



THE
CITY PUB
GROUP

Environment, Social
and Governance
Report
2021



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INTRODUCTION

We at City Pub Group recognise the importance of operating sustainably, and are committed to reducing our impact on the environment and the local communities in which we operate. With the growing interest in Environment, Social and Governance (ESG) amongst our stakeholders, we are proud to present our first ESG Report which demonstrates our efforts to ensure City Pub Group reports on the issues important to our business, as we develop our ESG strategy.

ABOUT THE GROUP

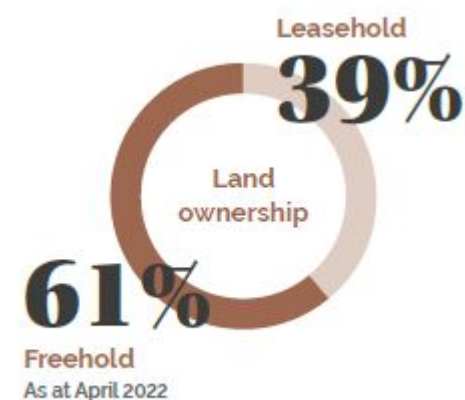
The City Pub Company (East) PLC ("CPCE") and The City Pub Company (West) PLC ("CPCW") were founded by Clive Watson, David Bruce and John Roberts, who joined the board in December 2011.

On 1 November 2017, The City Pub Group PLC (as consolidated "the Group") was formed through the all share merger of CPCE and CPCW by way of a scheme of arrangement of CPCW, as further described in the Group's Admission Document for the IPO that the Group completed in November 2017, when the shares were admitted to trading on AIM. As such the results of the Group are presented as if the Group always existed. At the same time, CPCE changed its name to The City Pub Group PLC.

The City Pub Group owns and operates an estate of premium pubs across southern England and Wales. The Group's pub estate comprises 41 trading predominately free houses located largely in London, cathedral cities and market towns, each of which is focused on appealing specifically to its local market. The group has four more pubs in development. The Group's portfolio consists of predominantly freehold, managed pubs, offering a wide range of high quality drinks and food tailored to each of its pubs' customers.

The City Pub Group leverages its sector contacts and experience to ensure it is well placed to acquire, and to have opportunities to consider the acquisition of, either freehold or leasehold pubs. Following acquisition, it aims to improve profitability through targeted investment in each pub, incentivisation of its key employees, introducing its flexible retail strategy, dedicated marketing and utilising its centralised buying power.

The Directors have considerable experience of acquiring pubs, expanding pub portfolios and creating premium pub companies. This includes leading the Capital Pub Company from start up through to flotation on AIM and its subsequent acquisition by Greene King for £93 million.



ABOUT THIS REPORT

We are proud to present our first annual ESG Report. This report provides transparency of our journey to our stakeholders, detailing the development of our ESG Strategy.

Our ESG Report has been prepared in accordance with the Global Reporting Initiative (GRI), that enables organisations to report on their environment, social, economic and governance performance. This report outlines the processes which have been introduced throughout the year in order to collect data to measure our ESG performance.

For our first year of reporting, we have focused on understanding our impact and reviewing our current practices and processes in place across the Group. We aim to enhance our ESG Strategy and reporting as we develop on this journey and identify areas to reduce our environmental impact and support our local communities.

In developing the City Pub Group ESG Strategy, we have considered a range of different ESG disclosures and reporting frameworks to ensure best practice across the Group.

As a PLC, we comply with the Energy Savings Opportunity Scheme (ESOS), a mandatory energy assessment scheme which the Group must perform every four years. This along with our Streamlined Energy and Carbon Reporting (SECR) Report enables the Group to assess and report our energy usage, associated emissions, energy efficiency action, and energy performance.

This year, we have voluntarily reported on our progress against the Task Force on Climate-Related Financial Disclosures (TCFD) for the first time.

As part of our ESG strategy we will submit a Carbon Disclosure Project (CDP) 'Climate' response in summer 2022 to report further on our environmental impact management.



CHAIRMAN'S STATEMENT



Clive Watson - Executive Chairman

"We recognise that the Environment, Social and Governance (ESG) agenda has become increasingly important for our stakeholders. In response, we have developed an ESG framework to deliver our vision, offering independent, safe and supportive spaces that leave a positive impact. City Pub Group are committed to minimising our impact on the environment and the communities in which we operate.

Throughout 2021, we have made progress in developing our ESG strategy and reporting to ensure that we operate as a more responsible and transparent business, primed to play a positive role in society. We are pleased to present our first standalone ESG Report, outlining our progress over the past year.

We have launched a significant and thorough review of our current operations and introduced robust data collection processes to understand our impact on the environment and society. We are taking our responsibilities seriously and want to get ESG right. I am very pleased with the progress we have made this year to develop on our journey, setting ourselves the ambitious target of being net-zero by 2040, in line with the UK Hospitality Roadmap. We will continue to develop this roadmap and report on our progress annually. This year we have also reported against the recommendations of the TCFD for the first time and prepared a standalone TCFD Report. Both our TCFD and ESG Reports communicate our ESG journey to our stakeholders".

"There is an aim for the pub to become a central part of the local community by incorporating local suppliers, local staff and providing several reasons for people to visit."

A photograph of a dimly lit, historic bar with ornate wood paneling and people gathered around the bar. The scene is viewed through a window, with a dark frame visible on the left and right. Inside, several people are standing near the bar. The bar itself is well-stocked with various bottles of alcohol. A sign above the bar reads "Whiskies". Another sign on the right side of the bar reads "Tradition". The lighting is warm and ambient, with large, round pendant lights hanging from the ceiling. The overall atmosphere is cozy and sophisticated.

Governance & Strategy

OUR PURPOSE

“We are a streamlined, well invested business with a first-rate customer offer. Our pub estate is unique in terms of quality and, with the step change in the business, we have an ideal platform to grow successfully in the future”.

Clive Watson - Executive Chairman

Our Approach

We aim to operate as a responsible business, developing long-term sustainable value for our stakeholders. City Pub Group stands out from the crowd with our unique and premium offer. This is embedded in our culture and influences everything from site selection, food and menu design to the quality of our employees.

Our portfolio is built up of unbranded, wet-led pubs in high footfall areas that appeal to a broad variety of customers, ranging across residents, workers, students, shoppers, and tourists. Each pub is centred around a high calibre level of staff that offers a relaxed, enthusiastic and charming environment.

The Group has a solid track record of identifying, acquiring, refurbishing and repositioning pubs to drive higher returns. Our approach is highly differentiated and combines the flexibility of the managed pub model with the entrepreneurialism of the tenanted model. This differentiated approach has been honed over management's 100 or more collective years of pub retail experience.



OUR ESG STRATEGY

Our aim is to empower our customers, benefit our people, enrich our local communities and protect our planet. Our approach is localised, independent and responsible – adding value by being different and unique. Creating safe and supportive spaces for people and for the planet is central to achieving our goals.

As we are at the beginning of our ESG journey, we aim to further develop the data collection processes throughout the Group to enhance our ESG reporting. We have enlisted the help of a third-party specialist to support us in developing our ESG strategy and measuring our impact.

We are in the process of developing clear and measurable targets as part of our ESG strategy.

The Group aims to be net-zero by no later than 2040 and in 2022 will develop a net-zero roadmap based on this. Detailed emission reduction targets will be confirmed once an emissions baseline year has been calculated in 2022. More information can be found on page 24.

In the meantime, we have set interim environmental targets to continue to reduce our impact including reducing our emissions, waste and water by 5% year-on-year.

Materiality

Following feedback from our stakeholders on the importance of ESG, we completed a thorough review of our current operations in 2020, assessing our impact across energy use and carbon emissions, waste, our people, customers and local communities.

In 2021, we developed on this further by evaluating our progress across all of the GRI indicators, spanning governance, economic, environment and social. This year, we expanded our material issues to cover additional areas which we felt are important to consider when understanding our impact.

The Company has adopted the QCA Guidance to address its environmental, social and economic impacts that are specific to our sector.

The following areas are material to City Pub Group and our position has been reported on throughout this report:

Economic

Economic performance, procurement practices and anti-corruption and bribery.

Environment

Carbon emissions, energy usage, waste, water, biodiversity and environmental compliance

Social

Health and safety, learning and development, diversity, local communities, customers, discrimination, human rights and forced labour.

STAKEHOLDER ENGAGEMENT

The Board of Directors carry out their activities to promote long-term success for the benefit of the company's shareholders, employees, customers, suppliers, local communities and the environment. They focus on building a stronger, better, and more sustainable business for our stakeholders.

We engage with a variety of stakeholders to reflect their insights and views when making decisions on strategy, delivering operational effectiveness, making plans, driving initiatives, and committing to deliver outcomes that enhance our value in order to promote the long-term success of the company. We collect feedback from our stakeholders through regular meetings, review of online analytics and weekly communications.

Customers

The Group has five target markets – shoppers, residents, office workers, students, and tourists. We aim to become a central part of the local community that provides a unique experience to each of our customers by incorporating local suppliers, local staff and providing several reasons for people to visit often.

Reviews written by customers via Google, TripAdvisor, Facebook are continuously read by the Managing Director's, Operations Managers and General Managers, and reported on at the quarterly meetings.

The Marketing team provides analytics data on customer satisfaction, website visits, bookings and App sales via a weekly communication to all Head Office and General Manager's, and reports on a quarterly basis to the Board.

The Group is very conscious of the role its pubs play in the local community and certain pubs offer discounts to customers who work in the public services. Charity fundraising events are also often held in the Group's pubs.

Employees

The Managing Directors meet with the Operations Managers on a quarterly basis to review strategy and performance. Feedback is given on staff, customers and suppliers, and any necessary changes to running the pub are implemented.

Area Operations Managers meet quarterly with their group of General Managers to review the performance of each of our sites.

Employees are able to provide feedback and raise any suggestions or issues by emailing the nominated employee representatives via a designated email address. The representatives then meet with the Board quarterly to relay this information.

The Executive Chairman engages with employees weekly through email, where he gives a shout out to the best performing sites, Rewards are given to sites meeting their weekly energy usage reduction targets.

STAKEHOLDER ENGAGEMENT cont'd

Suppliers

The Group adopts a long-term approach with its suppliers and has maintained relationships with its major suppliers since inception. This includes contractors, professional advisers, designers and property agents, as well as food and drink suppliers.

Our goal is to partner with our suppliers and collaborate with our property refurbishment and developments teams to create sustainable and inviting pubs.

We meet with our main suppliers on a quarterly basis and continuously review new products to remain competitive in the market.

Shareholders

The Group maintains effective contact with Shareholders and welcomes contact from investors as mentioned in the Chairman's Statement. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Community

We aim to benefit and enrich our local communities as well as protect the planet. We have several community projects underway including plans to enhance our initiatives throughout 2022. Our City Club App advertises local events, charities, and companies to our customers. More details can be found on page 47.

Environment

We have a variety of capital expenditure and operations projects underway that will help reduce our greenhouse gas emissions and minimise our environmental impact. Waste, water consumption, and biodiversity are also factors that are considered within the Group's strategy and decision making process. More details can be found within the environment section of this report.



ESG GOVERNANCE

The Board recognises the importance of sound corporate governance. We operate a robust governance framework throughout the Group, outlining the relationships between our stakeholders, the Board and senior management in shaping our strategy. We have embedded ESG into our existing governance processes and responsibility for managing ESG performance is held by various individuals across multiple governance forums at Board, executive and management level.

The Board of Directors

The City Pub Group Board takes sustainability seriously and has overall responsibility for the Group's ESG programme. The Board meet regularly to review, formulate and approve the Group's strategy, budgets, and corporate actions and oversee the Group's progress towards its goals.

The Board is responsible for developing and setting our long-term environmental objectives. They are in the process of establishing carbon reduction targets based on an emissions reduction pathway to reach net-zero by 2040 at the latest, in line with the UK Hospitality roadmap.

In response to the growing interest in our environmental performance from our stakeholders, and to ensure that climate-related risks and opportunities are properly managed, the Board established an Environment, Social and Governance ("ESG") Committee in 2021. The Committee formulates and implements ESG initiatives and oversees the Group's performance. Further details of our ESG Committee can be found on page 14.



THE BOARD OF DIRECTORS

The Board comprises seven directors, of which four are executives, and three are non-executives, reflecting a blend of different experiences and backgrounds. In 2021, we have appointed a female CFO and NED. The female representation of our board is 29%, an increase from 12.5% in 2020. Below is an overview of the City Pub Group's Board of Directors.

Clive Watson ACA
61
Executive Chairman
Appointment - September 2014

Neil Griffiths
60
Independent Non-Executive Director
Appointment - January 2018

Toby Smith
51
Chief Operating Officer
Appointment - November 2020

Emma Fox
54
Independent Non-Executive Director
Appointment - March 2021

Rupert Clark
50
Managing Director
Appointment - September 2014

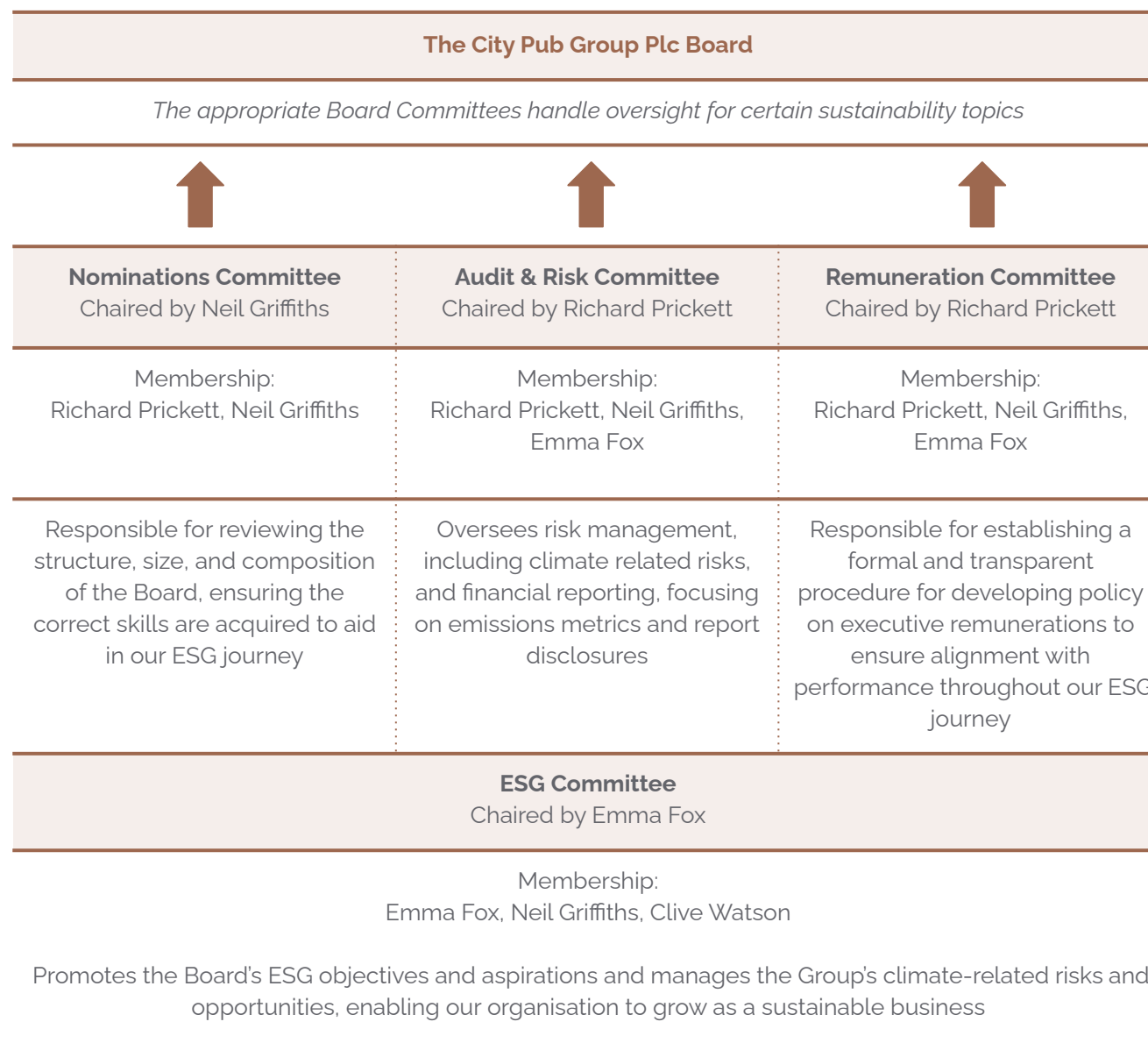
Richard Prickett FCA
70
Independent Non-Executive Director
Appointment - October 2017

Holly Elliot ACMA
49
Chief Financial Officer
Appointment - November 2021

James Dudgeon
74
Company Secretary
Appointment - 2011

THE BOARD'S COMMITTEES

The Board has split the responsibility of ESG Governance between its Committees to ensure it is best managed. Each Committee has a role in City Pub Group's journey and ensuring it is in the best position to meet its targets and develop sustainably to ensure long-term value for its stakeholders. An overview on the responsibilities of the Board's Committee's can be seen to the right.



ESG COMMITTEE

Given the importance of ESG amongst our stakeholders, the Board has established a specific ESG Committee to ensure material issues are given the appropriate attention. The ESG Committee is responsible for implementing the Group's environmental and social initiatives and monitoring their progress. The Committee is also responsible for ensuring City Pub Group are compliant with current and emerging ESG regulation, and overseen the expansion of the Group's reporting to include ESG and TCFD Reports for 2021. The ESG Committee meets quarterly to review ESG performance across the Group. An update on the progress is presented by the ESG Committee to the wider Board annually.

The ESG Committee is chaired by Emma Fox, Independent Non-Executive Director of City Pub Group and Chief Executive of Berry Bros & Rudd, and includes Neil Griffiths, Independent Non-Executive Director of City Pub Group, former CEO of Punch Taverns Plc, Clive Watson, Co-Founder and Executive Chairman of City Pub Group and Olimpia Koczut, Health, Safety & Compliance Manager.

During the year, members of the ESG Committee worked with third-party specialists to understand and assess our impact on the environment and the local communities where we operate. The ESG Committee launched and monitored a significant and review of our current operations and introduced processes to expand on existing reporting. The ESG Committee oversaw the calculation of the Group's Carbon Balance Sheet (Scope 1, 2 and 3), evaluating the carbon emissions associated with our value chain for the first time.

The Committee established interim environmental goals and targets such as reducing our emissions, water usage and waste by 5% year-on-year and procuring 100% of our energy from renewable sources by the end of 2022. The Committee are working with the Board to introduce additional carbon reduction targets and establish a road map to be net-zero by 2040 at the latest.



ESG RISK MANAGEMENT

The City Pub Group is not alone in facing a range of risks and uncertainties. In addition, the Group identified and reported on our climate-related risks for the first time this year. Our aim is to identify and manage these risks effectively so that we can deliver on our strategy and maximise shareholder returns.

In the course of its normal business, the Group continually assesses and takes action to mitigate the various risks encountered that could impact the achievement of its objectives. The Board is responsible for monitoring and controlling the Group's management of risks. The Audit Committee reviews the effectiveness of this process and seeks to ensure that management's response is adapted appropriately to the changing environment.

There are a number of external risks over which the Board has no direct control, which are discussed at Board and Audit Committee meetings to ensure that the business can respond effectively to changes in the external environment, such as Brexit and COVID.

The Principal Risks which affect the Group can be found in our 2021 Annual Report on pages 22 to 25.

Climate Risks

In 2021, we worked with a third-party specialist to assess and understand the climate-related impacts facing our business over the short (2020-2025), medium (2025-2035) and long-term (2035-2050) as part of our TCFD process. Overall, we have determined that the risk posed by climate change to the Group is low.

Transition Risks

Due to the nature of our business, and the location of our sites across the UK, our most significant risks are those associated with the UK's transition to a decarbonised economy.

Increase in regulation due to climate change will impact the Group as we ensure we are compliant. Costs for the Group will increase to meet increasing labour costs of maintaining a robust ESG management system, both internally and through partnerships with third-party specialists.

The energy mix is predicted to shift to a renewables-based market, with 70% of global energy expected to be renewably sourced. Without action, we could be left behind as the UK decarbonises and switches to renewable sources, resulting in increased costs to procure energy.

Physical Risks

Physical risks are those associated with the physical impact of climate change, including one off events and long-term shifts in climate patterns.

We understand that flooding may increase in frequency and severity as temperatures rise in summer, followed by wetter winters.

This may damage our assets or lead to large financial expenditures in either insurance premiums or repairs of our Pubs. A rise in temperatures would cause a variety of impacts on the Group, ranging from amplifying other climate impacts to causing more frequent prolonged heatwaves. It would result in a growing energy cost as cooling demands increase and reduce staff productivity. We aim to review our physical risks on an annual basis as we develop our TCFD reporting to ensure we manage any changes in potential impact.

Our TCFD Report and full details of our climate-related risks can be found [here](#).

BUSINESS INTEGRITY

City Pub Group is committed to the highest standards of business integrity. We do not tolerate any practice that is inconsistent with the principles of honesty, integrity and fairness, wherever we do business. We work with a third-party to screen our suppliers. We seek to identify Suppliers that conduct business with ethical standards consistent with our own. Our Suppliers shall not engage in acts of unfair competition and shall not engage in bribery in any form.

Public Policy

The Group made no political donations during the reporting period.

Whistleblowing policy

We are committed to conducting our business to the highest ethical standard and we expect all staff to maintain the environment of integrity and honesty. It is our priority to create an open, transparent and safe working environment where workers feel able to speak up. We are committed to listen to the concerns of workers and welcome information being brought to the attention of management.

Any suspected wrongdoing should be reported as soon as possible. It is important our people understand how to speak up.

Under Whistleblowing Policy the company is committed to:

- Training workers at all levels of the organisation in relation to whistleblowing law and the organisation's policy
- Treating all disclosures consistently and fairly
- Taking all reasonable steps to maintain the confidentiality of the whistle-blower where it is requested (unless required by law to break that confidentiality)
- Clarifying that any so-called 'gagging clauses' in settlement agreements do not prevent workers from making disclosures in the public interest
- Emphasising that victimisation of a whistle-blower is not acceptable. Any instances of victimisation will be taken seriously and managed appropriately

We hope that in most cases, employees will be able to raise any concerns with their manager. However, where employees prefer not to raise it with their manager for any reason, they can contact either a senior member of the HR team or the Group Secretary. A meeting is arranged as soon as possible to discuss any concerns raised. If appropriate, further investigation is carried out and the employee is informed of the outcome and what, if any, action has been taken.



Economic

FINANCIAL HIGHLIGHTS

Revenue

£35.4m

(2020: £25.8m)

Adjusted EBITDA

£3.8m

(2020: £(0.8)m)

Adjusted Profit/(Loss) Before Tax

£1.0m

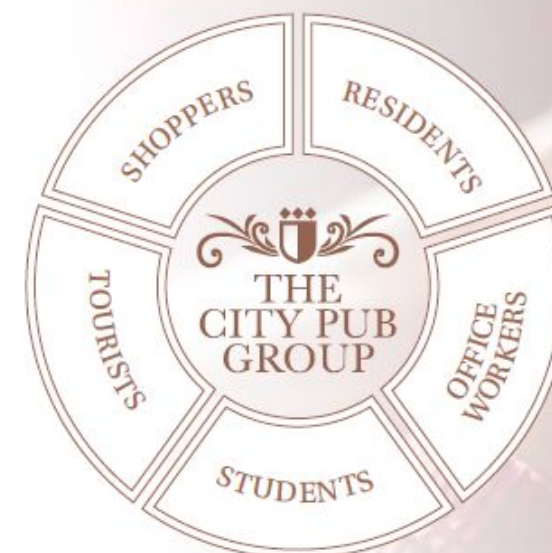
(2020: £(6.5)m)

Reported Profit/(Loss) of

£(2.9)m

(2020: £(5.1)m)

The Group has five key target markets:



What we do

Established in 2011, The City Pub Group is a managed pub business operating in London and the South of England and Wales. It has a collection of 44 unbranded predominately free-house pubs clustered around affluent cathedral cities. Its premium, wet-led offer and flexible approach give it broad customer appeal across residents, workers, students, shoppers and tourists.

Product offering

The Directors believe that in the premium managed pub sector, liquor sales such as craft ales, craft spirits and independent coffee brands offer higher growth potential, higher margins and higher predictability over sales than traditional beers, lagers and spirits. Food menus are developed to offer high quality, freshly prepared food, providing good value for money and offering a wide range of choice.

Increasingly, more healthy and vegan options are being offered in our pubs to broaden the appeal to a wider range of customers.

OUR KEY STRENGTHS



Premium operator creating individual identity for each pub

The Group's pub estate and flexible retail strategy addresses the trend away from branded pubs and towards premium individualised pubs, each of which have a product range appropriate for their local market.



The Group is asset backed

Prior to the IPO in November 2017, an independent valuation report by CBRE valued the Groups portfolio of 34 pubs at £73.65 million. At the time the valuation represented a 9% uplift on net book value. In the last 4 years the Group has continued to expand and has added a number of pubs to the portfolio including Aragon House and the Hoste, both are substantial freeholds.



Scalable platform with pipeline of potential acquisitions

The centralised infrastructure platform, comprising systems and processes as well as head office staff, enables smooth change of ownership for the pubs which are currently in the acquisition pipeline, as well as those identified through the Groups appraisal of both individual sites and portfolios of pubs across Southern England and Wales.



Impressive financial performance and growth

The Group has enjoyed consistently strong sales and EBITDA growth, with steadily increasing operating margins over the last few years. Supplier agreements are expected to further improve operating margins going forward.



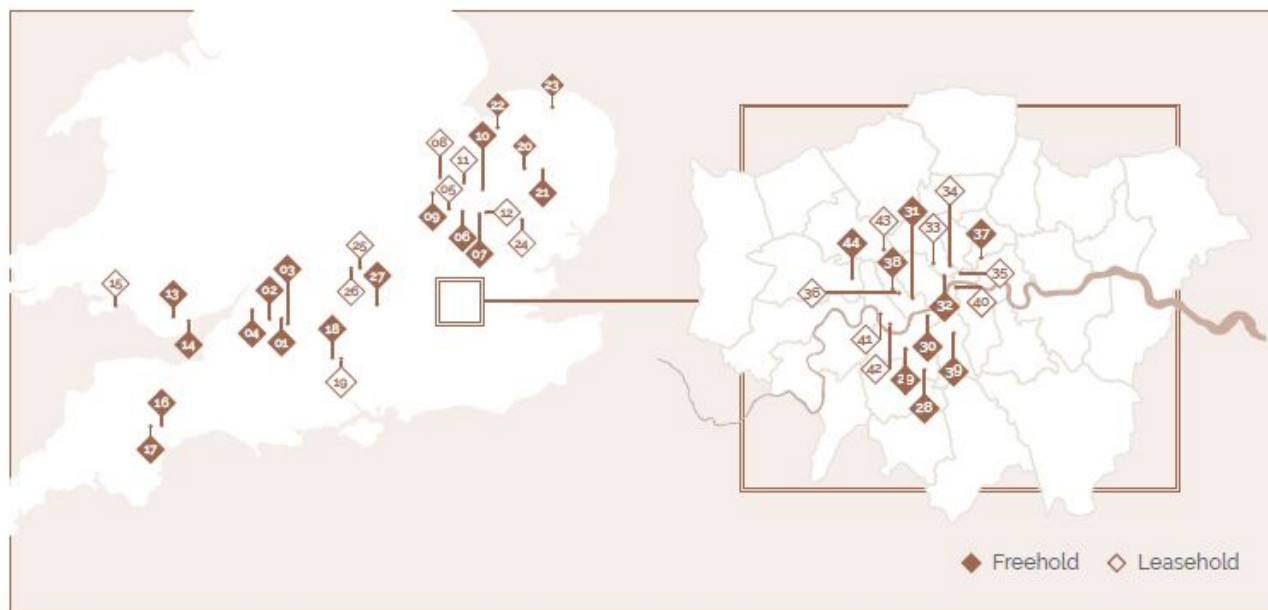
Experienced management team, motivated staff, and strong culture

The management team of the Group has collectively over 100 years of experience in the pub industry with an excellent reputation, extensive contact base, and proven skill in identifying attractive sites for an attractive price. Staff are incentivised to focus on customer service and are represented at board meetings, giving a high retention rate among key staff and strong sense of culture.

Management's strength and track record provides confidence in the deliverability of a premium hyper-local strategy of refurbishing and repositioning wet-led pubs across UK cathedral cities.

PUB ESTATE

The Group has a portfolio of 44 pubs in England and Wales as shown on the map below. This consists of 41 trading sites (post COVID) and 3 development sites. 27 of the pubs in the portfolio are freehold (61%) and 17 are leasehold (39%).



* Daly's Wine Bar and Temple Brew House operate under a single lease.

Bath



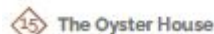
Bristol



Cambridge



Wales



Exeter



Hampshire



Norfolk



Suffolk



Oxford



Reading



London



London cont'd



London cont'd



CREATING VALUE FOR OUR STAKEHOLDERS

Our acquisition strategy is to enhance existing sites rather than redesign to a set formula. Our Directors believe that an operation comprising individual quality outlets which are unbranded will trade better over the longer-term.

The Group intends to continue to acquire new sites. The Group has extensive relationships with property agents specialising in the licenced trade industry and many of these relationships have been in existence for a number of years.

Refurbishment strategy

When refurbishing a pub, the Group adopts a timeless design style which is one of high quality but is not fashionable or contemporary. A typical refurbishment is undertaken in a style which the Directors believe will provide long lasting sustainability. With regular maintenance the estate is kept in a high standard, this helps to ensure that future refurbishment costs are reduced, equipment is running efficiently to reduce greenhouse gas emissions, and closures of pubs for major refurbishments are minimised.

The Tivoli, Cambridge, is our first refurbishment with sustainability as the main focus. Existing materials and furniture will be reused where possible, waterless urinals and tap controls will be fitted, and various sustainable transport measures will be implemented. Full details on this renovation can be found on page 31.

Acquisition pipeline

The Group is continually appraising both individual sites and portfolios of pubs across Southern England and Wales and develops a pipeline of potential acquisitions out of the large number of opportunities presented. All acquisitions are subject to approval by the Board.

The Group has a low annual rent charge compared to its turnover which was circa 3.4% as at 26 December 2021 (2020: 3.4%), based on normalised trading levels. The Group intends to keep it around this level or lower.

The Group also reviews the existing portfolio to see if any sites should be considered for disposal, and has sold six sites so far in 2022. These include Inn on the Beach, The Walrus, The Lion and Lobster, Brighton Beach Club, Travellers Friend and the London Road Brew House, for £17.1m.

The Groups acquisition strategy is broken down into five areas:

Acquisition of Existing Pubs

Central to the Group's acquisition strategy is buying existing pubs which are already trading well and pertain high energy efficiency, which are typically sold by private sellers. The main change is to transfer the pub's supply contracts onto the Group's centralised platform, quickly improving operating margins. The Group prides itself on the way it works with the existing employees in these pubs and, over a period of time, aims to integrate these employees into the Group's entrepreneurial culture.

Acquisition of Trading Pubs Which Require Redirection

The Group also seeks to acquire existing pubs that require modest refurbishment and improved retailing standards. Typically, the Group will target an investment of circa £250,000 to tailor the décor to the pub's local market, improve the liquor and food offerings, install energy efficient technology such as LED lighting and water saving methods, as well as help the existing staff to adopt an entrepreneurial approach in managing the pub.

CREATING VALUE FOR OUR STAKEHOLDERS cont'd

Closed Down Pubs Requiring Extensive Refurbishment

The Group also looks to acquire sites that are either underperforming or have been closed down and which provide the opportunity for the Group to substantially refurbish and improve the product offer to better serve the tastes of the Group's target consumers, allowing us to bring life back into the local communities.

Unlicensed Premises

The Group is able to target sites which are currently unlicensed but which present the opportunity to be transformed into premium trading pubs.

The Group typically targets pubs and sites which produce, or are expected to produce, higher EBITDA per pub than the industry average. The Directors believe that by focusing on sites expected to produce a higher EBITDA, head office costs as a percentage of sales are reduced and this performance also enables the attraction and retention of top performing pub managers.

The Group evaluates new sites by testing them against five key target markets: residents, office workers, students, tourists and shoppers. For a new site to be considered, it should ideally address at least four of the five key target markets.

The Group has identified a new opportunity and is launching a new all day trading concept, Damson and Wilde, in Bury St Edmunds.

Investment Into Other EIS Companies

The Group will look for opportunities to invest into EIS companies as it has done with Mosaic Pub and Dining Tranche 1 and with Barts Pub LTD.





Environment

OUR ENVIRONMENTAL APPROACH

The Group aims to act sustainably, minimising waste, reducing our environmental impact, and ensuring that our operations are continuously monitored for improvements.

The ESG Committee oversees the implementation of our environmental policy and monitors progress of the Group's targets and objectives. More information on the ESG Committee can be found on page 14.

We are committed to operating as a responsible organisation by setting ambitious goals, empowering change and becoming an industry leader in environmental performance.

For this, we have implemented an environmental policy, outlining our approach for the continuous management of our operations, complying with all legislation, implementation of goals and objectives, and effectively communicating with all stakeholders.

We:

- Manage our operations to prevent pollution to land, water and air.
- Comply with all relevant legislation, regulations and other requirements relating to our environmental impacts.

- Review goals and objectives annually to ensure continuous environmental improvement.
- Communicate to all staff and customers, and make our environmental policy available to all stakeholders on our corporate website.

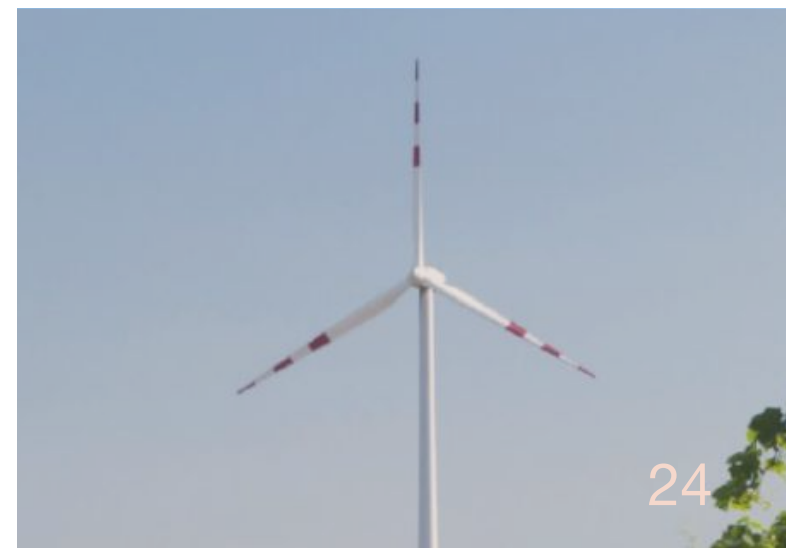
Specifically, we aim to focus our environmental activities on staff engagement and leadership, partnership and engagement with our suppliers and close collaboration with our property refurbishment and development teams to contribute to the creation of sustainable futures for our staff, customers and wider community.

Our Net-Zero Strategy

At the end of 2021, the Group measured its emissions footprint, including Scope 3 emissions, for the first time, based on 2020, when the Group's operations were severely impacted by COVID. The Group will therefore not use 2020 as a base year for setting targets and will instead complete another emissions footprint analysis for a year with 'normal' operations. Emission reduction targets will be confirmed once a baseline year has been calculated.

The Group aims to be net-zero by no later than 2040, as recommended by the Zero Carbon Forum Net-Zero Guide for the Brewing and Hospitality Sector. To ensure action in the short-term, interim targets for Scope 1, 2 and 3 emissions will be established. Scope 1 and 2 targets will be based on the Group's emissions intensity, i.e. tCO₂e per £million of turnover. Using this metric will allow emission reductions to be tracked as the business grows.

Scope 3 targets will focus on supplier engagement as emissions embedded in goods and services purchased by the Group (Scope 3 Categories 1 and 2) make up over 60% of the Group's total GHG emissions. City Pub Group will aim to reduce absolute emissions in line with the latest climate science.



OUR ENVIRONMENTAL TARGETS

| Area | Our Targets | Our Progress |
|-------------------------|--|---|
| Carbon Emissions | <ul style="list-style-type: none"> We aim to be net-zero no later than 2040, in line with the UK Hospitality roadmap. Set interim targets for Scope 1, 2 and 3 emissions in 2022. In the meantime, we will reduce our carbon emissions by 5% year-on-year. To better understand our Scope 3 emissions and to introduce engagement plans to work with our suppliers to lower their carbon emissions. Engage with employees through environmental awareness training to help our people understand how they can help cut emissions at home and work. Conduct surveys to gather granular data on employee commuting. Appoint environmental champions at pubs to get all staff involved in cutting emissions. By targeting energy intensive areas of the business, ventilation, refrigeration, lighting and heating of our pubs, we aim to significantly reduce our consumption of electricity and gas. Several of our sites with rooms have been fitted with electric car charging points. We plan to expand this network to support our customers as part of the UK transition to electric vehicles by 2030. We aim to procure 100% of electricity from renewable sources by the end of 2022. | <ul style="list-style-type: none"> In 2021 we started measuring our Scope 3 emissions for the first time. We have begun an energy saving project including CAPEX investment into smart technology, and behavioural change to reduce energy consumption. Pub managers are supported by operational team in monitoring consumption, identifying saving opportunities and carrying out repairs where necessary. In 2021, we conducted site surveys on 11 of our sites to identify energy savings opportunities. The vast majority of our electricity will be renewable as of April 1st 2022. Our electricity is provided by Smartest's 'natural' product, using only electricity generated by solar and wind. By the end of 2022 we aim to have all contracts procured by renewable energy. We conducted our first employee commuter survey in 2021 to better understand our impact and to identify areas for improvement. |

OUR ENVIRONMENTAL TARGETS cont'd

| Area | Our Targets | Our Progress |
|-------|---|---|
| Water | <ul style="list-style-type: none"> We aim to roll out remote meter readers across our estate to improve data collection. We aim to reduce our water consumption by 5% year-on-year following establishing our baseline in 2022. | <ul style="list-style-type: none"> We have started installing water saving and recording measures in 2021 to begin this journey. We have begun installing LimpetReaders, smart devices that fit directly onto meters and incrementally take images of the meter readings, which are transferred to a secure database, including the date/time, image taken, and data value, enabling accurate tracking of our water usage. We have installed 21 LimpetReaders in 2021, covering around 50% of our estate, and plan to roll them out across our whole estate in 2022. |
| Waste | <ul style="list-style-type: none"> We aim to reduce waste to landfill by 5% year-on-year by improving our recycling methods, repurposing products, and sourcing from sustainable suppliers. Improve grease and fats recovery by upgrading existing and installing new grease recovery units at our kitchen sinks. Reduce use of paper by fully digitalising Food Safety and H&S records and accounting processes. Increase food waste segregation and create recycling targets for sites in 2022. | <ul style="list-style-type: none"> We segregate our waste streams across our sites to ensure as much waste is sorted and recycled as possible. All of our cooking oil from fryers is recovered by Olleco and turned into biofuels for heating and transportation. We have started recycling oils and fats recovered by grease recovery units with Grease Guru. Grease is removed from site using vacuum tanks and taken to an anaerobic digestion plant to be broken down by micro-organisms. These micro-organisms release a methane-rich gas (biogas) which can be used to generate renewable heat and power, cut fossil fuel use and reduce greenhouse gas emissions. We are improving our waste data collection processes in 2022. |

GREENHOUSE GAS EMISSIONS

We are committed to minimising our impact on the environment and protecting the planet. Reducing our carbon footprint is important to City Pub Group and in 2021 we took the first steps on this journey by measuring and understanding our Carbon Balance Sheet. As this is a complex process, we have established yearly targets to enhance our data collection processes, and improving the granularity of our data and therefore the accuracy of our reporting.

Our 2021 scope 1 and 2 emissions represent 49% of our total group emissions, with our 2020 scope 3 emissions representing the remaining 51%, as presented in the table to the right.

Scope 3

We partnered with third-party specialists and followed the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard to expand our carbon emissions reporting to include our Scope 3 emissions, including our value chain's upstream and downstream activities, using 2020 data.

As City Pub Group operations were disrupted during 2020, we appreciate this is not an accurate reflection of our impact.

We will calculate a baseline based on 1 August 2021 – 31 July 2022. We will begin to calculate our baseline Scope 3 data in Q3 of 2022 and intend to align our scope 3 with our annual SECR reporting period moving forward.

Scope 3 reporting has 15 reporting categories under the GHG protocol, 8 of which apply to City Pub Group. By beginning to understand the emissions associated with our value chain, we are better equipped to set realistic targets and make informed decisions surrounding carbon reduction initiatives. This process enables to understand and evaluate the impact of our operations on the environment and develop our road map to net-zero emissions by 2040.

| Emissions Scope | Gross Emissions (tCO ₂ e) | Percentage of Total Emissions | Target |
|-----------------|--------------------------------------|-------------------------------|---------------------------|
| Scope 1 | 2,208 | 30% | Net-Zero by at least 2040 |
| Scope 2 | 1,424 | 19% | |
| Scope 3 (2020) | 3,785 | 51% | |
| Total | 7,417 | 100% | |



CARBON BALANCE SHEET

| Emissions categories | Location-based (tCO ₂ e) | % of Location-based Total | Market-based (tCO ₂ e) | % of Market-based Total |
|---|-------------------------------------|---------------------------|-----------------------------------|-------------------------|
| Scope 1 | 777 | 14.1% | 777 | 14.2% |
| Operation of Facilities | 777 | 14.1% | 777 | 14.2% |
| Combustion | 0 | 0.0% | 0 | 0.0% |
| Scope 2 | 957 | 17.3% | 908 | 16.6% |
| Scope 3 | 3,785 | 68.6% | 3,785 | 69.2% |
| 1. Purchased Goods and Services | 2,895 | 52.4% | 2,895 | 52.9% |
| 2. Capital Goods | 394 | 7.1% | 394 | 7.2% |
| 3. Fuel-related Emissions | 325 | 5.9% | 325 | 5.9% |
| 4. Upstream Transportation and Distribution | 2 | 0.0% | 2 | 0.0% |
| 5. Waste Generated in Operations | 31 | 0.6% | 31 | 0.6% |
| 6. Business Travel | 38 | 0.7% | 38 | 0.7% |
| 7. Employee Commuting | 94 | 1.7% | 94 | 1.7% |
| 8. Upstream Leased Assets | N/A | N/A | N/A | N/A |
| 9. Downstream Transportation and Distribution | N/A | N/A | N/A | N/A |
| 10. Processing of Sold Products | N/A | N/A | N/A | N/A |
| 11. Use of Sold Products | 7 | 0.1% | 7 | 0.1% |
| 12. End-of-life Treatment of Sold Products | N/A | N/A | N/A | N/A |
| 13. Downstream Leased Assets | N/A | N/A | N/A | N/A |
| 14. Franchises | N/A | N/A | N/A | N/A |
| 15. Investments | N/A | N/A | N/A | N/A |
| Total all Scopes | 5,520 | | 5,470 | |

ENERGY USE

City Pub Group recognises that most aspects of its operations consume energy. We are committed to being as efficient as possible in our use of energy and natural resources to lessen our impact on the environment.

We have developed an energy management plan which sets out the following principles:

- We aim to set reduction targets for site energy consumption and carbon emissions through a targeted programme of communications and engagement to minimise usage and improve efficiency.
- Monitor, measure and report on the use of energy and carbon emissions.
- Improve planned preventative maintenance schedule in order to raise the efficiency of energy and heat transmission systems.
- Strive to achieve the highest possible energy efficiency standards for redeveloped buildings, considering the energy usage and carbon emission implications of all major developments.

- Comply with all relevant legal requirements, sector targets and other energy related guidance for our industry.
- Procure energy cost-effectively, identifying options for renewable and local sources in order to minimise carbon and other greenhouse gas emissions, fossil fuels usage and transmission losses.
- Consider energy usage and carbon emission implications of our supply chain to guide our purchasing decisions.

Energy Saving Projects

In 2021, we launched an energy savings project, introducing a range of initiatives to help us achieve our goals.

We have installed 34 units of Technik2 Cellar Manager, a device that monitors the conditions of cellars and automatically controls the heating system, keeping the beer at an optimum 12°C, and saving 30% of the main cellar cooling energy. Parameters can be set on the device itself, including working limits and alarms that will go off if doors are left open for too long, it then checks the temperature of the cellar every 15 seconds, and indicates the conditions on its display.

We have also installed 5 units of Cellar Manager plus Airflow. This upgraded version of Cellar Manager provides the same temperature control measures as the original, but when outside temperatures drop below 10°C it will automatically bring in cold air from outside, chilling the cellar without having to use the cooling system at all.

241 units of Fridge Manager technology have been installed across the Group which uses motion sensors to ensure fridges automatically switch off when they are not being used.

We have also installed 90 units of Remote Optimisers, allowing for remote control and management of energy usage at out sites.

The completion of this project will boost efficiency and reduce energy consumption in our Pubs, resulting in an estimated payback of £226,000 and 480,575 kwh energy reduction over 5 months.

ENERGY USE cont'd

We are always looking for additional ways to improve the energy efficiency of our operations. The majority of our sites are fitted with LED lighting, and we are upgrading lighting at remaining sites, and fitting timers and motion sensors to reduce our energy consumption. We have put in place a robust maintenance programme of refrigeration and air conditioning equipment to reduce energy wastage from heating and cooling. Outdated windows are being upgraded with secondary glazing across the Group.

Reviews of doors, fridge and freezer seals, cellar hatches, and kitchen equipment to ensure that it is all up to date and running efficiently. Timers attached to all equipment are also reviewed to ensure that the "on-cycle" is reduced to minimum operating needs.

We have worked to reduce our reliance on gas for cooking at our Pubs by replacing old units with Induction hobs, which are up to 50% more energy efficient than gas or other electric ceramic models.

Energy efficiency is considered when reviewing and installing new equipment throughout the Group.

Site Surveys

In 2021, we partnered with a third-party specialist to conduct site surveys across nine of our pubs in order to assess the efficiency of each site and provide recommendations on improvements. The survey examined each site's energy usage, overall building quality, and the efficiency of heating, water, lighting, equipment and overall operations. Energy saving opportunities were presented, which are currently being considered as part of our net-zero strategy.

Behavioural Changes

Behavioural changes are an important factor for City Pub Group to meet our reduction targets. By encouraging employees to 'turn stuff off', we are aiming to reduce our energy usage by 10%.

We have enhanced our communication of our energy saving project across the Group, producing posters educating employees on best practice at all sites. Energy Consumption readings are now monitored on a real time basis and energy consumption is reviewed on weekly calls with Operators. Cash incentives for management teams for reductions have been rolled out throughout City Pub Group.

Sustainable Development

We consider our environment when developing or refurbishing our sites. Where possible, we minimise building materials by repurposing as much original material as possible. Waterless urinals have been installed across our sites, ensuring our buildings are as energy efficient as possible. Multiple electric vehicle charging points have been installed to three of our pubs with rooms, enabling both staff and customers to travel to our sites more sustainably. We now provide blankets and hot water bottles to our customers in our outdoor areas instead of installing additional heaters. Moving forward we will promote sustainable travel by also installing staff and public cycle racks where possible across the Group.

CASE STUDY: THE TIVOLI

The Tivoli is a recently acquired pub based in Cambridge. Originally built in 1925 as a cinema, the building slowly transitioned into a pub over time. However, a fire in 2015 left the building empty, with only the structure intact. The Tivoli, Cambridge has taken us over 2 years to develop due to COVID delays. Following significant investment we anticipate it becoming one of our trophy sites. This site opens in May 22.

The ideas behind this project are based on our philosophy of creating venues with great character, fantastic beer, delicious food and excellent service. Whilst we will introduce different elements to the offer, The Tivoli will still have charming and relaxed ambience combined with friendly and enthusiastic service amplifying our pub credentials. The Tivoli is our first site set to be fully refurbished with the environment in mind.

Build

For our Tivoli project we are introducing a 'Living Roof' on the river frontage which will support local biodiversity. We have installed double glazing windows to reduce heat loss.

In order to minimise the use of building materials, we have used the existing natural finishes at the site including brick, concrete, and steel.

We have installed waterless urinals at this site to reduce our water consumption and waste. Where possible, existing furniture from within the estate will be used, with any additional furniture introduced being made from recycled materials. We have also incorporated a large storage space to enable us to store more stock on site and reduce deliveries. The whole site has also been fitted with LED lighting. An air source heat pump has been installed to replace gas.

Operations

We are committed to ensure the Tivoli operates as sustainably as possible. We consider the environment when reviewing our operational procedures and aim to do all that we can to reduce waste at this site. We reduced the use of packaged products. Our City Pub App enables our customers to access digital menus reducing the need to print. We also use locally sourced products where possible, for example CBH Beer, Cambridge Distillery, Pinksters Gin, and Savoursmiths Crisps.

Some of our beer is now delivered in tanks rather than traditional distribution methods to reduce delivery requirements.

Transport

We have installed cycle racks to encourage our employee to travel more sustainably to the site, contributing to the reduction of the Group's associated GHG emissions. A customer cycle rack will also be installed nearby and we are evaluating plans for a local e-scooter hub point.

REDUCING WASTE

The Group is committed to reducing our waste production by a minimum of 5% each year. A range of initiatives have been introduced across the Group in order to reduce the amount of waste we produce.

Our City Pub App enables our customers to access digital menus, reducing the need to print disposable menus.

Over the course of the pandemic, we operated a primarily outdoor-based business. During this period, drinks were served in plastic cups that would be collected by our staff and deposited within designated bins, ensuring that our impact was kept to a minimum while still being able to satisfy our customers. Our Bristol sites offered reusable and washable cups that can last up to 30 washes, incentivising customers to return and minimise their environmental impact.

We have improved our recycling methods by separating cardboard and glass, and introduced balers across several sites to streamline our waste directly to be recycled.

Our Executive Group Chef considers portion size when selecting new menu items to further reduce food waste, as well as increasing the number of vegan and vegetarian options which also aids in a wider carbon reduction for the environment.

Packaging waste has been reviewed throughout our operations. We return delivery crates to our dry goods supplier Elite and have replaced single use 50ml shampoo and conditioners to refillable bottles in our hotels rooms. Some of our sites come with complimentary espresso machines with compostable pods, enabling our guests to start their day in a sustainable way.

We have worked to reuse equipment where possible reduce waste, for example, in some of our Pubs we serve our pizzas on the trays on which they are cooked. We are also exploring draught wine to reduce waste from bottles.



WATER

Reducing our water usage is crucial to City Pub Group. We have started installing water saving and recording measures in 2021 to begin this journey. In 2021, we installed 21 limpets, accounting for around 50% of our estate so far. LimpetReaders are small devices that fit directly onto meters and incrementally take images of the meter readings. The LimpetReaders allow reliable and remote monitoring of our water consumption, and their simple installation and replacement gives us peace of mind that all leaks will be identified and sorted swiftly. We plan to roll this out to our full estate in 2022.

We have introduced waterless urinals to our sites to significantly reduce water consumption and waste. We have also rolled out a Water Filtration system to 8 of our pubs. This enables us to bottle our own filtered water instead of stocking mineral water and reduces our waste as bottles are reused on site. We donate 25-50% of the selling price of this water to 'Water Aid', an international non-governmental organisation, focused on water, sanitation and hygiene.

Regular Audits are conducted at all sites, where all water taps and seals are checked for leaks to ensure there is no waste. We have hung posters in all our kitchens to educate staff on water usage and the importance of ensuring taps are turned off and the process for reporting leaks. To further mitigate this issue, we are looking to install motion sensor taps within 2022.

We conducted site surveys on our pubs to identify areas to improve water efficiency. Over time, we aim to harvest rainwater in order to reduce the gap between supply and demand for our water consumption, reducing expenditure. Additionally tap controls may also be installed to further manage the amount of water being used. While we are already looking to install motion sensors, tap aerators will further reduce water consumption by restricting the amount of water that flows through the tap by mixing air with it, increasing savings.

Finally, by introducing water purification systems we will be able to cut down on waste and pollution by reducing the number of plastic bottles in circulation, in addition to improving the lifespan of our water systems by minimising scaling within the pipes.

BIODIVERSITY

We have assessed our sites and determined our operations have a low impact on biodiversity. Within many of our sites, we have beer gardens, housed with vegetation that offer a natural and green environment for many species to inhabit.

When redeveloping buildings, we consider the local wildlife before commencing with construction.

For our Tivoli project we are introducing a 'Living Roof' on the river frontage which will support local biodiversity. More information can be found on page 31.

For our more rural sites we continue to provide safe havens for wildlife by maintaining our outdoor spaces and implementing herb gardens.



SUPPLY CHAIN

We recognise that engagement with our suppliers concerning environmental impact is required for us to reduce our emissions.

Where possible, we source our suppliers locally, enabling us to maintain effective communication and minimise the delivery distance.

The Group is partnered with Entegra Europe, the largest food group purchasing organisation in the world, who hold suppliers to a strict code of conduct with respect to sound and responsible ethical, social, labour, and environmental practices. We have adapted our own supplier relations process to consider the same themes as Entegra. We ensure all our suppliers abide by applicable environmental laws and regulations and work to continuously improve their environmental protection measures through environmental action plans. Our suppliers are screened to check they work to sustain, protect, and restore the environment, by means of energy conservation, recycling, and proper disposal of waste.



A photograph of three young women sitting at a wooden table outdoors, clinking champagne glasses. The woman on the left has long blonde hair and wears glasses and a black top. The woman in the middle has long blonde hair and is wearing a white top. The woman on the right has long brown hair, wears teal sunglasses and a dark tank top. They are all smiling and laughing. The background is filled with green foliage and trees, suggesting a park or garden setting. The lighting is bright and warm, indicating it's daytime.

Social

OUR SOCIAL TARGETS

City Pub Group are committed to acting responsibly, engaging regularly with our employees, customers, suppliers and communities. We aim for our culture and values to create a focus across the Group on observing and maintaining the highest standards of business conduct. We aim to keep the values of each pub across our estate intact, enabling each pub to become a central part of the local community by incorporating local suppliers, local staff and providing several reasons for our loyal customers to visit often.

| Area | Our Targets | Our Progress |
|---------------------------------|---|--|
| Diversity and Inclusion | <ul style="list-style-type: none"> Improve the diversity of our company at Board, Executive, site management and employee level. | <ul style="list-style-type: none"> We have appointed a female CFO and NED, as well as two female Heads of Department. We aim to develop our strategy to improve our gender, racial, LGBTQ+, age and disability diversity of our company in 2022. |
| Health and Safety | <ul style="list-style-type: none"> We aim to have a 10% improvement of the Food Safety & H&S Audit results conducted by Food Alert at our premises as part of our monitoring processes. | <ul style="list-style-type: none"> We have appointed Health & Safety Manager to work closely with our H&S Consultancy Food Alert, pub managers and operators to achieve highest possible standards of Health and Safety. |
| Learning and Development | <ul style="list-style-type: none"> We aim to fill over 75% management/senior chef vacancies either by promotion or referral. Reduce average time to fill management/senior chef vacancies to less than 28 days. | <ul style="list-style-type: none"> We aim to make career pathways clear and offer apprenticeships for many roles. We provide wide range of apprenticeship qualifications with our partners at HIT Training and encourage career progression through career pathways. At City Pub Group, 12 employees are currently enrolled on Apprenticeship scheme and 40 employees (ranging from Supervisor to GM) are set to enter into our Management Development Programme in 2022. From March to April we have reduced our average length of vacancy by 50%. |
| Communities | <ul style="list-style-type: none"> We aim to Increase the level engagement with local communities where we operate by charity links and community-based initiatives. | <ul style="list-style-type: none"> To achieve this, we plan to catalogue organically developed existing partnerships at our pubs and create Company-wide Social Strategy. |

OUR PEOPLE & STRUCTURE

At City Pub Group, we put our staff at the heart of our business, ensuring they are always heard and looked after throughout the company.

For the reporting period 1 January to 31 December 2021, we employed an average of 1763 employees.

Recruitment and retention of high quality staff is key to the Group's strategy, both at head office and across the estate. City Group's staff are well-trained and appropriately incentivised, given their respective roles, with the focus on attracting the most suitable employees to support the growth of the Group and maintain high levels of consumer satisfaction.

We actively engage with our employees and feedback is always encouraged and considered. We even work with employees to identify partnership opportunities that benefit the local community and have employee representation at board level to discuss improvements in staff welfare.

The Group's localised strategy requires a certain standard and quality in its staff. The inherent ability to be engaging, intelligent and motivated are key attributes. The strategy to focus within Cathedral cities means finding the right type of staff should be easier especially as universities are central to all these cities.

The pre-Covid average full time equivalent (FTE) staff per pub ranges from 15-25 depending on size and offer. This number is higher for those with accommodation and greater food offer.

The structure of our company can found below.. We aim to enhance our data collection processes to better understand and disclose the makeup of the Group.

Employee turnover and new hires

| | <30 | 31-50 | >50 | Total |
|-----------------------------|---------|--------|--------|--------|
| Number of New Hires | 758 | 191 | 43 | 1019 |
| Number of employee turnover | 562 | 204 | 40 | 814 |
| Rate of employee turnover | 109.98% | 76.54% | 70.79% | 96.16% |

| | <30 | 31-50 | >50 | Total |
|--|------|-------|-----|-------|
| Permanent Employees | 1171 | 324 | 98 | 1763 |
| Full Time Employees (contracted at 35 hours or more) | 227 | 218 | 50 | 496 |
| Part Time Employees | 168 | 44 | 8 | 225 |
| Zero Hour Contracts | 776 | 202 | 40 | 1042 |

OUR PEOPLE & STRUCTURE cont'd

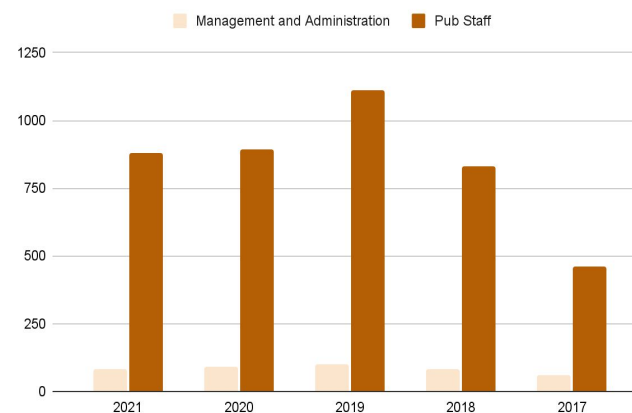
Diversity and Inclusion

We seek to build a more diverse and inclusive workplace at Board, Executive, site management and employee level. We provide flexible working arrangements to support our employees' family commitments or advance educational studies.

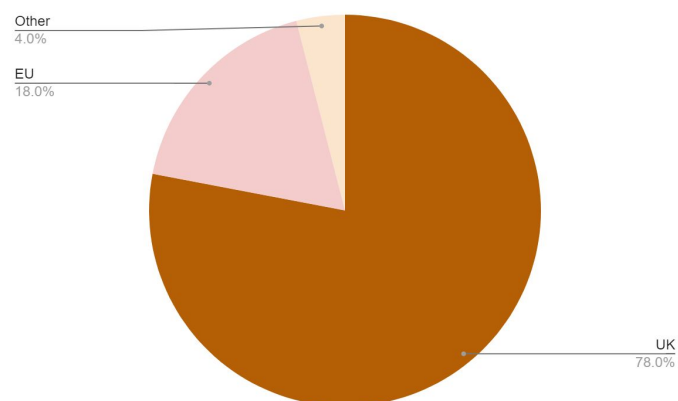
We are continuously working to improve our diversity and inclusion strategy to be a safe and inclusive place for our staff and customers. In 2021, we have appointed a female CFO and NED, as well as two female Heads of Department.

We aim to improve our data collection to further understand the makeup of our workforce.

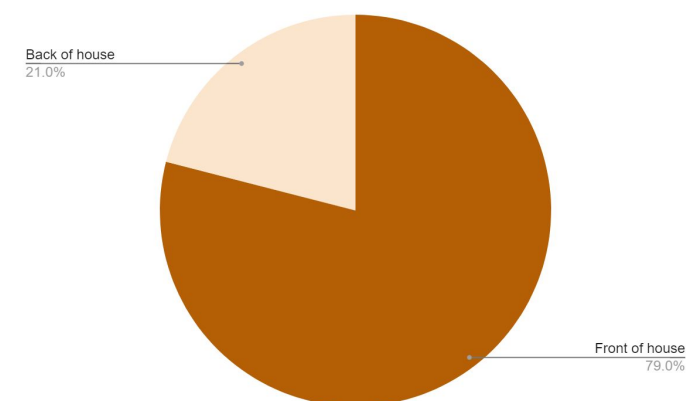
Number of Staff



Staff by Region



Staff by Task



EMPLOYEE BENEFITS

We recognise that our people are key to the success of the Group's strategy and deserve to be rewarded. Over the past two years, our staff have been pinnacle in ensuring City Pub Group emerged from the pandemic stronger than ever.

To show our appreciation, we have developed a comprehensive incentives policy. City Pub Group promotes inclusive and fair remuneration and reward schemes for our employees across our pubs. Selected staff are awarded share options in the business after six months service by which time the company recognises the efforts of individuals to contribute to the overall success of the business. Importantly, bonuses are based on both quantitative and qualitative targets that are paid out weekly, monthly, as well as annually.

We operate an Employee Assistance Programme ('EAP') run by the Hospitality Action. The EAP is available to all our employees 24 hours a day, 7 days a week, and provides a range of specialist, independent and confidential support services and resources on topics including Covid, anxiety, addiction, home and family life, domestic abuse, bereavement, financial uncertainty, employee rights, and general wellbeing.



In March, we launched a company-wide 'Furlough' scheme to allow those who started after the government cut off of March 21. This scheme enabled our employees to earn 80% of their wage if they were forced to isolate due to Covid. We also re-introduced Furlough for all employees after the government scheme finished at the end of the year, when cases of Omicron were rising and many employees were affected and could not work.

In April 2022, we have introduced 'Wagestream'. This initiative enables our employees to access their pay within 24 hours of completing a shift, as opposed to having to wait for their traditional pay packets.

EMPLOYEE ENGAGEMENT

We are committed to understanding our people and ensuring their voices are heard. Currently we have two employee representatives who are included at each Board meeting to ensure employee concerns are discussed and improvements in staff welfare can be implemented.

Communication with employees is very important for the Board. During the year, City Pub Group improved weekly communication via video blogs from the central teams, highlighting energy saving initiatives, staff opportunities, employee benefits and more.

City Pub Group recognise how important an engaged and happy workforce is in delivering on our strategy. We held a range of initiatives throughout the year to enhance the engagement of our employees.

A competition was live for employees to rename our new pub in The Mumbles. The winner received a two night stay with breakfast, champagne and travel included. Decoration competitions also took place across our sites.

A 'Bounty Hunter' referral scheme was also re-launched in 2021. Employees receive up to £1000 worth of rewards for each successful referral.

Employees across the Group also participated in a City Pub Group Strava challenge, covering an impressive 4,371 km through walks, walks, bike rides and stand up paddle boarding. The challenge promoted employee health and wellbeing, and the City Pub Group Strava group remains open to join for all employees.



HEALTH & SAFETY

The health and safety of the Group's employees and customers is a key concern to us.

We are required to comply with health and safety legislation, including fire safety, food hygiene and allergens. While operating a large number of managed houses increases the complexity of ensuring the highest health and safety standards are adhered to, there were no instances of non-compliance with health and safety legislation within the reporting period.

In order to maintain high standards of health and safety, we partner with Food Alert, a third-party food and H&S consultancy, and have created and implemented policies under their guidance..

We have a Group Health, Safety & Fire Policy which demonstrates our commitment to high standards of health and safety. Our policy provides adequate control of the health and safety risks arising from our business operations, ensures compliance with all legal obligations and aims to prevent accidents and cases of work-related ill health. Our Health, Safety and Fire policy is reviewed annually by our Chief Operating Officer, with updates being made as necessary. Most recently, the policy has been updated to include COVID.

We are committed to creating an environment which maintains and supports the health and safety of our staff, and aim to appoint dedicated safety champions throughout the business. All staff receive food hygiene and allergen awareness training as standard and regular kitchen audits are conducted to ensure they comply with the standards expected of them. Quality assurance checks on our core suppliers ensure hygiene standards have been adhered to before produce reaches our kitchens. In a number of Pubs, we have introduced automatic fire suppression systems in our kitchens to reduce fire risk.

Engagement

We recognise that our employees play an integral part in the provision of a safe workplace. We provide employees with information, training and supervision as they need for this purpose. In order to maintain a high standard of health and safety, we provide employees with safe plant and equipment, ensure safe handling and use of substances and regularly maintain equipment. We also consult regularly with employees on matters affecting their health and safety, receiving feedback on processes and make amendments following this feedback.

HEALTH & SAFETY cont'd

Food Safety

As we operate in a highly regulated industry, Food Alert also ensure we comply with current and emerging regulation and ensure we uphold high standards of customer health and safety. We have implemented a Food Safety Policy to ensure we provide our customers with food that is safe and of the highest quality. To help us achieve this, we have also implemented a Food Safety Management System which has been based on the principles of 'Hazard Analysis Critical Control Points' (HACCP).

We recognise our responsibility to provide safe and clean food to our customers, therefore our staff receive adequate resources including training, information, supervision and the correct equipment to ensure they can carry out their duties to a high standard.

The responsibility for food safety is held at various different levels including Director, Head Office Compliance Support Team, General Managers, Head Chefs and general employees. We also operate a Food Allergens Policy which recognises the potentially life-threatening risks associated with food allergies and aims to protect customers with allergies and intolerances.

Our Food Safety Policy is reviewed annually internally and by Food Alert to confirm that City Pub Group continues to adhere to the policy. This policy will next be reviewed in March 2023.

We take food complaints from our customers very seriously and collect data to address any potential issues across our sites. In 2021, we had 17 food complaints across the Group, each complaint has been investigated and dealt with appropriately.

Risks

Our policy provides adequate control of health and safety risks arising from work activities and to prevent accidents and cases of work-related ill health. Food Alert provide audit advice and health and safety risk assessment management guidance. They audit each of our sites 1-2 times a year to ensure all sites and equipment are fit for use without risk to the health and safety of our staff and customers. With Food Alert's assistance, we conduct risk assessments on general health and safety, employee and customer safety, food & beverage, meeting events, housekeeping, kitchen, maintenance, reception & offices and where appropriate spa and gyms.

Reporting

City Pub Group aims to develop a culture of disclosure and reporting of accidents amongst its staff and employees. We report and investigate all accidents and near misses that occur at our sites.

In 2021, we had 58 accidents or incidents occur throughout the Group. While this is an increase from 42 in 2020, our operations were closed for most of 2020 therefore this is not an accurate comparison. 2 accidents in 2021 required a RIDDOR report, with no change from 2020.

| | 2020 | 2021 |
|-------------------|------|------|
| Accident/Incident | 42 | 58 |
| RIDDOR | 2 | 2 |

LEARNING & DEVELOPMENT

Our aim is to offer customers exceptional experiences and sufficient development possibilities to build a career within City Pub Group.

Training

We offer our employees access to training and development programmes and a highly rewarding incentives package that we feel is unique in the industry. Our operational structure is highly devolved, fostering a more entrepreneurial spirit that is rarely seen in larger groups.

More broadly, we encourage an atmosphere of constant learning and upskilling. Our model of nearby pubs creating local clusters gives staff learning opportunities through sharing knowledge and expertise. These local clusters help to foster our culture of collaboration and support across the Group and internal promotion within clusters is encouraged so that employees have genuine career prospects.

Operation structure and staffing growth, accompanied with the clustering strategy, means many General Managers are "homegrown". This has allowed for progression to Operations Manager in some cases. Each pub has a General Manager and most have a Head Chef on-site.

We provide wide range of apprenticeship qualifications with our partners at HIT Training and encourage career progression through career pathways. Currently, 85% of our Ops Managers/Directors have been promoted from within. At City Pub Group, 12 employees are currently enrolled on Apprenticeship scheme and 40 employees (ranging from Supervisor to GM) are set to enter into our Management Development Programme in 2022.

Selective Training Offered to Employees

| Management | Administration | Food & Beverage |
|--|--|---|
| <ul style="list-style-type: none"> Management Development Programme Senior Chef Development Programme Leadership & Teambuilding Wet Stock, GP, and Cash Control Masterclass Devising a Balanced Menu & Managing Kitchen Profits Grievance and Disciplinary Workshop Mental Health & Wellbeing for Management Train the Trainer | <ul style="list-style-type: none"> Mental Health First Aid Strategic Social Media Workshop Events & Inhouse Marketing Masterclass Fire Marshall First Aid FLOW Online Learning | <ul style="list-style-type: none"> Brewery & Cellar Management WSET Level 2 Personal License Chef Academy |

RESPONSIBLE PRACTICES

Supply Chain

The Group adopts a long-term approach with its suppliers and has maintained relationships with its major suppliers since inception. This includes contractors, professional advisers, designers and property agents, as well as food and drink suppliers. The Group entered into a number of three year fixed-term supply agreements with its major suppliers during 2017. These agreements cover over 80% of the Group's liquor purchases. Due to Covid 19, we extended a number of these contracts and have agreed a new two year contract from January 2021 with one of the major suppliers. The Group has centralised its food purchasing function and significantly reduced the number of its suppliers. This has resulted in an improvement in its purchasing terms and will enable greater economies of scale to be achieved as the pub estate grows.

Discrimination and Harassment

At City Pub Group, we have a zero tolerance policy for discrimination and harassment across our business. There were no incidents of discrimination, modern slavery, or human trafficking reported across the Group in 2021.



Commitment to Human Rights

City Pub Group is committed to respecting human rights throughout our business. We will give effect to this commitment working to implement and strengthen practices and procedures to prevent, mitigate and, where appropriate, remedy adverse human rights impacts that may result directly from our operations or that may be linked to our business. Our commitment and implementing practices and procedures are informed by international instruments, including the Universal Declaration of Human Rights, the ILO Declaration on

Fundamental Principles and Rights at Work, and by the guidance set forth in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. Our suppliers are screened by a third-party, Entegra, to ensure they comply with the Modern Slavery Act 2015. We expect Suppliers to conduct their business in a manner that demonstrates respect for human rights, consistent with the principles below and to take all reasonable steps to address human rights risks in its existing supply chains and in any part of its' own business.

OUR CUSTOMERS

Following the pandemic, our pubs are once again bringing people together in safe and supportive spaces so they can connect. We pride ourselves in creating inclusive environments whereby people from all walks of life enjoy their leisure time at our pubs and feel safe and supported. As part of this, we ensure all of our spaces have rooms that are adapted for people with disabilities.

We put considerable efforts behind making sure our customers are well cared for and safe in our venues. Our staff are trained in safeguarding practices to ensure our customers' comfort and well-being. Many enhanced health and safety measures which were introduced during the COVID-19 pandemic have remained to prioritise the safety of our customers.

There have been no instances of non-compliance with regulations or voluntary codes relating to customer health and safety throughout the reporting year.

We also encourage responsible drinking practices across all our pubs, including training on serving alcohol responsibly and offering better availability of low and non-alcoholic drinks products.

Shifts in consumer preferences combined with the changing profile of the high street, have blurred the lines between pubs, restaurants, cafes and coffee shops. Customers are now able to have a breakfast in a pub or dinner in a coffee shop. We stay updated on changing customer preferences and behaviours in this industry to deliver the best possible value and offering to our customers. We have diversified our menus, developing them individually across our pubs and offer good value across a wide range of choice. Following the importance of ESG, and ensuring we reduce our impact on the environment, we have introduced healthier, vegetarian and vegan options in each pub to broaden the appeal to a wider range of customers and support them in making more sustainable life choices.

We have recently developed our City Club app which is an important way of communicating to our customers about local events in the surrounding communities. Our City Club App is used to communicate local events, charities and companies to our customers in the surrounding communities.



COMMUNITY ENGAGEMENT

We aim to act responsibly and improve the local communities in which we operate across the Group. City Pub Group is built on a firm belief in the importance of independence, and our focus has always been on creating the perfect experience for each local community we serve. The COVID-19 pandemic has impacted our engagement with local communities in recent years, however we aim to enhance our community initiatives in 2022.

Lockdown has caused a shift to more localised living. City Pub Group is built on a firm belief in the importance of independence, and our focus has always been on creating the perfect experience for each local community we serve. We realise the importance of Emergency Workers to our communities, and they are given 20% off food and drink at our venues as a sign of appreciation for their service to our communities.

While value for money is a major component, there is a key focus on a premium offer across the entire estate. Aligned with keeping the values of the pub intact, there is an aim for the pub to become a central part of the local community by incorporating local suppliers, local staff and providing several reasons for people to visit often.

Across the Group, we partner with numerous local organisations. City Pub Group are committed to enhancing our position in the local community. In 2022, we aim for City Pub Group to develop as a local community hub by holding our own events across our estate. Loneliness has been a prevalent issue in many of our local communities over the past few years, therefore we aim to hold social events where people are encouraged to attend, mingle and meet new people from their community.

Our employees are also passionate about improving the local communities in which they work. We work with our staff to identify specific partnerships opportunities that benefit the community and make donations to charities our employees are passionate about. Our Pubs are also encouraged to work with local charities with sites such as Cock & Bottle raising money for Grenfell and Petersfield raising money for the Local Hospice.

We have also partnered with Something to Look Forward To, which offers restaurant meals to those going through cancer treatment and their families to bring a ray of normality to their lives. We aim to continue these programmes during 2022.

The opening of new pubs provides jobs for people in the local area. We aim to employ 30+ people from within the local community at The Tivoli and support a further dozen local businesses. The Tivoli will house a centre for local artists to present their exhibitions and other societies, such as amateur dramatics, to use the space for rehearsals and performances. Finally, the screening rooms can be used for matinee performances of classic films, workshops, and other reasons for those vulnerable to get together.





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