





# Corporate Social Responsibility Review

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This corporate social responsibility review covers seven areas that are of key importance to us as a Company, as well as to our customers, employees, local communities, suppliers and shareholders:

Alcohol	Community
Food	Environment
Employees	Corporate Governance
Customers	

Mitchells & Butlers publishes an annual comprehensive corporate social responsibility review every December. This is available for download via our Company website [www.mbplc.com/csr](http://www.mbplc.com/csr)

# Chief Executive Statement

2009



**Adam Fowle**  
Chief Executive

## Introduction

Mitchells & Butlers is the largest managed pub company in the UK, employing some 40,000 people and running some 2,000 pubs. Our pubs welcome thousands of people each week from all walks of life and serve nearly 130 million meals and 574 million drinks every year.

As a pub operator our influence both on society and the local community is significant, not only through the facilities we offer; but more importantly through the social fabric of the local community pulling together many different groups to socialise, share, meet and enjoy our hospitality.

Our aim is to deliver quality and value to customers whilst maintaining our corporate social responsibility values. We are committed to operating our business responsibly; from the way we run our pubs, to how we support our local communities and the products we source. By building awareness and understanding of the importance of these values, we are able to manage an effective corporate social responsibility programme.

This review highlights our corporate social responsibility activity including our role in leading best practice in the responsible retailing of alcohol, our ongoing commitment to improving energy efficiency in our pubs and our investment in supporting the pub as a valuable community resource. We are proud of our achievements over the last year and continue to focus on meeting the challenges ahead.

## Highlights for 2009

- Mitchells & Butlers is one of over 45 drinks producers, pub operators and off-trade retailers actively involved in the Campaign for Smarter Drinking, the major marketing campaign to tackle binge drinking and drunkenness.
- Over the last 12 months our focus has been to establish the importance of energy efficiency and the opportunity to reduce consumption and costs across Mitchells & Butlers businesses. We are installing low energy lighting across our estate and have also established our automated metering reading programme enabling us to monitor consumption regularly and help drive energy savings.
- In our first year of partnership with Marie Curie Cancer Care our employees have raised a fantastic £70,000 for the charity through a series of events. This resulted in an overall annual donation of £95,000 which will provide 4,750 valuable nursing hours across the UK.



### Alcohol

As the leading operator of around 2,000 managed pubs across the UK, Mitchells & Butlers is committed to leading [best practice](#) in the responsible retailing of alcohol.



## Alcohol and Social Responsibility Policy

Our Alcohol and Social Responsibility (ASR) 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.



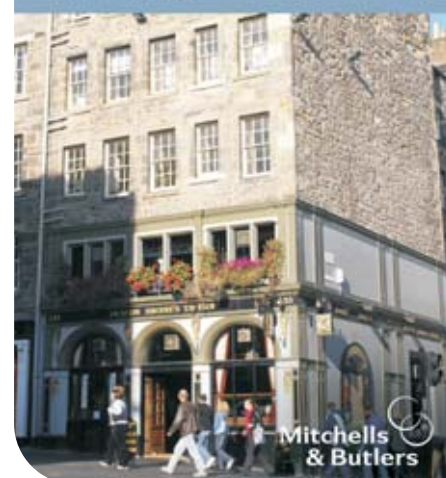
### In summary our ASR policy highlights include:

- We are committed to the responsible retailing of alcohol and recognise that it is a fundamental part of what we do, every day
- We do not serve alcohol to anyone whom we believe to be intoxicated
- We do not serve customers whom we believe to be under 18 - nor to anyone whom we suspect of passing alcohol to under 18s
- If a customer looks under 21 we will ask for a recognised form of ID
- We do not permit promotion limited to very short periods of time such as happy hours
- We do not offer any incentives to our customers to drink irresponsibly and our Scottish pubs abide by the mandatory conditions set out in the Licensing (Scotland) Act 2005 regarding promotions
- Our employees can easily access information about units of alcohol and alcohol by volume in order to provide that information to customers (see Pricing and Promotions section for details)
- We value and respect the partnerships our managers have with local authorities and the Scottish Licensing Boards
- Our senior managers are actively involved in setting industry standards and lead by example

### Alcohol and Social Responsibility Policy



### Alcohol and Social Responsibility Policy - For Scotland



#### Mitchells & Butlers publications

Alcohol and Social Responsibility Policies

Our full ASR policy documents are available for download at [www.mbplc.com/csr](http://www.mbplc.com/csr)

## Pricing and Promotions

We clearly support the ambition for a safe and vibrant leisure economy and acknowledge that safe and responsible operation is in everyone's interest. One of the more overlooked roles of the pub is that it supervises not only the sale, but consumption, lowering the risk and ensuring its proper regulation. However this has been put to test over the years, as the unsupervised off-trade can price more cheaply without this extra supervisory responsibility.

Therefore we have incorporated into our ASR policy strict guidelines on the pricing and promotion of the alcohol we sell. Our aim is always to ensure we offer our customers real value, at fair competitive prices; however we are also mindful of our duty to price our products responsibly. Our pricing policy includes:

- No initial payment to obtain a reduced price drink. For example. 'pay £10 and drink all you like'
- No free alcohol inducements. No customer should receive an additional drink without asking for it or paying for it. For example:
  - No '2 for 1s'
  - No 'buy 2 glasses of wine and get the rest of the bottle free'
- No happy hours
- The maximum serve of spirits in one glass in a double measure
- No promotion which involves encouraging our customers to consume large measures of alcohol
- No promotions involving drinking games such as 'yard of ale'
- We always offer a soft drink alternative
- Tap water is offered free of charge

In addition, all our Scottish pubs promotional activity must comply with the standard mandatory conditions stipulated by the Licensing (Scotland) Act 2005 and will therefore avoid any drinks promotions which:

- Relate specifically to an alcoholic drink likely to appeal largely to persons under the age of 18
- Involve the supply of an alcoholic drink free of charge or at a reduced price on the purchase of one or more drinks (whether or not alcoholic drinks)
- Involve the supply free of charge, or at a reduced price, of one or more extra measures of an alcoholic drink
- Involve the supply of unlimited amounts of alcohol for a fixed charge (including any charge for entry to the premises)
- Encourages, or seeks to encourage, a person to buy or consume a larger measure of alcohol that the person had otherwise intended to buy or consume
- Is based on the strength of any alcohol
- Rewards or encourages, or seeks to reward or encourage, drinking alcohol quickly
- Offers alcohol as a reward or prize, unless the alcohol is in a sealed container and consumed off the premises
- All promotions must be available for a period of 72 hours

We currently refuse to serve alcohol to around 20,000 people a month, on the grounds of being intoxicated

## Case Study – Scotland licensing changes

On 1 September the new Licensing (Scotland) Act 2005 came into force. The new Act has changed the licensing laws and therefore the way in which we operate our premises in Scotland.

For Mitchells & Butlers the transition process began in early 2008 to ensure all 100 of our pubs were granted with a new premises licence. In addition, the new Licensing Act includes the requirement for mandatory training of all employees who serve alcohol. This must be delivered by a Personal Licence Holder and employees must receive the training before they are allowed to serve alcohol. To support our managers with this process we created a team member licensing training workbook, held workshops and a Scottish Licensing Week for our retail employees. We also ensured that all our pub managers, retail business managers and retail operations directors completed the BII Scottish Certificate for Personal Licence Holders qualification.

Following the introduction of the new Act there is an increased focus on irresponsible drinks promotions. The subject of alcohol, and in particular its impact on health and social responsibility, is high on the Scottish Government's agenda. The new Act places greater emphasis on sensible drinking messages and includes an additional licensing objective – protecting and improving public health.

As part of this objective a set of standard mandatory promotional conditions will be included within the Licensing (Scotland) Act. All our Scottish promotional activity now complies with the promotional conditions. We have also introduced a separate Alcohol and Social Responsibility Policy for Scotland which also reflects the new mandatory promotional condition requirements.





### Challenge 21

The principle of Challenge 21 to support and educate our employees and customers on the issues relating to under age sales. This is now firmly embedded in our Company culture.

Mitchells & Butlers was one of the first companies to launch the policy and we continue to underline its importance to our employees through our comprehensive retail training programmes, as well as educating our customers that this is a key principle of how we operate our businesses.

To ensure we continue to sustain high levels of compliance our Challenge 21 practices are regularly audited by an independent company, who perform test purchasing visits as a further check. On average we record 80,000 underage refusals a month, which is equivalent to, 11 per pub per week.

### Alcohol Awareness

The nature of our industry is such that it is essential that we operate our pubs in a highly responsible manner. This involves supporting advertising initiatives to reduce alcohol misuse and helping promote clear messages about drinking alcohol responsibly.

We are currently supporting a number of industry wide projects in support of public educational, community and awareness campaigning.

### Drinkaware

We are a major funder of Drinkaware, which aim to promote responsible drinking and find innovative ways to challenge the current national drinking culture to help reduce alcohol misuse and minimise alcohol-related harm.

This year, Drinkaware began working with *The Guardian* newspaper to find out the truth about alcohol and young people. A series of ICM street surveys and *The Guardian* online polls challenged parents,

professionals and young people to define what makes alcohol so appealing and what can be done to ensure the UK alcohol culture is a healthy one. The campaign has engaged Government, industry, health, social marketing, and youth and parenting organisations to explore the outcomes of the survey and to discuss proactive solutions towards improving our drinking culture.

Where possible we look for opportunities to actively support the Drinkaware sensible drinking messages in our businesses. Our O'Neill's pubs took part in the Drinkaware Christmas Party Survival Guide. This was a new campaign, launched to create awareness around sensible drinking messages over the Christmas period. The campaign card dispensers were displayed in our O'Neill's pubs throughout December. The cards include tips for customers such as, 'Don't drink on an empty stomach', 'Have a soft drink with every alcoholic drink', and 'Make sure everyone gets home safely'. The reverse side showed details of relevant websites and helplines.

On average we record 80,000 underage refusals a month



#### Campaign for Smarter Drinking

Mitchells & Butlers is one of around 45 drinks producers, pub operators and off-trade retailers who have agreed to take part in the Campaign for Smarter Drinking, a major marketing initiative to tackle binge drinking and drunkenness. The campaign will be delivered over the next five years and is the first time the trade has united behind one social responsibility campaign.

The Campaign for Smarter Drinking is intended to influence attitudes to the social acceptability of drunkenness and reduce excessive consumption for 18-34 year olds. It aims to encourage young people to take responsibility for their own behaviour and to pose questions that encourage them to think about their drinking habits. The campaign works in conjunction with, and alongside other Government, Drinkaware and industry initiatives including the Know Your Limits campaign.

Mitchells & Butlers has been actively involved in the preparation of the campaign. Following the campaign launch in September 2009, our marketing teams have worked to

incorporate the Campaign for Smarter Drinking messaging into our marketing materials. The campaign's strap-line: Why let good times go bad? is being communicated across our pubs in various forms including; posters, beer mats, food and drinks menus, online and introduced into our training programmes.

#### British Institute of Innkeeping Schools Alcohol Awareness Project

We are again supporting the British Institute of Innkeeping (BII) Schools Alcohol Awareness Project. In our second year of support we will help provide alcohol awareness and education packs to ten schools across the country.

The project meets the growing need for alcohol education in the National Curriculum, to help young people develop responsible attitudes towards alcohol. The programme is designed to educate and inform both children and adults about the social, economic and health impacts of alcohol, and the importance of the licensed retail sector to the local and national economy.





### Government legislation and consultation

Over the last few years we have seen the pub industry affected by a flood of new regulation, including the Licensing Act, a ban on smoking, the introduction of Alcohol Disorder Zones, as well as a number of Government consultations. We aim to monitor and influence the debate on industry issues and have been involved in the following areas this year:

#### Tips Consultation

We submitted a response to the Government's consultation 'National Minimum Wage; service charges, tips, gratuities and cover charges', in which we support the exclusion of the use of service charges, tips and gratuities as an element of national minimum wage pay. We confirmed we carry the words 'All tips are kept by staff' on all our menus.



### Policing and Crime Bill

At the time of publication, the Policing and Crime bill is currently in committee stage in the Lords. The bill takes a two-tiered approach to further regulation of alcohol retailers with a small number of mandatory conditions for all alcohol retailers, alongside new discretionary powers for local authorities.

We acknowledge that the safe and responsible operation of pubs is in everyone's interest. Broadly we support the measures in the code, provided that the detail of the implementation remains both proportionate and focused on the four statutory licensing objectives. The mandatory code is essentially targeted at the on-trade and every time Government puts additional legislation, and cost onto the on-trade, it drives customers to the off-trade, who have no responsibility for the supervision of the consumption of alcohol. We are disappointed that the Licensing Act has not been used to its full extent and we see no reason why its powers cannot be enacted within the framework of existing legislation rather than adding yet another piece of legislation to the statute book. We would encourage the Government to support the Police, and the Local Licensing authorities in this regard.

### Coalition for Better Health

The Coalition for Better Health is a new Government initiative focused at bringing together sector leaders to identify new ways we can all work to improve the health of the population.

To engage the various sectors a series of leadership groups will be set up in the following areas; alcohol, obesity, health and work and physical activity. Mitchells & Butlers is supporting this initiative.

### Disorder

We believe that threatening the safety and wellbeing of employees, customers and the public in general is unacceptable, and that those guilty of creating disorder or committing other crime 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 anti-social behaviour.

In our view a number of effective legal powers and sanctions exist for appropriate action to be taken. We do not see the need for further regulation. We want to see existing powers fully used. In this context we regret the enactment of Alcohol Disorder Zones within the Violent Crime Reduction Act. We view the measure as unnecessary and untargeted, and likely to produce unintended consequences.

### Industry Partnerships

As a pub operator 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 (BBPA) and have senior managers and retail business managers representing the Company at policy-making level.

Mitchells & Butlers supports 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.

### Case study –

#### Havering Borough Council Beacon Status and the Harrow, Hornchurch

In March 2009, Havering Council was awarded the prestigious Beacon award in the After Dark category for its excellent practice in managing Havering's night time economy. Havering Council were praised for consulting with the community to identify the key local issues before implementing improvement schemes, such as a taxi marshalling scheme and council approved under 18s events. The Council has worked with the police and other agencies to create a safer town centre by engaging with local people and encouraging venues that attract all sectors of the community.

Last year Sarah Jefferies, manager of the Harrow, Hornchurch (Ember Inns)

was awarded 'Best Pub of the Year' as part of the Havering Night Life Awards. No pub in the Borough was able to achieve the results that Sarah scored and the judges recognised the pub played a central role in Havering's bid for Beacon status. Sarah was invited by the Council to be interviewed by the Beacon Status panel of judges about her experience of running a licensed premise in Havering. The judges commented on how impressed they were with Sarah's managerial skills, her commitment to responsible retailing and the safe operation of the business.





### Food

We remain consistent in our approach to offering our customers choice, whilst investing in [enhancing the nutritional content](#) of our menus.



Traditional Carvery Dining that Offers Great Value, Succulent Roasts, Freshly Prepared Vegetables and Other Generous Dishes

Go back

Menu nutritional information

Find out the nutritional values (per dish unless otherwise stated) of our delicious meals, exactly as they are described in our menu - straight from the kitchen without extra seasoning or anything on the side.

	Energy (kcal)	Protein (g)	Carbohydrate (g)	Sugar (g)	Fat (g)	Saturated fat (g)	Salt (g)
<b>Starters</b>							
Stein with Mango Chutney	47	1.3	10.2	0.7	0.3	0.1	0.1
Roast Garlic Mushrooms	427	16.4	40.2	2.1	22.5	13.8	1.8
The Classic French Cocktail	410	17.0	30.8	7.7	21.0	8.0	3.2
Chicken Tikka	243	28.5	8.8	2.5	10.4	1.4	1.2
Bacon & Cheese Potato Skins (not dip)	513	25.1	73.0	2.2	18.0	8.1	3.2
Steaming Potato Skins	587	15.7	84.2	10.7	70.8	8.7	3.7
Chilli Potato Skins	206	13.1	14.0	0.5	10.0	5.0	1.2
Thai King Prawns	71	14.9	3.1	0.1	1.4	0.8	0.5
Steaming Baked Camembert	862	45.2	126.7	16.7	27.6	15.8	6.5
Smoked Haddock & Spring Onion Potatoes	557	14.5	77.8	7.8	20.7	3.2	4.2
Cream of Tomato Soup	107	3.1	23.0	10.7	7.9	3.9	2.8
Broccoli & Cheddar Soup	179	8.1	10.1	3.1	11.8	7.3	2.2
Mushroom Soup	179	9.4	74.0	3.4	10.0	11.0	3.5

### Nutrition and calorie information

We operate a variety of brands and formats and have a wide selection of dishes available on our menus. We work closely with our food suppliers to develop our range of menu items, again with the focus on improving nutritional content. Adding to this we are also focusing on food preparation and, where possible, how we can incorporate healthy cooking practices into our kitchens. We have removed Hydrogenated Vegetable Oil (HVO) from our frying oil and we have a programme of reducing HVOs in place with our suppliers.

Harvester and Toby Carvery are continuing to work to engage school children on food and nutrition, through their bespoke Chef Schools and Education Packs. Over the last year around 20 food educational sessions involving schools across the country have taken place in our pubs. Toby is also highlighting to customers that while enjoying a carvery meal you have the opportunity to eat the recommended five-a-day portions of fruit and vegetables. Customers can choose from a selection of six seasonal freshly steamed vegetables and two potato choices.



### Case Study – Kids dig deep with Toby Carvery



Budding poets from around the UK entered Toby Carvery's vegetable poetry competition to win a veggie patch for their school.

As part of its new Grow Your Own campaign, which aims to get Britain top of the Veggie-tables, Toby ran a poetry competition for children aged 11 and under. The winning boys and girls in each region earned £200 worth of gardening equipment for their school to start a vegetable patch, and a £50 book token.

Toby Carvery has also included on its website - [www.tobycarvery.co.uk](http://www.tobycarvery.co.uk) a series of support materials for schools growing vegetables. There are top tips on growing your vegetables, and once you've got your hands dirty and grown your own vegetables, Toby has created tasty and simple recipes for schools to enjoy too.



### Case Study - Fantastic Food Pack

Harvester's Fantastic Food Pack programme continues to work successfully with schools.

March saw a class from Pentrepoeth Junior School visit the Morfa Parc Harvester in Swansea, and 30 pupils from Goldington Green Lower School visit the Orchard Harvester in Bedford.

The pupils received a two hour fun-filled session about fruit and vegetables in which they learnt about where their five-a-day comes from and took part in practical exercises, including a blind taste test and reaching into a concealed box to identify mystery vegetables.

Harvester's senior marketing manager, Alex Meyer said: "We want to do as many school visits as possible in the summer term because they make such a positive impact in the community, with excited children going home to tell their parents about the great day they've had at Harvester."



### Calorie information

Mitchells & Butlers is one of the first pub companies to agree to publish information on the calorie content of dishes on the menus in two of our brands - Harvester restaurants and Scream pubs - as part of our involvement in the Food Standards Agency initiative.

The trial, which began in June in around 25 of our businesses, aimed to help to improve customer awareness of the nutritional content of a dish, at the point when they are looking to decide on their menu choice. Supporting this voluntary scheme has enabled our Menu Development team to monitor customer reaction to the wide range of healthy options we serve and therefore expand our commitment to providing good nutritious food in our businesses.

We held our own customer discussion groups to gain feedback during the trial, as well as allowing the Food Standards Agency access to our pubs to conduct consumer research. Now the trial is completed we have a better understanding of which of our healthy meal choices are popular, and are currently working on how we can expand these options and continue to give our customers choice.

Our customers are able to access full analytical, nutritional information for every menu item via the Harvester website and a full breakdown for carving deck items on the Toby Carvery and Crown Carveries websites. Our menus are constantly evolving and we will continue to look for opportunities to provide our customers with nutritional information in the future to further enhance our menus.



### Conservation/sourcing

We take responsible sourcing extremely seriously. We continually assess and monitor 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 large 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 do source products regionally where we can guarantee the quality and consistency of supply and where the product adds value for customers to our menu offer.

For example, 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 beef is 100% Irish, Ballymaloe Relishes, sourced from Co. Cork.

A large proportion of the eggs we buy are free range. We also buy organically reared Shetland salmon and a number of farm assured, outdoor reared, free range meat products. Our Miller & Carter menu includes West Country farm assured steak and British farm assured chicken.

Ember Inns' gourmet burger range uses Scottish beef sourced from family owned farms and crofts, as part as the North Highlands Initiative.

### 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.

In addition, all of our food suppliers must comply with the British Retail Consortium's technical standard which requires employees to be properly trained and supervised and for the supplier to meet high standards of food safety.

### Supply Chain

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

In recognition of the strategic importance of food sales growth across the Company, the food development and food purchasing teams are now working together under the key objective to create greater synergies across our food supply chain, and deliver the right offers and value for 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 food suppliers for more than ten years.



### Case Study - Observer Food Monthly Awards

Four Mitchells & Butlers pubs have been commended in the prestigious Observer Food Monthly Awards which celebrate the best in food and drink across the UK.

Commended as a runner up in the Best Bar category was: the Philharmonic in Liverpool; Bacchus in Birmingham; the Fighting Cocks in Moseley, Birmingham; and the Crown in Belfast.

Kevin Todd, Managing Director for Mitchells & Butlers, commented: 'For these pubs to be recognised at a national level by such a prestigious Award and its judging panel is a fine achievement and testament to the fantastic offers and service provided by our pub teams.'







### Employees

With around 40,000 employees, we want to employ people who are [talented](#), [focused](#) and [passionate](#) about what we do, so that we can maintain our market-leading position and meet our customers expectations.

## Health and Safety

Mitchells & Butlers' Health and Safety policy sets out how the Company will fulfil its obligations and provides a framework to assist our employees in maintaining a healthy and safe work environment.

- A risk management system is in place to ensure health and safety practices are upheld throughout the Company.
- Conflict management training is now a core element of our management training programme and includes communication skills, the reduction of risk, avoiding conflict and defusing and calming situations.

## Diversity

We value our employees and their right to be treated with respect. We are committed to treating our employees equally and fairly and we pursue an active diversity policy.

Mitchells & Butlers' Equal Opportunities policy states 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 table below. We continue to maintain levels of gender diversity across our employee base year on year.

	Women 2007	Men 2007	Women 2008	Men 2008	Women 2009	Men 2009
Retail Staff	57%	43%	56%	44%	55%	45%
Retail Managers	36%	64%	36%	64%	35%	65%
Corporate Staff	45%	55%	45%	55%	48%	52%
Senior Managers	27%	73%	31%	69%	28%	72%



## Work-life balance

Mitchells & Butlers has been committed to flexible working practices for many years, and we realise the value in providing 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. 77% 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.

77% of employees agreed flexible working has a positive impact on their working life



## Training and developing our employees

There is more to working for Mitchells & Butlers than serving a great pint. Our wide range of different styles of pubs means we can offer a great variety of career opportunities to our employees, and we provide comprehensive training for all levels of our corporate team, retail employees and management.

Improving the performance of our retail teams is central to the success of our business. Our Career Pathway Programme provides training and development for all levels of retail employees using a combination of different learning methods.

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.

Our training courses are aimed at providing our employees with the necessary skills and capability to execute business strategy in whichever part of the business they work. Courses are reviewed on an ongoing basis to ensure the content remains relevant.

Our training programme includes:

- Comprehensive training for all levels of our corporate and retail teams
- Mitchells & Butlers is recognised under the British Institute of Innkeeping Awarding Body (BIIAB) - Good Practice Recognition Scheme (GPRS), designed by BIIAB to offer formal recognition for in-house training programmes
- Career Pathway Programme, providing training and development for all levels of retail employees
- Manager in training programme
- An in-house specialist Kitchen Training and Development team
- Various NVQs courses available for retail employees, including food processing and food production. Our employees have attained over 1,400 during the last year.
- Specialist Pub Manager Certificate in Risk Management Competence (CRMC) & Management Induction programme
- Dedicated Corporate Development programme
- Two industry leading Corporate and Vocational Graduate programmes – aimed at offering some of the most exciting pub management opportunities in the industry



Our employees have attained over 1,400 NVQs during the last year

## Case Study – New Kitchen Skills Academy

This year, we opened a dedicated Kitchen Skills Academy in Watford to deliver our Kitchen Productivity & Food Quality workshops.

This fantastic new training facility has been purpose built to support our food growth strategy and will be used to deliver kitchen training at all levels of experience and ability across all of our brands and formats.

The emphasis is on practical training and the training kitchen consists of a demonstration cook line and six training bays, meaning up to 12 delegates can be trained at one time. There is also a food development kitchen and syndicate room.

Academy courses are delivered by the Kitchen Training & Development team and are designed to address kitchen skills and capability opportunities across the Company.





### Employee satisfaction survey

We completed our annual corporate employee satisfaction survey in June 2009. This confidential survey aims to gauge employee engagement, through measuring employees' job satisfaction and commitment to the Company.

For the first time, this year we included our pub managers in the survey, and were delighted to have achieved an overall response rate of 85%, improving our feedback levels from 2008. It is pleasing to note we have managed to sustain the high levels of engagement with over 87% of employees being positively engaged, as well as achieving high level scores of over 90% in leadership and direction.

Following this feedback we are currently developing a series of actions based on the results of the survey.

### For corporate employees:

**Career Development and Training** - a new retail business manager education programme will include a tailored Diploma in Management Studies (DMS) focussing upon multi-unit hospitality leadership. This will become an industry standard over the next two years and therefore become a beneficial recruitment and retention tool.

**Customer Service** - a Retail HR and Service Productivity Director has been appointed. The key focus of this role will be to co-ordinate recruitment and skills training.

### For retail employees:

**Pay and Benefits** - work is already underway to harmonise the bonus and pay arrangements across the business. A number of measures are being investigated and will be trialled during 2010.

**Career Development and Training** - we are currently investigating a Government funded Chartered Management Institute Certificate for our pub managers to participate in.

### Case Study – Menu Innovation and Development Awards

The Menu Innovation Network's inaugural Menu Innovation and Development Awards (MIDAS) in March saw Mitchells & Butlers' menu development team pick up several awards. The City Bar Dining award went to Tim Marchant, Food Development Manager for All Bar One, while both the Dessert and Premium Pub Dining awards went to Terry Day, Food Development Manager for Miller & Carter.

The Menu Innovation Network has been created as a vehicle for group menu development managers and group executive chefs to interact and exchange information. The Network enables operators to share ideas and discuss issues with their peers working in the same, and different, sectors of the market to continually improve and satisfy the demands of consumers eating away from home.

A team of mystery diners and judges, with considerable experience of multi unit disciplined menu operations were tasked, over six weeks, with deciding the winners in each of the categories.



### Career progression and retention

The successful retention and development of employees is critical to our continued success. The high level of retail employee turnover within the industry creates a challenge; however, we focus on offering our employees competitive pay rates, quality training and comprehensive benefits to help attract and retain our best employees. There are real opportunities to build a successful career within the Company, from retail employees to Operations Director. In fact, seven of our senior management team started as graduates with the Company.

We continue to see positive results in our succession planning process. In 2009 the internal succession rate to the post of assistant manager was 39%. Our experienced assistant managers are an extremely valuable support to our management infrastructure and help us to build a pipeline of quality management across the business.

This year we have also invested in an online recruitment system to ensure we create an effective pathway to identifying and recruiting new talent into the Company.

52 employees have completed 25 years' service Company-wide in the last year



### Case Study – Springboard Future Chef programme

Through Mitchells & Butlers' Henry Mitchell Foundation we are supporting the Springboard Charity FutureChef programme. This initiative teaches young people to learn to cook, provides work experience and mentoring support from chefs in the industry and provides support into the world of employment.

FutureChef was first introduced in 1999 and has since grown into a hugely successful, nationwide competition; helping young people aged 12-16 to learn to cook, take an interest in food, and provide a unique insight into professional cooking by capturing imagination, recognising talent and providing a potential platform to enter the industry. In turn working with the project provides Mitchells & Butlers with an opportunity to identify new industry talent, as well as supporting young people and their career development needs.



### Employee benefits and reward

We value the 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 a share in the profitability of 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.

### 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 products offers through third party promotions. For example, discounts are available on the purchase of CDs, holidays and shopping vouchers.



### Customers

We understand the value in keeping in touch with our customers' experiences, enabling us to continue to deliver [great quality service](#) to our customers.





### Customer feedback

We understand the value of keeping in touch with our customers' experiences, enabling us to continue to deliver great quality service to our customers.

Our Consumer Insight team works closely with our brands to manage our customer research and help them better understand the views and preferences of our customers. Over two thirds of our brands are now using our online satisfaction survey which customers are asked to complete after they have visited one of our businesses. We received over 600,000 responses from customers during the last year and every survey completed helps us to understand how we are doing in terms of speed of service, friendliness of service, food and drink quality, environment and amenity.

We also value our employees views and encourage their feedback, which is analysed and reported in exactly the same way. As a result we are able to share our findings with our managers, retail business managers, retail operations directors and marketing teams to ensure we continue to add value to and evolve further our consumer offers.

In addition, Mitchells & Butlers operates a dedicated Guest Care team to manage our customer enquiries. Through this service our customers can raise any issue with us, positive or negative, and we direct these to the appropriate business or manager. If customers are not happy with their experience at one of our pubs, we do encourage them to direct their feedback at the time of their visit to the pub manager, as the manager is best placed to resolve the problem immediately. However, customers can access our Guest Care service online 24 hours a day via our websites.

### Approved door staff

We have established a nationwide list of Company-approved contractors to supply correctly licensed door staff to our premises.

Our Company door management manual implements best practice standards nationally across our estate. The manual includes guidelines for door staff on logging incidents and details of recognised and accepted forms of ID. We have received positive feedback from the Security Industry Authority on the content of the manual and continue to apply our strict guidelines for the operation of our Company-approved door firms.

Regular review meetings are held with all our approved firms and we host an annual conference where topical issues are discussed.

## Pubwatch

Pubwatch is a voluntary scheme operating in hundreds of communities across the UK. The scheme aims to promote a safe, secure and responsibly led social drinking environment in all licensed premises, therefore helping to reduce alcohol-related crime.

We actively encourage our pub managers to join their local Pubwatch, and where there is currently no scheme, be supportive in setting up the initiative locally. Through Pubwatch our managers are able to work together with other licensees to establish better communication and develop discussion forums to tackle and resolve local issues.



### Case Study – Reading Pubwatch

Reading has an established Pubwatch scheme working in close partnership with the police and licence holders in the area. Annually the scheme's Pubwatch Safer Bar Awards, aim to recognise businesses in the town that operate in a responsible manner and create a safe environment for their customers and employees.

Several Mitchells & Butlers pubs are part of the scheme and entered the 2009 Safer Bar awards. The awards take in to account several factors including how the pub team approached customer safety, drunkenness and disorder, and credits

the winners with a star rating from one to five on their level of achievement.

Two Mitchells & Butlers pubs successfully won awards. The Oakford Social Club, Reading was named Best Live Music Venue and also scooped a 'Two Star Award'. While the Pavlov's Dog received a Safer Bars 'Three Star Award' and O'Neill's, Reading received a 'Four Star Award'.

In addition, we were particularly pleased that one of our approved door suppliers, Securidoor UK Limited, received a special commendation for high standards, policies and procedures.







### Best Bar None Schemes

We continue to encourage our businesses to enter local schemes and this year we are proud to have over 25 of Mitchells & Butlers' pubs accredited or named as Best Bar None winners.

The aim of the scheme is to promote best practice in the responsible and safe operation of pubs across the country. This year we have seen an increase in the development of local authority schemes following the national launch of the Best Bar None. In November 2008 Best Bar None held its first national conference, sponsored by Mitchells & Butlers, to

promote the benefits of the scheme which is now approved by the Home Office and supported by the British Institute of Innkeeping and British Beer and Pub Association.

Licensing Minister Gerry Sutcliffe spoke at a parliamentary reception for Best Bar None in May. A number of other MPs attended the event at the House of Commons, along with Best Bar None awards winners from across the UK, including two Mitchells & Butlers businesses – the Castle, Chelsea and Flares, Leeds.

### Case Study - Birmingham Best Bar None

Following a successful launch, the Birmingham Best Bar None awards are now in their second year. During the summer, hundreds of Birmingham's pubs, clubs, bars and hotels were assessed on criteria such as door and security policies, first aid, how they deal with abusive customers and what systems they have in place to deal with alcohol related crime.

The Man on the Moon, Kings Norton, was named Best Bar None premises of the year. Initially winning the category award for Best Suburban Pub, the Man on the Moon impressed the judges and

were crowned overall winner ahead of seven other category winners.

Emma Peoples, manager at the Man on the Moon said: 'This is an amazing award and it's unbelievable to be picked. We're very much at the heart of the community and a locals' pub.'

In addition, four other Mitchells & Butlers Community pubs also received an accreditation from the Birmingham Best Bar None for their management expertise - the Great Stone, Northfield, the Hazelwell, Stirchley, the Drakes Drum, Great Barr and the Cross Keys, Erdington.





## Health and Safety

We strive to ensure our pubs provide a safe environment for all our employees 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; and
- 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 pub managers to keep records of all safety checks for food, fire and 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 employees. 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.

We also employ Checkmate International (CMi), a specialist auditor, to inspect our pubs on a regular basis covering food, fire and health and safety. CMi carry out over 5,000 site visits every year and report on standards of compliance on a site by site basis.

### Glassware

We use toughened glass, where possible, as standard in all our businesses and review usage on a regular basis. We support the use of plastic / polycarbonate glassware in specified licensed premises

that are identified as having particular problems, as a tool to improve crime and disorder issues and in conjunction with police advice. However, we do not support the imposition of blanket bans across whole areas which we would view as often being both indiscriminate and disproportionate, and which diminish the pub-going experience for customers.

### Disabled customers

Mitchells & Butlers does not condone discrimination in any form and we welcome the many millions of customers with a disability to our pubs.

In order to provide the best service for disabled customers, we have invested in training to ensure our employees are in a position to deal with a range of varying disabilities from mobility to hearing or sight difficulties.





### Community

Through the hard work and dedication of our customers and employees alike, we have developed a strong network of local pubs, 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 the centre to community social life and the true home of safe, and responsible drinking.

## MAKING A DIFFERENCE TOGETHER



PAYROLL GIVING



### Our charity involvement policy

National initiatives are supported at a corporate level and local initiatives through our pub managers engaging with causes which are relevant to their nearby community.

Our community award scheme supports donations via our employees by supporting charities of their choosing to encourage and motivate fundraising. Over the last 12 months, £30,000 has been donated to a variety of charities through our community awards schemes. Over 50 employees have benefited from awards this year supporting a number of fun runs, sponsored walks and volunteering initiatives, as well as school and local community groups.

Many of our pubs have also participated in the scheme, with donations supporting a variety of causes, including Cancer Research UK, Heart of Kent Hospice, Help for Heroes, the Alzheimer Society and Great Ormond Street Hospital.

In addition our pub managers are able to participate in our Heart of the Community Awards scheme, which recognises and rewards those who do their best to support and become an integral part of their local neighbourhood.

We have made a series of in-kind donations, from donating free meeting room space for community groups to offering complimentary meal and bowling vouchers to local groups, charities and schools. This year around £2,500 has been donated in meal and bowling vouchers.

We also offer our corporate employees the option to take part in Payroll Giving, a Government funded scheme that recognises and rewards organisations of all sizes for making payroll giving available to employees. This year, we are pleased to have achieved a Bronze Payroll Giving Quality Mark.

### Pubs and the Community

We acknowledge the time, effort and enthusiasm our pub teams invest throughout the year in charity relationships for the benefit of both individuals and the wider community.



This year we are particularly proud of the following initiatives:

- In March both **Ember Inns** and **Crown Carveries** supported the 'do something funny for money' comic relief challenge. Over the month Ember Inns raised £65,000 and Crown Carveries generated a £32,000 donation.
- **Crown Carveries** launched a campaign to search for real local heroes. The pubs encourage customers to nominate the kings and queens of their local town with details of why they should be crowned. The campaign saw a number of regional heroes being crowned, from longstanding lollipop ladies and marvellous mums to selfless sports coaches and top teachers.
- **Harvester restaurants** were proud to present a cheque for £23,500 to the Make-A-Wish Foundation® UK following a number of charity balloon launches at Harvesters across the country in Autumn 2008. In addition to the balloon launches, many of our restaurants put on extra events to raise money for Make-A-Wish through fundraising raffles, competitions and quiz nights.
- **Hollywood Bowl** launched its 'Learning with Hollywood' initiative to encourage children to engage with education through bowling.
- Following the 'Clink Pink' month in March, **Community Pubs** and **Cornerstone** raised a fantastic £10,000 for the charity Against Breast Cancer. The money was raised by donating 5p for every 175ml of rosé

wine sold and also via pub specific fundraising events.

- **Sizzling Pub Co.** pubs took part in the West Highland Walk and raised over £33,000 for Marie Curie Cancer Care.
- All **Mitchells & Butlers businesses** took part in the Royal British Legion Poppy Appeal collections in November.
- In October, around 200 of our **London based businesses** supported the campaign London for London. The campaign raised awareness of violence amongst young people in the capital and their vision is to use this weekend to create a blueprint to be replicated across cities worldwide.

All of the funds raised will be donated directly to three pioneering organisations that specialise in youth violence: Kids Company, the Volunteer Police Cadets and Help a London Child.

- In March, the **Anderton Arms** (Ember Inns) in Fulwood, Lancashire and the **Beech Tree** (Sizzling Pub Co.), Bromley were crowned joint winners of Mitchells & Butlers' Heart of the Community Pub of the Year. The two pubs were presented with their awards and each received £8,500 to donate to the charity of their choice.
- To mark the 65th Anniversary of the World War Two D-day landings, a number of our pubs offered veterans a complimentary Liberation Ale, specially commissioned to commemorate the event.

### Case study - Learning with Hollywood Bowl

Primary schools up and down the country descended on their local Hollywood Bowl to celebrate the launch of Learning with Hollywood - an initiative designed to strike more fun into lessons.

Each bowl invited its local primary schools along to take part in a lesson using the newly launched Key Stage 2 curriculum linked education packs, followed by a free game of bowling to put their new knowledge into practice. The education pack has been designed as an aid to teachers to bring subjects to life through an

imaginative approach to topics such as geometry, addition and subtraction.

Chris Brewer from Hollywood Bowl said: 'The children seemed to love the Learning with Hollywood lesson as much as the bowling! Whether they were jumping up and down on the spot with the muscle and heart rate worksheet or finding information out from around the Bowl in the data analysis lesson, they were having a great time. Many of the schools have asked if they can return to the bowl to try the initiative with other classes so the packs have certainly scored a hit.'





## Case Study – Heart of the Community Awards

### National Winner and Regional Winner South East

Beech Tree, Bromley (Sizzling Pub Co.)

This year's Heart of the Community winner has seen a bigger and better year of community activity than ever before.

The Beech Tree has been a long standing supporter of Clowns in the Sky, but continues to champion new local charities to maintain customer and employee interest in its activities. The pub has built upon its portfolio of events during the last year. A Valentine's Party, Race Night, Easter School Disco and the St George and Dragon 'Battle of the Sexes' Night - and a Christmas Party - are just a few of the activities the team have organised.

The pub uses every opportunity to open its doors to family groups and prides

itself on organising family oriented activities - whatever the weather! Fun days have become the pub's speciality. The pub has taken the opportunity to enter a five-a-side football team into the Bromley League, made up of a mixture of employees, regulars and members of the local church group. This also resulted in a tournament taking place in the summer involving many local businesses creating a true community event.

Support from customers is central to the Beech Tree's success and the pub introduced a monthly newsletter advertising up and coming events, as well as updating customers on fundraising successes. Employees are encouraged to get involved in the pub's activities and bring their own skills and ideas to benefit the various events. The Beech Tree has very much proved that it sits at the heart of the community.



## Case Study – Sizzling Pub Co. North West Highland Walk



Our Sizzling Pub Co. North team raised a fantastic £33,000 for Marie Curie Cancer Care when nine willing team members bravely trekked more than 90 miles across the Scottish Highlands on the West Highland Way Walk. More than 100 northern Sizzling Pub Co pubs supported the effort by hosting individual fundraising events with everything from a hair-raising sky dive to an indoor Olympics. Their combined efforts raised an astounding total of £33,000 in just a few weeks.

Marketing Manager, Julia Mosedale for Sizzling Pub Co., comments: 'A big thank you goes to all the pubs which have contributed towards the fundraising by holding special events over the past few months. This total shows what a phenomenal difference we can make in a short space of time; you should all feel very proud!'

Nardia Crowther, Corporate Fundraiser at Marie Curie Cancer Care said: 'This is fantastic. All funds raised will help fund Marie Curie Nurses who provide free care to patients with terminal cancer and other illnesses in their own homes. £33,000 will fund more than 1,100 hours of nursing care, which is fantastic news for those people who need our support.'



## Mitchells & Butlers and the Community

### Corporate Charity Partner

In November 2008, Mitchells & Butlers announced a new charity partnership with Marie Curie Cancer Care. In addition to employee fundraising, the Company pledged a £25,000 donation to the charity to kick start the relationship.

Marie Curie Cancer Care provides high quality nursing care for people with cancer and other terminal illnesses, giving them the choice to spend their final days in their own homes, in familiar surroundings and supported by their families. Working in communities across the UK – from remote Scottish islands through villages and towns to our biggest cities – Marie Curie Nurses care for around half of all cancer patients who die at home. This year the charity will care for approximately 29,000 terminally ill patients in the community and in its hospices.

Our first year of partnership has been a huge success, with our employees supporting the partnership through fundraising activities and taking part in our departmental fundraising challenges. This has resulted in our corporate team raising over £37,000 for the charity in just 12 months through their enthusiasm, generosity and dedication to the partnership.

This fundraising has been boosted by our Sizzling Pub Co. pubs in the north of England and Scotland pledging their support for Marie Curie Cancer Care by supporting the West Highland Walk Challenge. Their combined efforts raised an astounding total of £33,000 in just a few weeks.

Arun Sharma, Head of Corporate Fundraising at Marie Curie Cancer Care said: **"The amount Mitchells & Butlers employees have raised is a magnificent achievement and will help us make a real difference to terminally ill people and their families. £95,000 will help us provide 4,750 hours of nursing care, so I would like to thank everyone for their fantastic efforts and we're looking forward to another year of fundraising ahead."**

Therefore in one year, Mitchells & Butlers have raised over £95,000 and funded 4,750 Marie Curie Cancer Care nursing hours. We are extremely proud of this achievement and hope to build on this success as we continue the partnership into 2010.

We donated £95,000, funding 4,750 nursing hours to Marie Curie Cancer Care this year



### Community sponsorships

With our company heritage firmly rooted in the Midlands we continue to explore a series of community arts sponsorships in support of the region.

## THE REP

### Birmingham Repertory Theatre



#### The Birmingham REP

The Birmingham REP and Mitchells & Butlers have joined forces to encourage local Midlands schools to visit the theatre. Mitchells & Butlers has been a corporate patron of the Birmingham REP for six years, and during the 2008/09 season we donated around 100 complimentary tickets to local primary and secondary schools to give pupils the opportunity to experience the theatre first hand.

Anya Sampson, Development Manager, comments, 'The REP is delighted to be able to work with Mitchells & Butlers to help more young people in the West Midlands enjoy the theatre's work. All the children involved massively enjoyed their trips and for many of the primary school children it was their first visit to the theatre.'



#### City of Birmingham Symphony Orchestra

For a sixth consecutive year our commitment to On the Road has enabled the City of Birmingham Symphony Orchestra to continue to take its passion for music across large areas of the West Midlands.

Ensembles of CBSO musicians have performed in a range of venues including theatres, medieval churches, village halls and community centres, with our On the Road concerts reaching many people who love music of all genres. Furthermore, this season, we also sponsored the CBSO's small instrument van which supports the On the Road concerts, thus reinforcing our commitment both to the orchestra and region.

With our support, On the Road has enabled the CBSO's smaller ensembles to reach many more people who are uniformly delighted to find CBSO musicians playing in their community. It has also had a beneficial effect on the CBSO's core activities as well as local musical life, with several promoters organising coach trips to Symphony Hall on the strength of their On the Road experience.

CBSO Chief Executive Stephen Maddock added 'There can be no doubt that On the Road has proved to be one of the most successful community projects the CBSO has ever undertaken, and indeed it is largely through the support from Mitchells & Butlers that we can continue to serve the communities around us. Such is the success of On the Road that we are now flooded with requests from local groups who wish to host a concert and this can only be to the advantage of all concerned'.



### Environment

At Mitchells & Butlers we continue to value the importance of minimising the impact our business has on the environment. With over 40,000 people employed to serve 129 million meals and 574 million drinks each year, we are aware we have a responsibility for the scale of the resources we use and the waste we produce.



## Energy Management

Reducing energy consumption makes good business sense; it saves us money, enhances our reputation and most importantly helps to tackle the effects of climate change.



### Reducing energy consumption

In early 2008, we created a dedicated Energy team to establish a coherent Company wide approach to energy management. Therefore over the last 12 months our focus has been to establish the importance of energy efficiency and the opportunity to reduce consumption, and costs, across Mitchells & Butlers' businesses.

Our initial aim has been to tackle energy consumption levels. We now have a team of Regional Energy Managers who work alongside our Operations and Commercial departments to ensure our energy reduction strategy is co-ordinated across the business. This may involve helping individuals at high consuming sites to reduce consumption, or managing the upgrades of utility equipment to ensure we are operating our pubs as efficiently as possible. Whether it's switching equipment off when it's not in use or spotting equipment that needs fixing. Trade lights in a pub which are turned on an hour earlier than required could be wasting £250 per year, a fryer turned on an hour early will waste £500 per year, and a dripping tap could waste £500 of water a year.

We regularly conduct energy audits to identify high usage pubs and produce a series of action points for our managers. This is proving very effective and can often result in immediate cost savings through simple measures such as resetting external lighting timers or heating clocks.

### Employee energy awareness

Central to our strategy is the communication and training of energy management practices to help drive operational best practice. We have integrated energy awareness messages into all our retail training packages ensuring our retail operations directors, retail business managers, pub managers, kitchen managers and full and part-time retail employees are all given guidance. In addition, our ongoing energy campaign uses a series of tools and regular communications messages to continue to maintain interest and compliance with our strategy.



We have identified team members with a real passion for energy management and elected them as Energy Champions to offer advice and help to colleagues. We have also included energy reduction targets in our pub manager and retail business manager bonus structures to ensure we underline the importance and long term commitment to our energy management programme.

### Energy saving tools

We have also focused on investing in a series of equipment and exploring technology to help us achieve greater energy reduction levels.

**Low Energy Lighting** - by the end of 2010 nearly all of our pubs will have low energy lighting installed. This has resulted in us achieving an average annual saving of £1,500 per pub.

**Electrical Smart Meters** - these are a valuable device to help drive energy savings. They are now installed in over 90% of our businesses, enabling us too monitor consumption on a half hourly basis.

**Gas Automated Meters** - we have fitted these meters in over 250 pubs and are looking to increase the number of units to improve our understanding of our gas usage.

**Energy efficient equipment** - we are also continuing to explore other energy saving equipment such as hand driers and toilet water saving devices.

**Water leak detection** - we are able to identify large water consumption pubs and monitor usage. We can access water meter readings via suppliers and directly with pub managers on site.

### Engaging partners

The Government will introduce the Carbon Reduction Commitment in 2010, with the first league table based on Carbon trading being published in 2011. We understand carbon reduction will become much higher profile for everyone, with customers potentially making lifestyle choices based on a company's carbon management policy.

In preparation, we are engaged with the Carbon Trust to access our current carbon emissions and to scope our ongoing commitment to measurable carbon reduction.

We also participate in the Carbon Disclosure Project (CDP) and have returned our annual information request which gives details of carbon emissions, energy sources and management policy commitments.

## Waste management

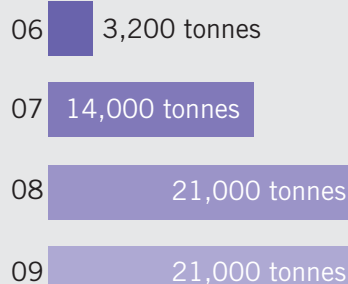
Our priority remains to continue to look for ways to reduce the levels of waste we produce and recycle what we do use.



## Recycling

Our aim is to maximise the recycling opportunities across our estate and we continue to deliver a robust recycling programme which now involves glass, cardboard and waste cooking oil.

We now have four out of five of Mitchells & Butlers' pubs taking part in our recycling initiatives. We continue to maintain our recycling levels, with 21,000 tonnes of waste recycled this year.



Ongoing, we are planning to review the types of waste our pubs generate from point of delivery to disposal. This will enable us to understand what opportunities there are to manage any residual waste that may go to landfill.

## Oil and food waste

We collect and recycle waste cooking oil from our entire estate. The waste oil is converted into bio-diesel or renewable energy and helps support our aim to reduce carbon emissions. In the last year we have collected 1,939 tonnes of cooking oil resulting in a UK CO<sub>2</sub> emissions reduction of 3,684 per annum.

We have concluded a series of food waste trials to understand the benefit and viability of offering a service to all our pubs. The waste, managed via our contractor Biffa, is recycled and composted using a method called 'In Vessel Composting' (IVC). Food waste consists of food preparation waste and plate scrapings and accounts for approximately 30% of our general waste. We are now reviewing our options to divert this food waste from landfill. In addition we are also looking at the opportunity to use a Dry Mixed Recycling (DMR) service which includes card, plastics and aluminium.

## Engaging partners

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.

## Case Study – Carbon Positive Award



In May 2009, Mitchells & Butlers celebrated being one of the first companies to win a Midlands C+ Carbon Positive Award, for being among the regions 'greenest' businesses.

The new awards scheme, organised by Business in the Community and supported by Advantage West Midlands were presented as part of the Prince of Wales May Day Summit event in Birmingham.

Mitchells & Butlers won a Highly Commended Award in the C+ Carbon Positive Footprints category. The Company was praised for successfully cutting carbon emissions and internally managing our carbon footprint. The judges specifically acknowledged Mitchells & Butlers' energy metering and measuring processes, as well as our waste-stream and recycling management.

David Darlaston, Regional Director of Business in the Community, was delighted with the response from the region.

"This is the first year we have held the C+ Awards and we had over 50 entries, with the winners providing a clear indication of the quality, the innovation and the commitment clearly present in big businesses, small firms and community organisations."

He continued: "It is vitally important for our region to embrace the Carbon Reduction Commitment and these accolades will perform a dual role in promoting the companies who are leading the way and act as inspirations for others to follow."





### Corporate Governance

Our Company is underpinned with the highest levels of corporate governance and recognises its role in creating a successful, sustainable and profitable business. Our Business Conduct guidelines describe the standards of behaviour expected from those working for the Company.



Our businesses and employees are part of a wider community, each and all of whom carry the responsibility to act in a way that respects the social, economic and environmental wellbeing of the wider world. Our corporate reputation depends upon us all acting in good conscience and behaving with integrity in our dealings with employees, shareholders, customers, suppliers and all other stakeholders.

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 2009 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.

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, updated regularly and presented to the Board bi-annually. The Board considers as an intrinsic part of this review whether the steps taken to address these risks are appropriate. Opportunities to enhance the Company's value on a sustainable basis are considered as part of that review and at strategy discussions.

The Board is responsible for the Company's internal control and risk management system. The Risk Committee assists the Board and the Executive Committee in the review of risk management processes and in the consideration of major risks.

Primary responsibilities are to:

- Review the operation of the risk management process;
- Consider the Company's major and other significant risks and the adequacy of the mitigation actions;
- Review and comment on the updates on risks prepared by Group Assurance prior to submission to the Executive and Audit Committees; and
- Review and comment on the Group Assurance audit plan prior to submission for approval to the Audit Committee.

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

**We welcome your feedback to the Review.**

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

**[csr@mbplc.com](mailto:csr@mbplc.com)**

or write to us at:

**Corporate Social Responsibility  
Corporate Affairs  
Mitchells & Butlers plc  
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Birmingham B3 1JP**

Further information on Mitchells & Butlers  
can be found at: [www.mbplc.com](http://www.mbplc.com)