young adult drinks over 3 alcoholic drinks at home before they go out - also known as a pre-loading. (It is important to note that these are "domestic" measures of alcohol which are widely recognised to be much larger than the 25ml served in a licensed premises)

* Research conducted by him! Research and Consulting (www.him.uk.com)

The volume of beer consumed in the on-trade is declining each year, with the significantly cheaper pricing of the off-trade encouraging people to drink, unsupervised at home.

The current duty escalator system used by the UK Government has increased excise duty at 2% more than inflation since 2008. Since 2003, the average price of a pint in the on-trade has increased almost 30% whereas duty increases appear to have no effect in the off-trade as average prices have actually declined marginally.

The cost pressures of running a supervised environment have driven the average price of a pint of lager in a UK pub to £2.96 whereas discounting in the off-trade encourages 'preloading' with cheap alcohol at home before going out.

The Competition Commission in their 2008 Groceries Market investigation identified ten major grocery retailers engaged in below-cost selling of alcohol. The Commission also found that alcohol was the main product group sold below cost.



Units of Alcohol	ABV	10.0%	10.5%	11.0%	11.5%	12.0%	12.5%	13.0%	13.5%	14.0%
G/L 175ml	1.8	1.8	1.9	2.0	2.1	2.2	2.3	2.4	2.5	
G/L 250ml	2.5	2.6	2.8	2.9	3.0	3.1	3.3	3.4	3.5	
Btl 500ml	7.5	7.9	8.3	8.6	9.0	9.4	9.8	10.1	10.5	



Under age sales

Under our Alcohol and Social Responsibility Policy, employees are trained not to serve alcohol to customers who look under 21 and cannot provide acceptable ID to prove they are over 18. Last year

over 1.1 million customers were refused service for appearing to be under 18 and not being able to produce acceptable identification when challenged by our teams.

“1.1 million customers were refused service for appearing to be under 18”

Alcohol pricing and promotions

Uniquely, the pub environment ensures that not only the sale but also the consumption of alcohol is supervised, lowering the risk of alcohol misuse by overseeing its proper regulation. The integral obligation of our licenses, linked with the Mitchells & Butlers' business code of conduct, means that our brands do not conduct irresponsible alcoholic promotions. For example, no promotions such as '2 for 1',

happy hours or 'pay £10 and drink all you can' are allowed. However, this is not the case in wider society, as shown by the off-trade pricing and promotions, where alcohol is sold cheaply and without any supervisory responsibility.

Last year the teams within Mitchells & Butlers businesses refused service to over 328,000 customers for appearing to be intoxicated.

“328,000 customers were refused service for appearing to be intoxicated”



Industry partnerships

It is essential we play an active part in liaising with our key authorities and industry bodies in pursuit of our commitment to responsible retailing practices.

We are a longstanding member of the British Beer & Pub Association and have senior managers and retail business managers representing the Company at policy-making level.

We are a major funder of Drinkaware, who aim to promote responsible drinking and find innovative ways to challenge the national drinking culture to help reduce alcohol misuse and

minimise alcohol-related harm. The Drinkaware logo and 'Why let good times go bad' is widely publicised on drinks menus and brand websites within Mitchells & Butlers portfolio.

We support a number of Business Improvement District schemes (BIDs), including Broad Street, Birmingham and Nottingham, which is the only completely licensed trade supported BID. We view BIDs as an important channel to drive down crime, build excellent relationships with key local authorities and provide a platform for benefiting the local area.



Many of our managers are members of regional Pubwatch community based crime prevention schemes. These schemes are organised by the licensees themselves to afford each other confidence and support, as well as some form of protection. The scheme, at its simplest, is a message-passing link between licensees, the object of which is to combat violence and other criminal conduct. It also provides better communication between licensees and police and provides a forum for the discussion and solution of problems relating to violence on licensed premises.

Best Bar None scheme

BEST BAR NONE Our highly responsible approach to retailing alcohol has resulted in over 70 of our businesses winning Best Bar None awards last year. Best Bar None is a national award scheme, supported by the Home Office, aimed at promoting the responsible management and operation of alcohol licensed premises.



Congratulations to the winners!



The Picture House was named the overall winner at Leeds' Best Bar None awards in June, in addition to being crowned Best Pub. The awards, organised by Safer Leeds, the city's Crime and Disorder Reduction Partnership, recognise pubs, bars and clubs which provide a safe, well managed and welcoming environment. Jim Willson, Safer Leeds's Chief Officer for Drugs and Alcohol, said: "the commitment by pub and club managers across the city shows that a fabulous night out can also be a safe one."

L-R: Taufiq, Paul and Emma, from the Picture House, collecting their Best Bar None Award



Crime and disorder

We believe that threatening the safety and well-being of our employees, customers and the public in general is unacceptable, and that those guilty of creating disorder or committing other crimes should be dealt with using the full force of the law. Equally we believe that the authorities should deal severely with licensed premises that persistently break the law or encourage antisocial behaviour.

Responsible Drinks Retailing Awards 2010 Angels & Wingmen

Scream pubs' imaginative 'Wingman' campaign won them the Smarter Thinking Award at this year's Responsible Drinks Retailing (RDR) awards.

To coincide with Drinkaware's "Why Let Good Times Go Bad?" campaign, each Scream pub ran a Top Gun themed night during freshers. Customers nominated their personal "Wingman" or "Angel" whose role for the night was to look out for their mates.

RDR judges thought the campaign was innovative, had broad appeal and was a great way to send a message about the importance of looking out for your friends on a night out, in a very light hearted way.

L-R: Chris Sorek (chief executive Drinkaware), Rosie Davenport (editor of Off License News), Gary Cowles (ODM, Scream) and Paul Charity (editor Morning Advertiser)



The environment



Energy management

Reducing energy consumption makes good business sense; most importantly, it helps to tackle the effects of climate change whilst also saving money and enhancing our reputation.

In early 2008 we created a dedicated energy team to establish a coherent company-wide approach to energy management. The team continues to motivate retail managers to focus on their energy consumption which resulted in us being awarded the 'Carbon Trust Standard' in May 2010. We were one of the first companies in our industry sector to receive it. This is an especially significant achievement because although we have increased the number of meals served over the last three years, we have reduced relative carbon emissions by 15.4% per meal.





Last year saw the launch of the FTSE Carbon Disclosure Project Carbon Strategy Index Series. The first index in this series includes all FTSE 350 Index constituents, rated according to their carbon risk exposure and carbon management performance. On the Emissions Performance area, Mitchells & Butlers' score of 72.7% compared to a top sector score of 78.8%, a FTSE 350 Index average of 27% and a Top 40 average of 65%.

In 2010, the Carbon Trust was engaged to execute a thorough review of the Company's activities and assist in establishing a robust and comprehensive strategy. The outcome identified the potential increases to our annual energy bill modelled on low, medium and high rises in commodity price and low, medium and high levels of (financial) commitment by Mitchells & Butlers to tackle the challenges ahead.

The Company's energy and carbon strategy for the next three years is to focus on ensuring that fundamental energy efficiency and carbon reduction is a part of everyday business culture; ensuring that only equipment that is required is provided; it is only turned on for the period it is needed and that it is the most efficient available. Our buildings are to become more efficient through capital expenditure targeted on increasing building fabric performance, reducing leakage, segregating hot and cold systems and maximising the utilisation of low energy equipment, together with energy recovery.

Mitchells & Butlers has over 30 live projects and trials under review and we plan to invest in excess of £10m in energy saving projects over the next three years. These projects include:

- Fitting a simple automated timing control to heated carvery decks
- Working with suppliers to reduce the temperature of chargrills, without affecting food quality
- Installing boiler controls that prevent boilers from 'dry cycling' (running when there is no heating demand) and installing new boilers
- Loft and pipe work insulation and draft exclusion, which has already achieved consumption savings of around 30% in trials
- Installing voltage optimisers which work by 'smoothing' out the mains electrical supply and supplying it to the buildings' systems and equipment at the optimum voltage of 220v. These have been fitted in over 100 businesses to date.

In 2011 we plan to conduct trials on cellar cooling, fridges and freezers, kitchen extraction and water saving devices.



In September 2010, Mitchells & Butlers partnered with the Grass Roots Group to offer employees two energy saving products for their homes, for free. The first was a water widget - a small plastic tube that fits on to a shower head, reducing the amount of energy used without affecting the performance of the shower, saving up to £80pa on utility bills, plus an energy saving plug that automatically cuts off the electricity to all connected equipment through the click of a remote control, saving up to £20pa on utility bills.

The energy team work with operators to remove 'high energy low usage' equipment from our pub kitchens.

Energy manager Richard Felgate (right) and Crown Carveries' retail operations director Martin Gosling, removed under-utilised salamander grills and energy-draining hot water stills from Crown Carveries' kitchens last year.



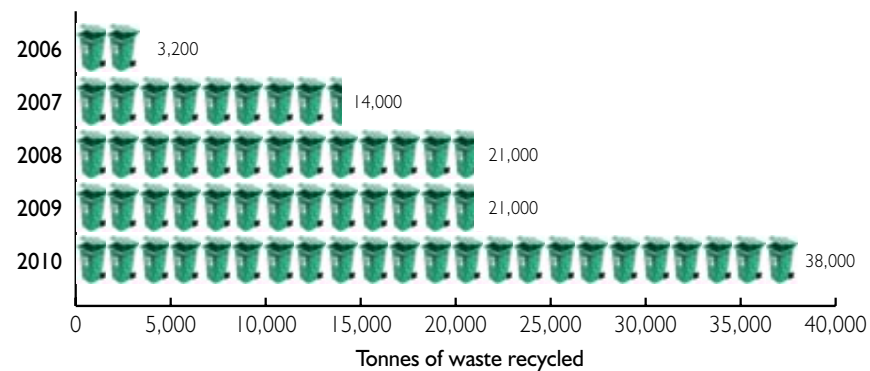


Recycling

Our businesses generate over 100,000 tonnes of waste each year, reflecting our scale and market position, and we continue to make excellent progress in our efforts to recycle.

We have improved on 2009's result of 21,000 tonnes of waste being recycled and are now diverting 38,000 tonnes of waste away from landfill following the roll out of optimised recycling services into 517 businesses.

Chart: tonnes of waste recycled



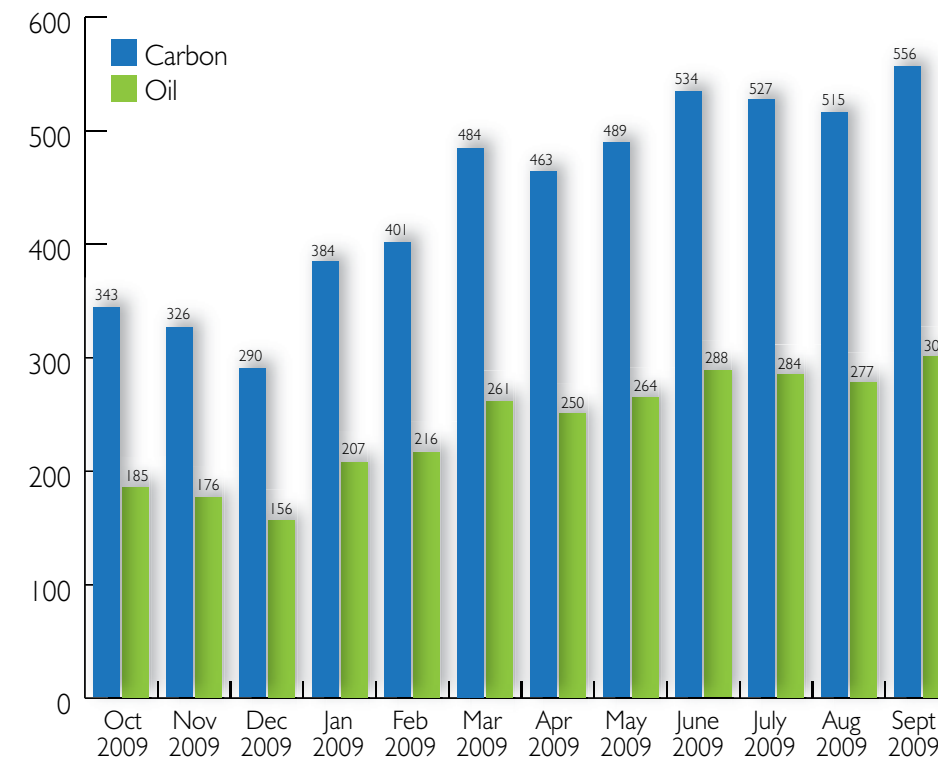
Food waste

We have diverted over 6,000 tonnes of food waste away from land-fill, the carbon saving equivalent of taking 12,500 family cars off the road. Food waste is recycled using anaerobic digestion where microbiotic organisms turn biodegradable material (food waste) into bio-gas. This gas can be converted into electricity and the waste used as fertiliser.

6,000 tonnes of waste food have been diverted to Biffa's anaerobic digestion facility



Collected used cooking oil carbon savings summary chart



Used cooking oil

Almost 3,000 tonnes of used cooking oil was collected last year (for recycling into bio-diesel) saving over 5,000 tonnes of carbon, equivalent to taking 24,000 family cars off the road.

In line with our commitment to waste reduction, Mitchells & Butlers is keen to share best practice across the industry in recycling programmes. We have worked with industry groups including Waste Resources Action Programme (WRAP) to share knowledge.

Future targets

Based on our improved model of waste services, we aim to be diverting 80% of waste from land-fill by the end of September 2011 across the whole estate. By simultaneously making best use of our three other waste streams - dry mixed recycling, glass and general waste - we intend to achieve zero waste to landfill by the end of 2013.



Mitchells & Butlers in the Heart of the Community

Working with local communities



Community partnerships

We have always encouraged our businesses to get to know and understand the needs of their local community regardless of their location - be it a village, a large housing estate in suburbia or a metropolitan borough.

Through the hard work and dedication of our customers and employees alike, we have developed a strong network of local pubs which are focused on forging good relations with a portfolio of charities, whilst

enhancing our pubs' vital role within the community.

Our integrated community involvement, charity and sponsorship programme, encourages and supports this positive local impact. Furthermore, these efforts are central to maintaining each pub's reputation and demonstrate that the British pub continues to be at the centre of community social life and the true home of safe, responsible and social drinking.



Promoting a safer London: managers from nine Nicholson's pubs, O'Neill's on Cannon Street and Browns Old Jury were awarded commendations or accreditations

Safety Thirst - City of London Awards Scheme 2010

Eleven of our businesses were recognised at the City of London Safety Thirst Awards, which recognise licensed premises operating within the City of London that promote safety as a priority.

The aim of Safety Thirst is to reduce incidents of crime and disorder associated with the excessive consumption of alcohol in City venues, whilst promoting the City of London as a safe and inviting environment in which to live, work, visit and socialise. The Safety Thirst Awards assess the following:

- Employee numbers, training schemes and formal qualifications
- Design and management of premises for crime and drug prevention
- Drink and drug policies
- Good neighbourhood issues
- Closing time and transport
- Security and door policies
- Special events/promoted events
- Fire Safety

Operation Northdale

Running over the Christmas and summer periods, Operation Northdale sees police and partners, including volunteers, meeting and greeting revellers in city centres across West Yorkshire and advising them on how to keep safe.

Anti-drink spiking devices, sweets and Bluetooth technology are all used to highlight safety messages for party-goers.

The operation, which involves police, support staff, volunteers from the NHS, Probation Service, Explorers, Street Angels and night marshals, has reduced the number of sexual offences by 71% over the past two years within West Yorkshire.

The initiative is dependent on volunteers going out in city centres taking on outreach work.

Sarah Williams, income development officer for West Yorkshire Police said: "Mitchells & Butlers' donation of £500 to the West Yorkshire Police Community Trust will allow us to thank those volunteers for their assistance to the campaign."





There are literally hundreds of examples of excellent community partnerships and our 'Heart of the Community Awards' recognise the extraordinary lengths that our managers and their teams will go to support local good causes such as care homes, families in need, hospices, fire stations, schools and local charities.

Heart of the Community Awards

From over 120 entries received, twenty finalists came together in May 2010 to celebrate Mitchells & Butlers Heart of the Community Awards for 2009.

The awards recognise the incredibly hard work that our managers have put into bringing together the communities within which our local pubs play such a critical part.

Managing Director of the Locals channel and the awards host, Roger Moxham, said: "Once again the entrants have excelled themselves and I have been delighted by some of the ingenious and very humorous methods our teams have of raising money for charity."

But it's not all about raising money; it's about forging better relationships within the local community and ensuring that our pubs reflect and meet the needs of the diverse local markets within which they operate and to give something back to the communities we serve.

The winners received a total of £26,500 from Mitchells & Butlers for their chosen charities as a reward for raising many thousands of pounds last year.

Winner's Profile

Heart of the Community Pub of the Year winner for 2009 & Regional Winner South East - Sarah Jeffries from the Harrow Ember Inn, in Hornchurch

When Sarah Jeffries and her team took over The Harrow just four years ago, the pub had a very bad name for anti-social behaviour. However, demonstrating her famous determination, Sarah, supported by the Police, became the founder member of the 'Safe & Sound Partnership' and The Harrow can now be justifiably proud of its welcoming, legal and safe reputation.

The Harrow submitted a fantastically diverse entry detailing over twenty different events, some one-off occasions, some held regularly.

They've had a Bike-a-thon, an X Factor competition, Pub Quiz nights, Country and Western evenings, raffles and party nights including 'Halloween' on the 31st October. They've 'Helped the Heroes' with donated gifts, they took part in the Capital Run in support of First Steps (a local charity for babies and children with special needs) and done something funny for money in support of Red Nose Day. On this memorable occasion one of Sarah's team actually sat in a bath of custard for nine long hours – definitely not a cowardly custard!

Throughout 2009 The Harrow raised money for First Steps, Air Ambulance, Help for Heroes, Fight Against Breast Cancer, Kids Alive, McMillan Cancer Support and Guide Dogs for the Blind, in addition to helping out local needy individuals. But even more than that, they won over the hearts of their local community.

"...thanks to you and your absolutely fantastic team for making Millie's 21st Birthday Party the most memorable

day of her life." Will and Sue Du Ploy, local residents.

"I would like to express my gratitude to you and your staff for the hospitality shown to our residents when we arrive each week." Rod Key, proprietor of local home for the elderly.

"Sarah and her team are an absolutely outstanding group of people and that's why The Harrow is my favourite pub." Michael Lee Barnes, local resident.

"I felt I should write to you to express my delight in the way you and your staff have excelled in making The Harrow a wonderful and exciting place to be." Glenn Cooper, local resident.

"We have called on Sarah and her team on numerous occasions to promote The Harrow as a role model for other licensees. Her enthusiasm for her work and support for her team is exemplary. As a community pub The Harrow is at the heart of Hornchurch's community." Jane Eastaff, Community Safety, Alcohol and Violent Crime Officer.

The Harrow's success is the culmination of a long term plan that focused on forming and sustaining relationships with key local authorities, organisations and businesses, while recognising that charity fund raising was integral to the success of a diverse range of entertainment.

Sarah receives a cheque for £1,000 for being a regional winner and £10,000 for being overall winner.



Sarah Jeffries, Cllr Pam Light, Fred Illman (Essex Help for Heroes) and Colin Brown



Sarah Jeffries, Cllr Pam Light, Colin Brown and Eileen Newman (Chairperson, First Step)

Supporting our charity partner

In November 2010, Mitchells & Butlers donated £25,000 to our corporate charity partner Marie Curie Cancer Care. Our employees and customers raised a further £34,000 bringing the total donation for the second year of our partnership to £59,000.

Charitable activities

Fundraising is a great way to bring together local communities. At least £350,000 was donated to worthy causes between October 2009 and October 2010, through corporate donations and employee fundraising, although the total figure will be much higher if all the many events held across the Company where employees raised money for their preferred charities are included.

Our Ember Inns' pub teams raised over £52,000 for Sport Relief during February and a further £60,000 for Against Breast Cancer in their fifth annual 'Drink Pink' fundraising campaign in April.

The four week Drink Pink campaign, which involved more than 170 Ember Inns pubs up and down the country, was fronted by Against Breast Cancer supporters, entrepreneur Duncan Bannatyne and Julie Cowell, mother of Simon, who is a breast cancer survivor herself.

Ember Inns' customers happily swapped their regular drinks for a pink tippie from the special Drink Pink range, with 5p being donated to Against Breast Cancer from every sale. This year the drinks range was bigger and better than ever before, including rosé wine, a selection of ciders, soft drinks and a limited edition 'Thirsty Dragon' cask ale, which was inspired by Duncan Bannatyne and even sported his picture on the pump clip.

Gordon Valance, Director at Against Breast Cancer, says: "We are thrilled that Ember's Drink Pink campaign has yet again raised a significant amount of money for Against Breast Cancer, which will be dedicated to researching a vaccine against the disease. The support from Ember Inns' pub teams and customers has been phenomenal and I'd like to say a big thank you to everyone involved."



Thirsty 'Dragon' Duncan Bannatyne launching Ember Inns' Drink Pink campaign 2010



The Sizzling Pub Co. team's charity bike ride



In September, a group of just 13 Sizzling Pub Co. team members cycled 130 miles from Gourrock to Leith over three days. The team has now raised an incredible £107,358 for Help for Heroes.

Supporting Birmingham

Mitchells & Butlers, with its Birmingham heritage, is proud to work with a number of arts partners in the region and give something back to our local community. Our support includes sponsoring the world class performances of the Birmingham Royal Ballet, working with the Birmingham REP to encourage interest in Midlands' theatre and supporting the City of Birmingham Symphony Orchestra's On the Road series of community concerts.



Harvester managers and teams raised another £50,000 for the Make-A-Wish Foundation® in August, bringing the total raised so far to £150,000.

Karen England, Make-A-Wish Foundation® UK's Director of Fundraising said: "We are delighted to be working with Harvester for the fifth year running, increasing awareness of our work as well as raising much needed funds that will add magic to the lives of special children."

Our employees



Profile of our employees

With around 37,000 management and retail employees and around 800 functional employees in our support centre, we want to employ people who are focused and passionate about our business so that we can maintain our market-leading position and meet our customer's expectations.

The nature of our industry means we can employ those with little or no qualifications but who can demonstrate the required aptitude

and willingness to learn new skills. Indeed, many of our restaurant and pub managers have worked their way up the career ladder and are now responsible for running £1 million+ turnover businesses even though they might have fallen into the industry by chance. employees (know as a stability index). For example, nearly 80% of manager positions have been occupied by the same person for more than one year.

Retention

The hospitality sector is well known for being attractive to transient workers. It is very common for employees to start working with us in part time roles, for example; students, people who have been made redundant or on a gap year or people who are simply between jobs. Many employees find the work so rewarding that they remain much longer than they had originally intended and stay to build a career with us, as two members of Mitchells & Butlers' Executive Committee will testify.

Retaining great talent where there has been a mutual investment is vital to our success. 78% of our team leaders are promoted from team

member roles, 55% of team leaders progress through to assistant or deputy manager roles and 56% of our restaurant and pub managers were promoted from within the Company.

Whilst some roles such as part time waiting and bar staff are more transient than others, we also analyse retention rates for experienced employees (know as a stability index). For example, nearly 80% of manager positions have been occupied by the same person for more than one year.

The provision of training, development and career opportunities along with effective two-way communications are the main reasons that employees stay with us.



Training and developing our employees

National Vocational Qualifications

Nearly 1000 employees completed a National Vocational Qualification (NVQ) last year and over 2,000 employees are currently signed up for, or have already begun an NVQ. All training and assessment is carried out by Vocational Coaches within the business. This means there is no need for employees to spend time away from their business in a classroom or college. Vocational Coaches visit on a regular basis to observe candidates working, assess their skills and offer guidance and advice.

Apprenticeships

These take about 12 months to complete, over which time employees will gain an NVQ at Level 2, relevant key skills and, where appropriate, a technical certificate.

Advanced Apprenticeships

These take around two years to complete. As employees work toward this qualification, they gain an NVQ at Level 3, relevant key skills and a technical certificate where appropriate.

Some examples of available qualifications are:

- Professional Cookery
- Food & Drink Service
- Multi-Skilled Hospitality
- Hospitality Supervision
- Food Processing and Cooking
- Housekeeping
- Team Leading



The launch of eLearning

The launch of web-based eLearning has revolutionised retail employee training within our Company.

Employees can access learning at a time to suit them, 24 hours a day, allowing for greater flexibility within their lifestyle. Our open access policy means any employee can complete any course they wish to.

eLearning courses consist of screens which tell you facts, activities which challenge by asking you questions and a test so that you can demonstrate what you have learned.

In just under one year, our employees have completed over 46,373 courses online.

13,806 employees completed the Level 2 Food Safety module and 19,804 passed the Challenge 21 programme.

We've also launched an appraisal skills module for all managers who complete assistant or kitchen manager appraisals. The 90 minute module provides guidance on how to complete an appraisal and how to use the Company appraisal documentation.

Career pathways

Stepping Stones is our team member induction programme which has been designed to ensure that our new recruits have all the skills and knowledge they need to do a great job.

The **Links** programme is designed to support the development of team members into a supervisory role.

The **Kitchen Links Programme** is designed to help employees develop their skills as a team member and enable progression to kitchen team leader and eventually on to kitchen manager/head chef role.

Assistant managers and deputy managers continue their development in two stages:

Portfolio is the first stage of our Management Development Programme and is a generic, technical skills based workbook. The aim of Portfolio is to ensure that our assistant managers are competent with the technical skills required to perform their role effectively.

Transitions is the second stage of the Management Development Programme. It is a modular off-the-job programme aimed at developing

the behavioural skills of our assistant managers who are approximately 12-18 months away from their first manager appointment.

Compass is our award winning management induction programme that equips our managers with all the skills they'll need for everything from 'Sales & Productivity' to 'Inspiring People to Win'.

At a corporate level, we have a thorough development programme with four key objectives:

- Competency training
- Professional training
- Induction training
- Managing personal development

In terms of professional training, we offer all of our corporate employees the opportunity to take study leave on designated courses, as agreed with their line manager and the HR team. Financial support for professional qualifications is available and the opportunity for career development is enhanced through access to project work, secondments and job reviews with the Corporate HR Team.





Communicating with employees

We communicate with our employees on a frequent basis and in a number of ways to suit their different working patterns. This includes:

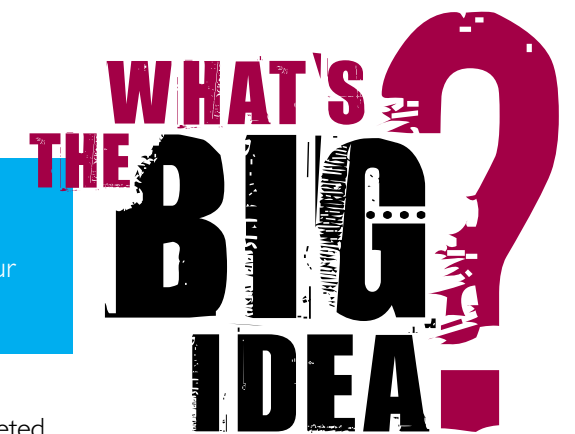
- A corporate intranet website
- A dedicated external website for retail employees launched this year, called Ourhub
- Email news alerts
- Letters
- Line manager briefings
- E-newsletters for mobile workers
- A monthly magazine poster for the retail estate
- Communications forums or road shows held by function or brand several times a year, across the Company

Details of the financial and economic factors affecting the performance of the Company are shared with all employees at the appropriate time using the methods listed opposite.

We provide opportunities for employees to give their feedback to the Company in a number of ways: team or shift meetings in pubs; discussion groups with Executive Committee members; annual surveys for all employees and the Mitchells & Butlers' annual Business Forum. Business Forum representatives collect questions from employees across the Company and put them to a special executive committee. The questions and answers are published in a poster magazine called 'It's Your Shout'.



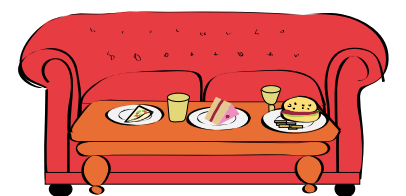
We recently launched 'What's the Big Idea?', a new Company-wide initiative where employees are encouraged to submit their ideas for improving the business environmentally, financially or otherwise, via our dedicated employee website launched earlier this year.



This year saw the launch of e-learning and our retail team has now completed over 46,000 interactive modules online, including food, health and fire safety, Challenge 21 and Intermediate Food Hygiene.

Ourhub is a secure website dedicated to communicating with our retail employees and features news about the Company, special offers, benefits and policy information.

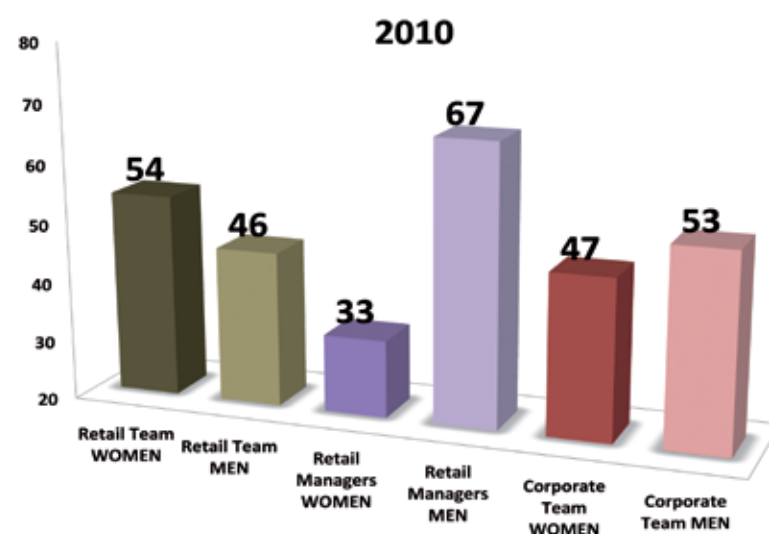
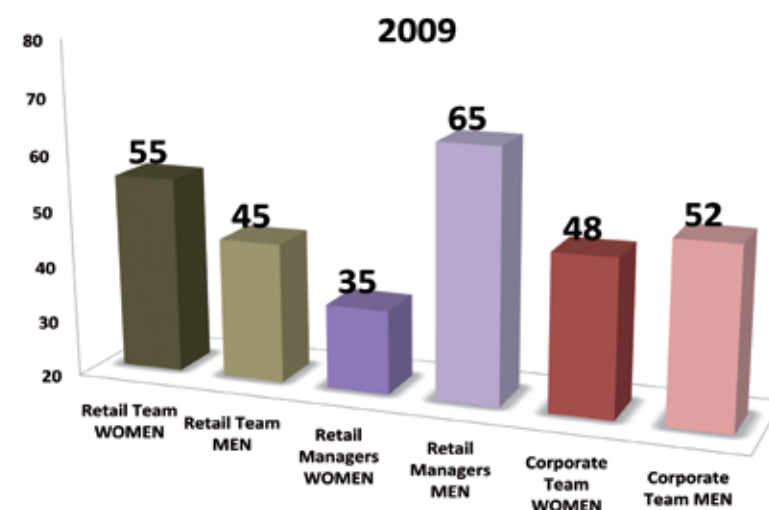
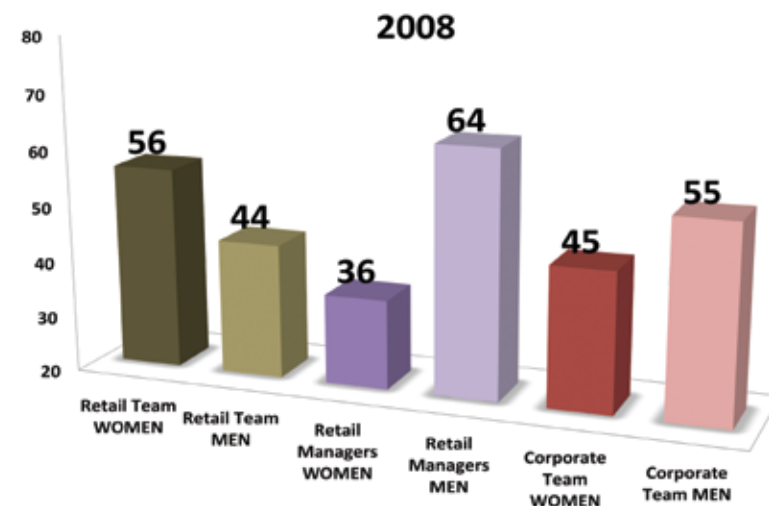
OurHub



Diversity

Our equal opportunities policy states that no employee should suffer discrimination in respect of age, disability, religious belief, gender, sexual orientation, race, colour, marital status, political belief or nationality.

Our employment by gender is set out in the graphs below



Employees with disabilities

Through our diversity and equal opportunities policy, the Company aims to provide an environment which enables job candidates with disabilities to perform better by seeking, where reasonable, to make adjustments. Our online recruitment system asks candidates this directly and when we know that an applicant is disabled, we take full steps to ensure that we make reasonable adjustments to enable them to perform to the best of their ability at assessment events.

With regards to continuing the employment of, and for arranging appropriate training for, employees of the Company who have become disabled during the period when they were employed by the Company, we have a number of examples where we have actively made reasonable adjustments - both to increase the effectiveness of employees with disabilities and to enable us to keep the employee in a role in the event that their current job is no longer suitable due to their disability.

Work-life balance

We have been committed to flexible working practices for many years and we realise the value in providing a better work-life balance for our employees. Indeed, providing flexible working patterns gives us the added opportunity to increase employee commitment, motivation and retention. Thus, we have developed a number of flexible working options including:

- Part-time working
- Flexible start and finish times
- Home/mobile working
- Job share
- Flexible holiday benefit for corporate employees, enabling them to purchase up to an additional five days' holiday per annum

Part-time working remains integral to our retail business, with over 15,000 members of our retail employees working part-time. At a corporate level, the value of flexible working is evident from our 2009 Employee Satisfaction Survey. 78% of employees agreed with the statement

'flexible start and finish times and/or other forms of flexible working have a positive impact on my working life'. Around 200 corporate employees made use of the flexible holiday benefit last year.





Employee benefits and rewards

We value the importance of benefits and rewards we offer our employees and have developed a comprehensive and competitive scheme.

Our employee reward package includes the following elements:

Share schemes

We continue to offer two 'all employee' HM Revenue & Customs approved share schemes, both of which enable eligible employees to become shareholders of the Company.

Bonus schemes

The corporate bonus scheme is designed to reward the skills, commitment and teamwork of corporate employees in supporting the Company in the delivery of our business strategy.

Our pub managers also participate in a bonus scheme based on the delivery of key performance drivers and a share in the growth of profits from their business

Healthcare

A fully funded individual private healthcare cover is available to all corporate employees, pub managers and assistant managers with additional family cover available through personal contribution.

In addition, Mitchells & Butlers offers all healthcare plan members and their families' access to an independent, confidential counselling and advice service.

Pension

We offer a comprehensive pension package to eligible employees designed to help members save for the future in a tax efficient way.

Employee Assistance Programme

In addition we offer all salaried employees access to the Employee Assistance Programme (EAP). The EAP provides confidential counselling and advice to employees.

Voluntary benefit schemes

Our employees are able to benefit from a range of voluntary benefit schemes which allow goods and services to be purchased at a reduced overall cost. The following schemes are available:

- Tax efficient childcare vouchers
- Bikes 4 Work
- Flexible holiday for corporate employees
- Bonus sacrifice to pension scheme for corporate and retail management employees
- Denplan – dental healthcare cover

Discount4me

All employees can also take advantage of the Discount4me scheme which provides a wider range of discounts and product offers through third party promotions. For example, discounts are available on the purchase of CDs, holidays and shopping vouchers.



Food, health and fire safety

We strive to ensure our pubs provide a safe environment for all our staff and customers. In addition, we:

- aim to protect the health of our employees through our health and safety management strategies
- seek to minimise the risk of injury from company activity
- ensure that sufficient resources and information are made available and suitable management systems are in place to address health and safety matters.

The Company requires our site managers to keep records of all safety checks for food, fire, health and safety. Plus, each year we operate designated safety weeks aimed at reinforcing the Company's policies and making our pubs even safer places for our customers and staff. During these awareness weeks, employees receive appropriate

refresher training and specific topics or areas of best practice are highlighted, for example, fire evacuation drills, hazard spotting exercises, food safety messages, Challenge 21 policy and robbery prevention training.

Our legal and compliance training score for around 37,000 retail employees was up 4% in the year to 97%.

In addition to unannounced environmental health officer visits, we engage an independent food safety inspector from Checkmate International plc (CMi), one of the major food safety and assurance companies in the global food industry, who visit each one of our businesses four times per year (also unannounced) to complete a thorough practices and premises inspection. In 2010, our scores increased by 2.5% on 2009.



Responsible drinking policy for employees

We have a responsibility and duty of care to our employees and we believe that because of the nature of our business it is appropriate that we ensure we have a caring approach when employees are identified or volunteer that they have an alcohol problem.

Certain roles in our business result in employees having a high exposure to alcohol and we aim to ensure that employees understand the risks associated with such exposure and provide advice and assistance to employees:

- by ensuring employees understand the harmful effects of alcohol consumption during induction training

- by identifying employees who appear to have possible problems relating to alcohol consumption at an early stage and encouraging them to seek appropriate help

Where there is strong evidence to suggest or it is known that an employee is dependant on alcohol, then we offer the employee referral to an appropriate agency for diagnosis and treatment if necessary. We will be guided by professional advisers and will provide access to appropriate support and advice.

2009 WINNER



Mitchells & Butlers Triumphs in Training Awards

Mitchells & Butlers picked up the top prize in the 'Licensee Induction Programme' category of the British Institute of Innkeeping's (BII) NITAs, the annual national training awards for the licensed retail industry.

Our licensee induction training programme, called Compass, 'maps' out the future of our newly appointed managers through completion of a robust induction programme. The programme has four key areas which induct managers providing the knowledge, skills and behaviours necessary to establish a sense of responsibility for the business and its practices. As a result of implementing the programme, we have increased the stability of our manager population to 77%, that's up 3% on last year.

BII Director of Marketing Sue Medhurst commented: "Mitchells & Butlers' excellent programme would stand benchmarking outside of the industry and demonstrates good practice for the licensed retail sector as a whole."



Corporate governance

Our Company is underpinned with a high level of corporate governance and recognises its role in creating a successful, sustainable and profitable business. We have implemented business conduct guidelines describing the standards of behaviour expected from those working for the Company.

The Company has adopted a Code of Ethics (the 'Code') to promote honest and ethical conduct throughout our business. The Code, which previously applied to all senior managers, was extended during 2010 to cover all corporate employees. The Code requires:

- Compliance with all applicable rules and regulations that apply to the Company and its officers;
- The ethical handling of actual or apparent conflicts of interest between internal and external personal and professional relationships; and
- That any hospitality from suppliers must be approved, with a presumption against its acceptance.

In addition, 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 feel is inappropriate to raise with their line manager. All whistle-blowing allegations are reported to and considered by the Executive and Audit Committees.

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

The Board is also responsible for the Company's internal risk management system. More details can be found in the Annual Report 2010.



Social responsibility contacts

If you have an enquiry about Mitchells & Butlers' social responsibility policies or practices then please contact:

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(switchboard)

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ALL·BAR·ONE

