THE CITY PUB GROUP

Task Force on Climate-related Financial Disclosures Report 2021

IN THIS REPORT

INTRODUCTION

We recognise the importance of climate change, and the potential risks and opportunities that may impact the longevity and success of our business. Climate change is a shift in long-term weather patterns and is largely caused by releasing greenhouse gases from human activities such as burning fossil fuels. The continued release of these gases will lead to a climate that is harder to predict, which will bring challenges to economic performance and social well-being. The Board is committed to acting sustainably and aims to minimise our impact on the environment.

We aim to fully understand the impact of climate change on our business and mitigate the potential climate-related risks. As a first step on ou climate journey, we have reported on our progress against the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") in 2021 and we are pleased to present our first TCFD Report.

This report outlines the development of our understanding of climate change and our approach to assess and manage its impact on our operations for the first time. We have detailed our process to identifying and mitigating the potential climate-related risks and opportunities facing City Pub Group, and to understand our impact on the environment.

We 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 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). Overall, we have determined that the risk posed by climate change to the Group is low.

CHAIRMAN'S STATEMENT

Clive Watson - Executive Chairman

"City Pub Group are committed to minimising our impact on the environment and recognise the importance of ESG and climate change for our stakeholders.

Throughout 2021, we have made progress in developing our ESG strategy and climate reporting to ensure that we operate as a more responsible and transparent business. We are pleased to publish our first TCFD Report, identifying and assessing the climate-related risks and opportunities which may impact our business over time.

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 assess any potential climate-related impacts to our business.

This year we have set an ambitious target of being net-zero by 2040, in line with the UK Hospitality Roadmap. Our TCFD and ESG Reports communicate our ESG journey to our stakeholders and our plans over time".

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ABOUT THE TCFD

We understand that an unpredictable climate may present potential risks which could impact the success of our operations, including potential opportunities.

The TCFD is a framework, created in 2015 by the Financial Stability Board, to support companies in assessing and managing climate-related risks and opportunities, and the impact to their operations, strategy and financial planning. The framework is made up of 11 disclosure recommendations which are grouped within four themes: Governance, Strategy, Risk Management and Metrics & Targets.

Climate change presents both transition and physical risks and opportunities. Transition risks and opportunities are associated with the decarbonisation of the global economy and are grouped into four key areas: policy and legal, technology, market, and reputation. Physical risks and opportunities occur from the intensified effects of climate change and are split into two key areas: acute (event driven) and chronic (long term changes in climate)..

The TCFD reporting structure supports us in identifying and mitigating the impact of climate change on our business. Adopting the recommendations of the TCFD into our business strategy has been a significant step in our journey to becoming a transparent and sustainable business.

By following the TCFD recommendations, we can ensure climate change considerations are embedded throughout our business. Within the 'Governance' section, on pages 8-13, we explain the roles and responsibilities of our Board, Executive Committees, and senior management have in managing our approach to climate change.

The 'Strategy' section of this report defines how we have identified climate-related risks and opportunities and their potential impact on our business. In 2021, we identified 11 climate-related risks and two climate-related opportunities. The risks and opportunities along with their potential impact on our business can be found on pages 20-26.

The 'Risk Management' section on pages 28-32 outlines the mitigation strategies we have in place to reduce the potential impacts of climate-related risks by incorporating climate change into our existing risk management processes. Through this process, we have developed an internal climate risk management framework.

Under 'Metrics & Targets', we show how we have collected our emission data, the units we measure them in, and our targets to monitor our progress.

We aim to continuously enhance our TCFD reporting as we improve our processes and develop our climate strategy in 2022 and beyond.

ABOUT THE GROUP

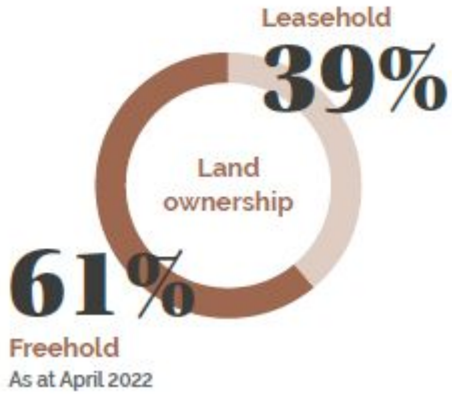
The City Pub Company (East) PLC ("CPCE") and The City Pub Company (West) PLC ("CPCW") were founded by Clive Watson, David Bruce and John Roberts, who joined the board in December 2011.

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.



OUR NET-ZERO STRATEGY

At the end of 2021, the Group measured its full emissions footprint, including Scope 3 emissions, for the first time. However, based on available data this footprint covers January to December 2020, when the Group's operations were severely impacted by the covid-19 pandemic. 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 in 2022.

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. tCO_2e per £million of turnover. Using this metric will allow emission reductions to be tracked even 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.

Governance

Disclose the organisation's governance around climate-related risks and opportunities.

ENSURING ACCOUNTABILITY FOR CLIMATE CHANGE

Governance - organisations are recommended to establish and disclose appropriate internal governance processes for climate-related risks and opportunities.

Disclosure recommendations:

a) Describe the Board's oversight of climate-related risks and opportunities.

b) Describe management's role in assessing and managing climate-related risks and opportunities

Oversight for Climate-related Risks

The City Pub Group's operational structure is highly devolved, fostering an entrepreneurial spirit which is rarely seen in larger groups. The City Pub Group Directors recognise the importance of sound corporate governance, which influences the way of working for our business and our relationships with external partners. In 2021, we incorporated climate governance into our existing corporate governance framework, in order to deliver our strategy and to promote sustainable, long-term growth for our shareholders.

The Board's Role and Responsibility

The City Pub Group's Board takes climate change very seriously and has overall responsibility for the Group's climate action. The Board provides oversight on climate-related risks and opportunities and ensures appropriate mitigation plans are integrated into future business strategy, financial planning and company initiatives.

The Board appreciates the importance of climate-related risk disclosures and is proud to produce our first TCFD Report, disclosing our progress against the TCFD recommendations this year. We operate in an ever-changing market and value our stakeholders growing interest in sustainability and climate change. We aim to play a vital role in tackling climate change by reducing our environmental impact and operating responsibly. This commitment can be demonstrated through City Pub Group's recent capital expenditure in energy efficiency technology, allowing us to ensure no new sites are using gas to unlock further opportunities to mitigate the impact of climate-related risks on our business.

The Board is responsible for developing and setting our long-term environmental objectives, including our net-zero strategy, and are prepared to implement targets and introduce behavioural change across the Group to minimise our contribution to climate change. The Board 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 Environmental, Social and Governance ("ESG") Committee in 2021. The Committee formulates and implements environmental initiatives and ensures the Group is proactive in identifying and mitigating potential climate-related impacts. Further details of our ESG Committee can be found on page 12.

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. 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 views climate change as an important issue and has decided it is best managed between its Committees. Each Committee has a vital role in governing City Pub Group's response to the risks and opportunities posed by climate change.

Two Climate Risk Management Workshops with members of the Board and its committees were held to develop the understanding of climate change and its associated risks. The CFO maintains a climate risk register and ensures that all climate-related risks and opportunities are identified and accurately reported. More information on this process can be found on pages 28-29.

The City Pub Group Plc Board

The appropriate Board Committees handle oversight for certain sustainability topics

Nominations Committee Chaired by Neil Griffiths	**Audit & Risk Committee** Chaired by Richard Prickett	**Remuneration Committee** Chaired by Richard Prickett
Membership: Richard Prickett, Neil Griffiths	Membership: Richard Prickett, Neil Griffiths, Emma Fox	Membership: Richard Prickett, Neil Griffiths, Emma Fox
Responsible for reviewing the structure, size, and composition of the Board, ensuring the correct skills are acquired to operate responsibly	Oversees risk management, including climate related risks, and financial reporting, focusing on emissions metrics and report disclosures	Responsible for establishing a formal and transparent procedure for developing policy on executive remunerations to ensure alignment with performance throughout our ESG journey

ESG Committee
Chaired by Emma Fox

Membership:
Emma Fox, Neil Griffiths, Clive Watson

Promotes the Board's ESG objectives and aspirations and manages the Group's climate-related risks and opportunities, enabling our organisation to grow as a sustainable business

AUDIT AND RISK COMMITTEE

The City Pub Group Board believes that efficient risk management includes defined levels of responsibility and delegation. The Board has overall responsibility for the Group's internal control system and has delegated the responsibility for reviewing the effectiveness of the Group's internal controls and risk management systems to the Audit and Risk Committee.

The Audit and Risk Committee assists the Board with examining financial and non-financial risks including climate-related risks and assessing the efficacy of mitigation measures. More details of our mitigation of climate-related risks can be found on pages 30-31.

The Committee is responsible for corporate governance compliance and reviewing the Group's internal controls and risk management effectiveness. As per the TCFD recommendations, City Pub Group have developed a climate risk management framework which is reviewed annually be the Audit Committee. More details of our framework can be found on pages 28-29.

The Audit and Risk Committee has an established process for monitoring all external risks, and reviews climate-related risks identified by the ESG Committee. Climate-related policies and regulation are ever-changing, and the Audit and Risk Committee ensures we are prepared for this by implementing compliance procedures.

The Committee consists of at least three independent, non-executive directors, currently Neil Griffiths, Emma Fox and Richard Prickett, the Chairman. The Audit and Risk Committee meet no less than twice every year, and otherwise as required.

ESG COMMITTEE

The City Pub Group Board established its ESG Committee in 2021 to reflect the Company's efforts in becoming a sustainable and responsible business. The ESG Committee is responsible for executing the Group's mitigation plans in response to climate change which have been agreed upon by the Board. The Committee also oversees the development and implementation of environmental initiatives, ensures the Group complies with emerging climate-related regulation and makes sure business operations are carried out responsibly. The 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 Committee is chaired by Emma Fox Independent Non-Executive Director of City Pub Group, and Chief Executive of Berry Bros & Rudd. It 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 specialist to assess the impact of climate-related risks and opportunities over the short, medium and long-term as part of our TCFD progress. The ESG Committee worked to embed the recommendations of the TCFD into existing processes and procedures and reported on our progress over the past year in addressing climate-related impacts.

In 2021, the ESG Committee also launched a significant and thorough review of our current operations and introduced robust data collection processes to understand our impact on the environment. The ESG Committee oversaw the calculation of the Group's Carbon Balance Sheet, evaluating the carbon emissions associated with our value chain (Scope 3) for the first time. The Committee also established environmental goals and targets to manage our climate-related risks and opportunities such as reducing our emissions, water and waste by 5% year-on-year, and procuring 100% of our energy from renewable sources by the end of 2022. It will oversee and review progress against these targets and ensure compliance with regulations. 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.

MANAGEMENT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

The ESG committee is responsible for managing the Group's climate-related risks and opportunities. Control of climate-related risks and opportunities have been developed by the ESG Committee and Board, and implemented into company strategy. Management of these controls has been delegated and assigned between Operations Managers, General Managers, and the Health, Safety and Compliance Manager across the business.

Management regularly review controls and mitigation plans for climate-related risks on behalf of the ESG Committee and provide an update on progress quarterly.

The general managers of each site hold responsibility for managing key initiatives and targets. Execution and performance of environmental initiatives are monitored weekly and reduction in energy usage at each site is linked to management incentives. Managers at our sites are responsible for ensuring each staff member has the necessary training on reducing energy to help lower the Group's environmental footprint.

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities.

BUILDING A RESILIENT BUSINESS STRATEGY

Strategy - It is recommended that organisations disclose the nature and impact of their material climate-related risks and opportunities, as well the resilience of their strategy under each climate scenario chosen.

Disclosure recommendations:

a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.

b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.

c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2˚C or lower scenario.

At City Pub Group, we have a clear strategy to support the success and growth of our business. We strive to operate responsibly and have committed ourselves to reducing our environmental impact. Embedding the recommendations from the TCFD into our existing processes helps us understand, identify and assess the potential climate-related risks and opportunities facing City Pub Group and ensure that our long-term business strategy remains robust and resilient to future changes in the climate.

Our entrepreneurial culture allows us to react quickly to changes. By applying this approach, we have worked to develop a climate risk management framework to manage the impact of potential climate-related risks and opportunities facing our business.

Our Assessment Approach

To assess the uncertainties of climate change, we have used climate scenario analysis. Climate scenarios allow us to envisage different potential futures and consider the associated transition and physical risks and opportunities. While climate scenario analysis does not predict a definite future, it does allow us to better understand the potential impacts of climate change and assess how they may affect our operations.

During the year, we partnered with a third party specialist to carry out a detailed climate scenario analysis across all of our 52 sites, spanning 17 regions within the UK, to identify potential climate-related risks and opportunities facing City Pub Group.

The scenario modelling considered the transition risks, risks associated with the transition to a decarbonised global economy, at Group level. Physical risks, risks associated with the physical impact of climate change, were assessed at site level then rolled up into overall impact at Group level. We aim to develop our analysis to include our key supply chain routes over the next few years.

BUILDING A RESILIENT BUSINESS STRATEGY cont'd

The assessment of the climate scenario analysis were discussed with the CFO and Health, Safety and Compliance Manager to accurately classify the impact of each potential climate-related risk across the Group. The final results were presented in the Climate Risk Management Workshops, providing an update to members of the ESG Committee. For our first reporting year, we prioritised the identification of climate-related risks which may impact our financial planning, operations and strategy, and assessed our existing mitigation measures.

The CFO will review climate-related risks and opportunities annually, ensuring mitigation plans are appropriately updated reflecting any changes in potential impact.

To understand the business areas that will be impacted by a particular risk, we have assigned a Group Risk Category to each business area in alignment with the TCFD as seen in the table on this page.

TCFD Risk Area	Group Risk Category	Description
Policy & Legal	Regulatory & Compliance	Complying with the increasing demand for environmental legislation, ensuring that the organisation is aware of upcoming laws, policies, and regulations. Failure to do so may result in legal fees and potentially affect market and stakeholder guidance.
Market	Economic & Market	The potential risk that macroeconomic conditions may affect an investment or the Groups prospects, which fluctuations in the market may also alter.
Reputation	Reputation	The potential loss of financial capital caused by damage to the Group's reputation.
Technology	Technology	Transitioning to a lower carbon economy could impact the Group financially as investing in technological improvements or innovations that support this transition can be costly and time consuming to install.

CLIMATE SCENARIOS

As per the TCFD recommendations, we used a range of scenarios to assess the impact of climate change on our operations and inform our long term decision making and financial planning. Our scenario analysis investigates three scenarios based on the predicted increase in average global temperature by 2100 compared to pre-industrial levels. These scenarios incorporate a broad range of social, environmental, political, and economic issues.

Models

We used several accredited external datasets including the IPCC's Representative Concentration Pathways (RCPs), the IEA's World Energy Models (WEM) and the Shared Socioeconomic Pathways (SSPs) to model our climate scenarios. Merging these models gives us information on how emissions, global society and economies may change in response to the challenges of climate change. No scenario represents a definite future but provides the basis for considering potential Group risks from climate change over the longer term. Our detailed models cover a wide range of climate indicators, including temperature, precipitation, soil moisture, water discharge and sea-level rise and how these indicators interact with each other to create a possible climate future.

Time Horizons

Climate change poses risks that can span decades into the future, as well as resulting in laws and regulations that impact society today. In order to determine when the biggest impact of each risk and opportunity will be felt, all three scenarios are modelled and considered over the following three timeframes:

- Short (2020-2025)
- Medium (2025-2035)
- Long (2035-2050)

Our Scenarios

The scenarios that we have considered are listed below.

Below 2˚C Scenario

In this scenario, climate action is taken very seriously. Organisations begin to align with Paris Agreement target of pursuing efforts to limit warming to 1.5˚C and the Science-Based Target Initiative to be net-zero by 2050. It is anticipated that Governments will swiftly implement policies to reduce carbon emissions while businesses initiate operational changes in order to lead the way in climate action. Each company competes with leading the way to lower emissions and environmental impacts.

This would result in an increasingly decarbonised economy, a world with fewer physical risks and a more predictable climate due to inclusive and prompt action. This scenario is associated with high transition risks in the short term as new regulations, carbon taxes and technology are introduced. There are minimal physical risks due to prompt action.

CLIMATE SCENARIOS cont'd

Between 2-3˚C Scenario

This scenario predicts a delayed response to climate change, leading to policies being introduced in a delayed and uncoordinated approach to reduce global emissions. Business continues as normal in the short term, but the delayed response results in the highest levels of transition risks within the medium term with some physical risk in the long term due to the limited action. Only the most committed businesses will take serious action, and governments will rely heavily on technology to reduce the effects of climate change. Various tipping points will be reached, leading to a dynamic shift in weather patterns.

Above 3˚C Scenario

In this scenario, little to no climate action is taken, business continues as normal, and global emissions continue to rise until 2040, leading to a global temperature rise above 3˚ C. The rise in temperatures and subsequent physical risks will eventually put pressure on governments and organisations to take action, leading to policies being introduced in the long term. Therefore the impact of transition risks will be low i this scenario. The lack of climate action will lead to the greatest level of physical risks within this scenario as several tipping points will be surpassed.

Our Analysis Outcome

During the year, we identified 11 climate-risks and two climate-related opportunities which may impact City Pub Group. A risk was deemed to be material to our operations if the impact was determined minor or above. Out of the 11 risks identified, five risks were deemed to be material to City Pub Group, with four risks classified as minor and one classified as moderate. The remaining six risks were assessed to have an insignificant impact on our operations and therefore not material to City Pub Group.

Our climate-related risks and opportunities are outlined on pages 20-26. We have determined that climate change and its impact is low for the Group in the short to medium term.

Transition Risks

The severity of climate change is reliant on the action taken by businesses and governments across the world to lower greenhouse gas emissions. A transition to a low-carbon economy will, however, present new risks and opportunities for our business, compared to a future where no action is taken.

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. These risks are more commonly felt in the below 2˚C and between 2-3˚C scenarios and may increase over time as the UK strives to be net-zero by 2050.

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

CLIMATE SCENARIOS cont'd

Although carbon pricing may not directly impact our business yet, we have considered its potential implementation in our climate scenario analysis. We have collated and compared carbon pricing increase projections made by several trusted sources including the Climate Change Committee, Bank of England, Network for Greening the Financial System, and World Bank to determine an average predicted carbon price across each scenario and time horizon. The Group may be affected by increases in carbon pricing in the between 2-3˚C scenario in the medium term. We will monitor changes in regulation relating to carbon pricing and measure our potential impact using internal carbon pricing figures for our Scope 1 and 2 emissions.

As the world shifts to an increasingly decarbonised economy within the below 2˚C and between 2-3˚C scenarios, the price and mix of energy are expected to change. As of 2020, the primary source of energy was fossil fuels, 80% being derived from oil, coal, and gas. Within the below 2˚C scenario, 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 and the world decarbonises and switches to renewable sources, resulting in increased costs to procure energy.

Physical Risks

Physical risks are split into two categories: acute and chronic. Acute risks are event driven, such as flooding and wildfires, while chronic risks refer to those caused by long-term shifts in climate patterns, for example temperature and sea level rise.

The impact of physical risks increases over time and across the scenarios, with the most significant risk for City Pub Group in the above 3˚C scenario in the long term. 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 heat waves. 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.

Opportunities

The Group invested in energy efficiency technology across our sites to reduce our energy usage to ensure we operate more responsibly. As the world decarbonises, it brings with it an opportunity to enhance our position in the market by offering lower emission products. The Group has already increased the number of vegan and vegetarian options within our menus, and we see this transition as a means to further provide our customers with more environmentally friendly choices, widening our customer base while simultaneously minimising our climate impact. By capitalising on this opportunity, City Pub Group will be well positioned to mitigate some of the risks associated with climate change.

CLIMATE-RELATED RISKS IN THE BELOW 2°C SCENARIO

Category	Group Risk Category	Climate-related Risk	Time Horizon	Potential Financial Impact	Description
Transition Risks	Regulatory & Compliance	**Increase in regulation due to climate change**	Short-Medium Term (2020-2035)	Minor (£50k-£250k)	Strict but necessary regulations from Government will be introduced to reduce energy use and emissions. This will lead to added compliance costs and a shift from fossil fuel use. City Pub operates in the UK and is subject to current and emerging regulation surrounding emissions reporting. As the UK strives to achieve its target of net-zero emissions by 2050, enhanced regulation may be introduced. We comply with ESOS, SECR and most recently TCFD. The costs and resources required to comply with additional reporting and management of internal initiatives is likely to increase. For example, BEIS estimate that it will cost the average company £88,000 a year to comply with the TCFD disclosure requirements. We have allocated internal resources and engaged with a third-party specialist to ensure compliance with current and emerging regulation.
		Mandates on and regulation of existing products and services	Short Term (2020-2025)	Insignificant (£0-50K)	From the 1st April 2022, organisations that manufacture or import 10 or more tonnes of finished plastic packaging material will need to register for the Plastic Packaging Tax. If this packaging does not contain at least 30% recycled plastic, the organisation will be charged at a rate of £200 per tonne. We view the potential impact of this risk as insignificant due to the limited amount of plastic that the Group uses.

CLIMATE-RELATED RISKS IN THE BELOW 2°C SCENARIO cont'd

Category	Group Risk Category	Climate-related Risk	Time Horizon	Potential Financial Impact	Description
Transition Risks	Economic & Market	**Increased cost of energy and materials**	Short-Medium Term (2020-2035)	Moderate (£250k-£1m)	Rising global temperatures as a result of climate change will increase the amount of energy needed to keep our sites and fridges cool. Climate change will result in the increased cost of energy over time, as fossil fuels become more scarce and the world shifts to renewable energy. Energy and material costs are likely to rise under most circumstances, posing a risk to our operations. However, the potential impact of this risk will be mitigated by the payback associated with our investment in energy efficiency technology instalment across the Group.
		Changing consumer preferences	Medium Term (2025-2035)	Insignificant (£0-50K)	As the world becomes increasingly concerned about climate change, customers will aim to purchase more sustainable products and services. This will result in a requirement to provide lower emissions alternatives. The Group sees this risk as insignificant as we regularly review changes in market trends as part of existing processes. We have significantly increased the number of the vegan and vegetarian options on our menu to adapt to these changing customer preferences. Our Group Executive Chef reviews the menu seasonally and changes are made based on customer demand. These additions are extremely popular with customers and ensure we appeal and can cater a wide range of existing and new customers. We are also communicating our company ESG journey, targets, and commitments to our stakeholders to ensure that transparency is upheld.
	Reputation	**Increased stakeholder concern**	Short Term (2020-2025)	Insignificant (£0-50K)	As the world shifts to a lower carbon economy, stakeholders will share a concern for our organisation's part in helping the environment. Failing to communicate how we will reduce our environmental impact proactively could result in low investment opportunities. This risk has been set as insignificant as we have published standalone TCFD and ESG Reports to keep our stakeholders regularly informed of our initiatives and progress. Our stakeholder engagement is well managed and we respond to stakeholder interests.

CLIMATE-RELATED RISKS IN THE BETWEEN 2-3°C SCENARIO

Category	Group Risk Category	Climate-related Risk	Time Horizon	Potential Financial Impact	Description
Transition Risks	Regulatory & Compliance	**Increase in regulation due to climate change**	Short-Medium Term (2020-2035)	Minor (£50k-£250k)	Strict but necessary regulations from Government will be introduced to reduce energy use and emissions. This will lead to added compliance costs and a shift from fossil fuel use. City Pub operates in the UK and is subject to current and emerging regulation surrounding emissions reporting. As the UK strives to achieve its target of net-zero emissions by 2050, enhanced regulation may be introduced. We comply with ESOS, SECR and most recently TCFD. The costs and resources required to comply with additional reporting and management of internal initiatives is likely to increase. For example, BEIS estimate that it will cost the average company £88,000 a year to comply with the TCFD disclosure requirements. We have allocated internal resources and engaged with a third-party specialist to ensure compliance with current and emerging regulation.
		Increase in carbon pricing	Medium Term (2025-2035)	Minor (£50k-£250k)	Potential carbon tax within the UK may increase and impact our industry in the medium term. This could potentially increase costs for City Pub Group. The Group would be at the highest risk to this within the 2-3°C scenario, particularly in 2026 when carbon pricing is projected to peak. The potential financial impact has been modelled using our Scope 1 & 2 emissions, potential year-on-year reductions and our internal carbon price projections based on a global weighted average. Our carbon emissions will likely decrease year-on-year as we work towards net-zero by 2040. We will model potential carbon costs as we set interim targets and reduce our emissions each year.

CLIMATE-RELATED RISKS IN THE BETWEEN 2-3°C SCENARIO cont'd

Category	Group Risk Category	Climate-related Risk	Time Horizon	Potential Financial Impact	Description
Transition Risks	Economic & Market	**Increased cost of energy and materials**	Short-Medium Term (2020-2035)	Minor (£50k-£250k)	Rising global temperatures as a result of climate change will increase the amount of energy needed to keep our sites and fridges cool. Climate change will result in the increased cost of energy over time, as fossil fuels become more scarce and the world shifts to renewable energy. Energy and material costs are likely to rise under most circumstances, posing a risk to our operations. However, the potential impact of this risk will be mitigated by the payback associated with our investment in energy efficiency technology instalment across the Group.
		Changing consumer preferences	Medium Term (2025-2035)	Insignificant (£0-50K)	As the world becomes increasingly concerned about climate change, customers will aim to purchase more sustainable products and services. This will result in a requirement to provide lower emissions alternatives. The Group sees this risk as insignificant as we regularly review changes in market trends as part of existing processes. We have significantly increased the number of the vegan and vegetarian options on our menu to adapt to these changing customer preferences. Our Group Executive Chef reviews the menu seasonally and changes are made based on customer demand. These additions are extremely popular with customers and ensure we appeal and can cater a wide range of existing and new customers. We are also communicating our company ESG journey, targets, and commitments to our stakeholders to ensure that transparency is upheld.
	Reputation	**Increased stakeholder concern**	Short Term (2020-2025)	Insignificant (£0-50K)	As the world shifts to a lower carbon economy, stakeholders will share a concern for our organisation's part in helping the environment. Failing to communicate how we will reduce our environmental impact proactively could result in low investment opportunities. This risk has been set as insignificant as we have published standalone TCFD and ESG Reports to keep our stakeholders regularly informed of our initiatives and progress. Our stakeholder engagement is well managed and we respond to stakeholder interests.

CLIMATE-RELATED RISKS IN THE ABOVE 3°C SCENARIO

Category	Group Risk Category	Climate-related Risk	Time Horizon	Potential Financial Impact	Description
Physical Risks	Acute	**Increased frequency and severity of flooding**	Long Term (2035-2050)	Minor (£50k-£250k)	Direct damages to property due to flooding will increase over time under the above 3°C scenario. A significant flood could affect our ability to operate from a location, affect supply routes, and raise insurance premiums. This risk poses a threat to a number of our pub locations. Damages to surrounding infrastructure may result in delays from supplies and impact staff and resources across the Group. Global insurance premiums are expected to increase due to climate change.
		Increased frequency of wildfires	Long Term (2035-2050)	Insignificant (£0-50K)	Wildfires will become more frequent as temperatures rise, soil moisture decreases, and the environment becomes more arid. However, due to the UK pertaining a more globally mild climate, the Group is unlikely to be impacted.

CLIMATE-RELATED RISKS IN THE ABOVE 3°C SCENARIO cont'd

Category	Group Risk Category	Climate-related Risk	Time Horizon	Potential Financial Impact	Description
Physical Risks	Chronic	**Rising mean temperatures**	Long Term (2035-2050)	Minor (£50k-£250k)	Rising mean temperatures will lead to a higher demand for cooling. Energy costs will rise as sites required additional cooling to maintain optimum temperatures for staff, products and customers. Staff wellbeing and customer experience may be impacted if adequate cooling is not maintained. Employees may require more frequent breaks to avoid health risks associated with higher temperatures. Productivity may be impacted across the Group.
		High water stress	Long Term (2035-2050)	Insignificant (£0-50K)	Several of the Groups sites are situated in areas that will become particularly susceptible to water stress as temperatures increase, particularly in the south-east of England. The introduction of water use restrictions may affect how our business can operate. The Group has introduced several water saving measures including waterless urinals and LimpetReaders which allow consistent remote tracking of each sites water usage. These measures have significantly reduced the Groups water consumption,. Water stress will have an insignificant potential financial impact.
		Sea level rise	Long Term (2035-2050)	Insignificant (£0-50K)	Rising seas increase the risk of erosion, storm surges and saltwater intrusions into aquifers that supply sites with fresh water. Damage to our pubs could lead to closures and increased insurance premiums. Supply routes may also be negatively impacted. Due to the Groups divestment of sites situated in coastal areas, the risk has been set as having an insignificant potential financial impact.

CLIMATE-RELATED OPPORTUNITIES

Category	Group Risk Category	Climate-related Opportunity	Time Horizon	Potential Financial Impact	Description
Transition Opportunities	Technology	**Substituting existing products for lower emissions alternatives**	Medium Term (2025-2035)	Minor (£50k-£250k)	We recognise customer preferences are changing as people are considering the environment when making purchasing decisions. We have significantly increased the number of the vegan and vegetarian options on our menu to adapt to these changing consumer preferences, which has significantly reduced the impact that our menu items have on the environment. Our Group Executive Chef reviews the menu seasonally and changes are made based on customer demand. These additions are extremely popular with customers and ensure we appeal and can cater a wide range of existing and new customers.
		Transitioning to lower emissions technologies	Short-Medium Term (2020-2035)	Minor (£50k-£250k)	We have invested in energy efficiency technology throughout the Group. We have installed Technik2 Cellar Manager, Cellar Manager Plus and Fridge Manager technology to reduce our energy usage and operate more responsibly. The completion of this project will result in an estimated payback of £226,000 over 5 months.

Risk Management

Disclose how the organisation identifies, assesses, and manages climate-related risks.

CLIMATE-RELATED RISK MANAGEMENT

Risk Management - It is recommended that organisations disclose their processes for identifying, measuring and managing climate-related risks, as well as describing how these processes are integrated into the organisation's overall risk management.

Disclosure recommendations:

a) Describe the organisation's processes for identifying and assessing climate-related risks.

b) Describe the organisation's processes for managing climate-related risks.

The City Pub Group aims to assess and manage climate-related risks and opportunities effectively in order to deliver on our strategy and enhance the success of our business for our stakeholders. By adopting the recommendations of the TCFD, we have embedded climate change into our existing risk management processes and developed a climate risk management framework to enhance the resilience of our business strategy. We use our climate risks management framework and its four steps to evaluate our risks and determine mitigation actions to manage the impacts.

Step 1) Identifying our Climate-related Risks

In 2021, we partnered with a third-party specialist to identify the potential climate-related risks and opportunities facing our organisation. A six-step climate scenario analysis was conducted to uncover the relevant physical risks resulting from climate change, along with those associated with the UK's transition to a decarbonised economy. We conducted climate scenario analysis for 17 regions across the UK which encompass the Group's 52 sites. Each region was analysed against specific climate-related indicators and modelled across each scenario and time horizon, which revealed the climate-related risks for the Group. In total, we identified eight risks and two opportunities.

Step 2) Assessing our Climate-related Risks

We held two climate-related risk management workshops to present the risks identified within step one to members of the Board, its committees, and management. Here, we evaluated the range of potential impacts of each risk including on our business strategy, operations, targets, and external factors such as stakeholders or market position.

We determined an initial impact level for each risk and opportunity. After evaluating our existing mitigation processes, we determined a final impact level where appropriate, and determined which risks were material to our operations. Where possible, the financial impact on our business was considered.

The materiality of risks were established based on the potential impact on our business operations before and after considering our existing mitigation action. Most physical climate-related impacts have been assigned as 'insignificant' due to their limited potential financial implications. The threat from physical risks are also primarily in the above 3˚C scenario and in the long-term. Here, increased flooding has the potential to damage our property, while rising temperatures will increase annual spending on energy for cooling. The most significant risks to our business are transition risks, with increased regulation, carbon pricing, and energy prices causing a rise in company expenditure. Therefore, we may need to engage increased resources to manage the risks. These risks were assigned mitigation measures to reduce their impact. Existing controls, such as insurance and management plans, will continue to be reviewed for adequacy.

CLIMATE-RELATED RISK MANAGEMENT cont'd

Step 3) Risk Appraisal

Following the identification and assessment of each risk, we appraised a range of potential strategies to manage the impacts of climate change. A climate risk management process was agreed upon based on its effectiveness of building resilience against climate change across the business. The effectiveness of the risk management process will be reviewed by the Audit and Risk Committee annually, and adjusted as appropriate.

Step 4) Addressing our Climate-related Risks

Lastly, we introduced mitigation plans to reduce the risks and action plans to manage the likelihood of opportunities. Several of our climate-related risks already have strategies and projects underway that will help mitigate them. New action plans have been combined with our current approaches to produce a comprehensive mitigation strategy, as detailed on pages 30-31. We will review our climate-related risks and opportunities annually and monitor the performance of our action plans to reclassify the impacts appropriately.

CLIMATE-RELATED RISK MITIGATION

The following mitigation plans have been introduced or are to be considered to address climate-related risks.

Category	Group Risk Category	Climate-related Risk	Mitigating our Climate-related Risk
Transition Risks	Regulatory & Compliance	**Increase in regulation due to climate change**	The Group has partnered with a third-party specialist to enhance our ESG reporting and have published standalone ESG and TCFD Reports for the first time. We ensure careful and consistent monitoring of upcoming legislation which enables us to maintain an awareness of intended government action. We uphold strong engagement with our supply chains in order to drive environmental leadership.
		Mandates on and regulation of existing products and services	The Group has increased the use of recycled plastic within our operations by engaging with suppliers to introduce initiatives that ensure the use of more recycled plastics, minimising our waste, and reducing the potential financial impact of this risk.
		Increase in carbon pricing	Our supply chain has been highly localised, reducing travel time, resources, and emissions. We are increasing the amount of products that we recycle and reuse. Careful monitoring and modelling of carbon and energy price projections has been completed for use within our internal strategy to accurately predict and reduce our energy consumption and carbon emissions.
	Economic & Market	**Increased cost of energy and materials**	The Group is continuously improving the efficiency of our sites in order to minimise the cost of energy and materials. All of our sites maintain high standards of management, including the upkeep of the sites and equipment. We have invested in energy efficiency technology throughout the Group. We have installed Technik2 Cellar Manager, Cellar Manager Plus and Fridge Manager technology to reduce our energy usage and operate more responsibly. The completion of this project will result in an estimated payback of £226,000 over 5 months. To further improve energy consumption we have upgraded to secondary glazing windows across our sites, where feasible, improved our heating systems, developed a building energy management system, and have produced energy consumption and transport policies.
		Changing consumer preferences	We have increased the number of vegetarian and vegan options on our menus, giving a larger variety of more sustainable options to our customers. We continuously monitor environmental performance market trends in order to stay ahead of the curve. Our ESG journey, targets, and commitments are effectively communicated within our ESG and TCFD reports, ensuring transparency to our stakeholders.

CLIMATE-RELATED RISK MITIGATION cont'd

The following mitigation plans have been introduced or are to be considered to address climate-related risks.

Category	Group Risk Category	Climate-related Risk	Mitigating our Climate-related Risk
Transition Risks	Reputation	**Increased stakeholder concern**	The Group has partnered with a third-party specialist to enhance our ESG reporting and have published standalone ESG and TCFD Reports for the first time. To minimise the potential financial impact of this risk, we ensure that our ESG progress is effectively communicated to our stakeholders within our various reports, which includes updates on our various sustainability initiatives.
Physical Risks	Acute	**Increased frequency and severity of flooding**	During the reporting year, and throughout 2022, our physical risks will be monitored. To reduce the risk of flooding, we aim to carry out site-specific flood risk assessments and monitor the flood risk at site level. We ensure drainage systems are well maintained and services around each site to minimise the chance of flood damage occurring.
		Increased frequency of wildfires	To minimise the risk of wildfires, the Group ensures we comply with fire safety regulations, that each site has been equipped with appropriate ventilation and that all material sites are covered by appropriate insurance policies.
	Chronic	**Rising mean temperatures**	Climate change will bring with it a rise in mean global temperatures, in order for us to prepare for this risk, we ensure regular maintenance of equipment and buildings across the Group, and have introduced a variety of energy-saving initiatives.
		High water stress	Our water consumption is monitored and measured using LimpetReaders, enabling us to minimise our usage. We maintain and upgrade all of our water systems in order to reduce waste, and have installed water efficiency, saving, and collecting methods to further reduce the potential financial impact of this risk.
		Sea level rise	Flood risk assessments may be carried out on a site-by-site basis to establish the level of risk across the Group. Our drainage systems are well maintained and serviced to reduce the chance of sea level rise or storm damage occurring.

CLIMATE-RELATED OPPORTUNITY MANAGEMENT

The following mitigation plans have been introduced or are to be considered to capitalise on climate-related opportunities.

Category	Group Risk Category	Climate-related Risk	Managing our Climate-related Opportunity
Transition Opportunities	Technology	**Substituting existing products for lower emissions alternatives**	The transition to a low carbon economy will bring with it a shift in the product preferences of our customers. In order to meet this demand, we will need to substitute existing products for lower emissions alternatives, which we view as an opportunity as it will allow us to expand our menu options and offer a variety of choice. We have already begun this transition by regularly reviewing and increasing our menu options, including expanding our vegetarian and vegan options which have significantly reduced impacts on the environment compared to the standard alternatives.
		Transitioning to lower emissions technologies	Exchanging high emissions technologies for lower emission, more efficient alternatives will aid in the transition to a low carbon economy. We have already begun this transition by implementing energy efficient technology throughout the Group, including fitting LED lighting, upgrading kitchen equipment, improving infrastructure, and fitting equipment timers in order to minimise the “on-cycle” of high energy intensity hardware. We are in the process of installing Technik2 Cellar Manager, Cellar Manager Plus and Fridge Manager technology to reduce our energy usage, which are expected to save over £200,000 in energy costs over 5 months once complete.

Metrics & Targets

Disclose how the organisation identifies, assesses, and manages climate-related risks.

MEASURING OUR CLIMATE IMPACT

Metrics and targets - it is recommended that organisations disclose the metrics and targets they use to assess and monitor climate-related risks and opportunities.

Disclosure recommendations:

a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

We have partnered with third party specialists to support us on our journey of calculating and understanding our full impact on the environment. In 2021, we launched a robust data collection process to improve and expand our reporting by calculating our full Scope 3 emissions following the GHG protocol.

In order to manage our climate-related risks and opportunities , we are developing our net-zero strategy, as outlined on page 6, and begun the journey of transitioning the Group to net-zero by no later than 2040. In addition, we are working with our suppliers to work on a more comprehensive wider environmental performance and aim to set long-term and interim targets to manage the reduction of our carbon emissions. In the meantime, we are committed to reducing our emissions by 5% per year compared to our baseline year.

In addition, we have introduced initiatives to manage our impact across the areas of water, waste, biodiversity and sustainable operations.

We will continue to report on our progress across these indicators annually. Measurable targets, including reducing our water and waste by 5% per year compared to our baseline year, and procuring 100% of our energy from renewable sources by the end of 2022 have been set to contribute to the management of climate-related risks and opportunities.

By disclosing our emission metrics and targets, our investors can better evaluate our exposure to climate-related risk, our progress in managing and adapting to those issues, and our ability to meet our financial growth plans.

REDUCING OUR 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 first measuring and understanding our full carbon balance sheet.

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 below.

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.

Scope 3 reporting has 15 reporting categories under the GHG protocol, 8 of which apply to City Pub Group.

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. 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.

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 full impact of our operations on the environment and develop our road map to net-zero emissions by 2040.

Emissions Scope	Gross Emissions (tCO_2e)	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%**	

Reducing our Emissions

At The City Pub Group, we are considering our emission reduction strategy while continuing to grow as a Company.

- We are engaging and auditing our suppliers' social and environmental credentials to benchmark our collective performance and set collaborative targets.
- We have developed a centralised model for our suppliers that reduces the number of deliveries to our pubs, limiting carbon emissions and congestion.
- We also work with local suppliers to support the community, minimise travel time and emissions.
- Several schemes are being implemented across our sites to optimise energy efficiency. These include reviewing all door, fridge, and cellar hatch seals, improving operations by fitting most sites with LED lighting and motion sensors, and incentivising our employees with bonuses reductions in energy usage.

CARBON BALANCE SHEET

Emissions categories	Location-based (tCO_2e)	% of Location-based Total	Market-based (tCO_2e)	% 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	

OUR CARBON REDUCTION TARGETS

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. Our current environmental targets are listed below and will be developed as we move through this journey.

Area	Our Targets	Our Progress
Carbon Emissions	• 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 better understand our emissions associated with employee commuting. • Set up 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.	• 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 electricity.

ADDITIONAL ENVIRONMENTAL TARGETS

Area	Our Targets	Our Progress
Water	• We aim to roll out remote meter readers to our whole estate to get a more accurate understanding of our water consumption as a Group. • We aim to reduce our water consumption by 5% year-on-year following establishing our baseline in 2022.	• We have started installing water saving and recording measures in 2021 to begin this journey. • We have begun installing LimpetReaders, small 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	• 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.	• We segregate our different 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.

ENVIRONMENTAL INITIATIVES

We take climate action very seriously, and as such have implemented various initiatives across the Group to ensure we manage and mitigate our climate-related risks. The Group aims to act sustainably, minimising waste, reducing our environmental impact, and ensuring that our operations are continuously monitored for improvements. For this, we have implemented an environmental policy, committing to operating in the most responsible and sustainable way.

Energy Efficiency

City Pub Group are committed to reducing our energy use and improving the efficiency of our operations.

- In 2021, we launched an energy savings project, introducing a range of initiatives to help us achieve our goals.
- Installed Technik2 Cellar Manager, Cellar Manager Plus and Fridge Manager technology across the Group to boost efficiency and reduce energy consumption in our Pubs.
- Remote optimisers have also been installed to manage our usage.
- The completion of this project will result in an estimated payback of £226,000 and 480,575 kwh energy reduction over 5 months.
- Many of our sites are fitted with LED lighting, timers and motion sensors for lighting, and fridge and freezer seals are regularly inspected and replaced where needed.
- Outdated windows are being upgraded to secondary glazing across the Group.
- 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 against our targeted consumption reduction of 20% on weekly calls with Operators. Cash incentives for management teams for reductions have been rolled out throughout City Pub Group.

ENVIRONMENTAL INITIATIVES cont'd

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. 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.

Waste

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

- 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.
- 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.
- 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. Our Group Executive Chef considers portion size when selecting new menu items to 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.
- Our City Pub App, enabling customers to access menus online, along with the introduction of our reusable menus have resulted in the removal of most of the disposable paper menus from our pubs. We are also exploring draught wine to reduce waste from bottles.

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

Appendix

APPENDIX

Glossary

Terminology	Description
IEA	International Energy Agency: an intergovernmental organisation established in the framework of the Organisation for Economic Co-operation and Development (OECD), which publishes an annual World Energy Outlook report.
IPCC	The International Panel on Climate Change is an intergovernmental body of the United Nations responsible for advancing knowledge on human-induced climate change.
WEM	World Energy Models: these are large-scale simulation models of energy markets used by the IEA in creating is World Energy Outlook reports.
SSP	Shared Socioeconomic Pathways are scenarios developed by the IPCC of projected global changes up to 2100.
RPC's	Representative Concentration Pathways: a trajectory for the concentration of greenhouse gasses in the atmosphere (as opposed to the emissions of those gases).
TCFD	The Financial Stability Board's Task Force on Climate-related Financial Disclosures on the disclosure of climate-related financial risks and opportunities in an organisation's publicly available annual financial reports. The recommendations of this Task Force have been incorporated into the Listing Rules for premium listed companies (LR 9.8.6R(8) and LR 14.3.27R).
SECR	Streamlined Energy and Carbon Reporting: UK Government mandated reporting on carbon emissions as from 1st April 2019.
Net-Zero	A target of completely negating the amount of greenhouse gases produced by human activity, to be achieved by reducing emissions and implementing methods of absorbing carbon dioxide from the atmosphere.
tCO_2e	Tonnes of carbon dioxide (CO2) equivalent. This includes all greenhouse gases which all have different global warming potentials and are converted to a carbon dioxide equivalent for ease of comparison and reporting.
Tipping Point	The climate system reaches a critical threshold that, when exceeded, leads to large and often irreversible changes in weather patterns and temperature rise.
LED	Light-emitting diode. A low energy source of artificial light.

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