



**Environment,
Social and
Governance Report
2022**



IN THIS REPORT

Overview		Economic		Social	
02	Introduction	18	Financial Highlights	38	Our Social Targets
03	About the Group	19	Our Key Strengths	40	Our People & Structure
04	About this Report	20	Pub Estate	41	Employee Benefits
05	Chairman's Statement	21	Creating Value for our Stakeholder	42	Employee Engagement
Governance & Strategy		Environment		43	Health & Safety
07	Our Purpose	24	Our Environmental Approach	45	Learning & Development
08	Our ESG Strategy	25	Our Environmental Targets	46	Responsible Practices
09	Stakeholder Engagement	27	Greenhouse Gas Emissions	47	Our Customers
11	ESG Governance	28	Carbon Balance Sheet	48	Enriching the Local Community
12	The Board of Directors	29	Energy Use		
13	The Board's Committees	32	Case Study: The Bath Cider House		
14	ESG Committee	33	Reducing Waste		
15	ESG Risk Management	34	Water		
16	Business Integrity	35	Biodiversity		
		36	Supply Chain		

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 published our second ESG report to share our progress in developing our Environmental, Social and Governance strategy with our stakeholders.

ABOUT THE GROUP

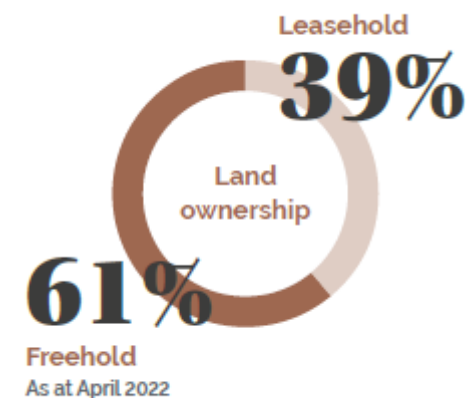
The City Pub Company (East) PLC ("CPCE") and The City Pub Company (West) PLC ("CPCW") were founded by Clive Watson, David Bruce and John Roberts, who joined the board in December 2011.

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 43 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, 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 this ESG Report in our second year of reporting. This ESG 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.

This year we have been able to measure our impact and develop 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.

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 once again voluntarily reported on our progress against the Task Force on Climate-Related Financial Disclosures (TCFD) ahead of mandatory reporting in 2023.

As part of our ESG strategy, we aim to annually submit a CDP 'Climate' response to report further on our environmental impact management.



CHAIRMAN'S STATEMENT



Clive Watson - Executive Chairman

"We recognise that the Environmental, Social and Governance (ESG) agenda has become increasingly important for our stakeholders. In response, we have built upon our ESG framework to help achieve our vision, offering independent, safe and supportive spaces that leave a positive impact.

Throughout 2022, we made great progress in beginning to deliver on our recently developed ESG strategy to ensure that we operate as a more responsible business, primed to play a positive role in society. We have built on our robust data collection processes to improve our understanding of the impact of our operations on the environment and the communities in which we operate. In 2022, we took the first steps to widen our data collection processes to our wider value chain, engaging with our suppliers on the topic of ESG.

We are taking our responsibilities seriously and want to get ESG right. This period we have reported against the recommendations of the TCFD for the second time and prepared standalone ESG and TCFD Reports to communicate our ESG journey to our stakeholders. In the summer of 2022 we submitted a Climate Change submission under the Carbon Disclosure Project (CDP) for the first time".

**"Together we
can empower
our people and
protect our
planet"**

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 reflections visible on the glass. The interior features dark wood walls, a bar counter, and shelves stocked with various bottles of alcohol. Several people are standing near the bar, and a few spherical pendant lights hang from the ceiling. The overall atmosphere is warm and intimate.

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.

Throughout the year, we continued to work with a third party specialist to support us in further developing our ESG strategy, measuring our impact and enhancing our reporting. We are committed to reporting against clear and measurable targets as part of our ESG Strategy with the aim of reducing our carbon emissions, waste, and water consumption, improving health and safety, learning and development, diversity and supporting our local communities.

We aim to continue to develop these targets further over time, taking into consideration feedback from stakeholders and industry best practice.

Materiality

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

In order to develop this exercise further, we have evaluated our progress across all of the GRI indicators, spanning governance, economic, environment and social. We have 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
- Anti-corruption and bribery

Environment

- Carbon emissions
- Energy usage
- Waste
- Water
- Biodiversity
- 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, delivery 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 Managers, and reports on a quarterly basis to the Board.

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.



STAKEHOLDER ENGAGEMENT cont'd

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 at least 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 targets.

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.

Over 70% of our drink products have now been signed up on a three-year fixed price deal, assisting margin improvement mitigating against inflation risk in this area.

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.

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 2023. Our City Club App advertises local events, charities, and companies to our customers. More details can be found on page 48.

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 on page 24.

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 integrate 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 levels.

Environmental, Social and Governance (ESG) agenda has become increasingly important for all businesses. Our ESG committee, chaired by Emma Fox, continues to highlight the importance of initiatives. We have launched a significant and thorough review to ensure that we emerge as a more responsible business, primed to play a positive role in the industry's recovery.

We are taking our responsibilities seriously and want to make a positive impact, not just because it is the right thing to do for our business but also because we believe it results in a competitive advantage for us.

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 using our newly-calculated 2022 baseline emissions to determine bespoke 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 has an established Environment, Social and Governance ("ESG") Committee.

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 six directors, of which three are executives, and three are non-executives, reflecting a blend of different experiences and backgrounds. The female representation of our board is 33%, an increase from 29% in 2021.

Clive Watson ACA
62
Executive Chairman
Appointment - September 2014

Neil Griffiths
61
Independent Non-Executive Director
Appointment - January 2018

Toby Smith
52
Chief Operating Officer
Appointment - November 2020
(resigned January 2023)

Emma Fox
55
Independent Non-Executive Director
Appointment - March 2021

Rupert Clark
51
Managing Director
Appointment - September 2014
(Appointed COO January 2023)

Richard Prickett FCA
71
Senior Independent Non-Executive Director
Appointment - October 2017


Holly Elliot ACMA
50
Chief Financial Officer
Appointment - November 2021

Christopher Merriman ACCA
33
Company Secretary
Appointment - January 2023

James Dudgeon
75
Company Secretary
(retired January 2023)

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 below.

The City Pub Group Plc Board		
<i>The appropriate Board Committees handle oversight for certain sustainability topics</i>		
		
Nominations Committee Chaired by Neil Griffiths	Audit & Risk Committee Chaired by Richard Prickett	Remuneration Committee Chaired by Richard Prickett
Membership: Richard Prickett, Emma Fox	Membership: Neil Griffiths, Emma Fox	Membership: 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: 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		

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 has provided oversight for the Group's ESG and TCFD reporting.

The ESG Committee meets minimum twice per annum and as required 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. In 2022 the ESG Committee introduced processes to expand on existing reporting of our operations to include our top suppliers and supply chain routes, with plans to expand this scope annually. The ESG Committee also oversaw the calculation of the Group's 2022 Carbon Balance Sheet (Scope 1, 2 and 3) which has been established as the baseline for developing carbon reduction targets.

The ESG Committee introduced efforts to meet existing environmental goals and targets, to help manage our climate-related risks and opportunities. For example, procuring 100% of our energy from renewable sources from 2022 onwards. The ESG Committee are currently working to introduce specific 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 has worked to identify and assess the risks associated with climate change and align with the recommendations of the TCFD. 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 2022 Annual Report on pages 24-27.

Climate Risks

In 2022, we worked with a third-party specialist to assess and understand the climate-related impacts facing our business over the short (2022-2025), 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 on our website.

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

£57.8m

(2021: £35.4m)

Adjusted EBITDA

£8.0m

(2021: £3.8m)

Adjusted Profit/(Loss) Before Tax

£3.8m

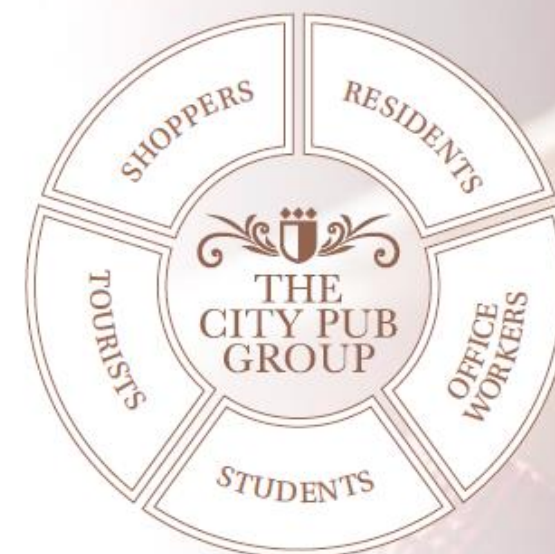
(2021: £1.0m)

Reported Profit/(Loss) of

£1.0m

(2021: £(2.9)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 43 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

The company has purchased two new properties, of which one is a leasehold and the other a freehold. A 2022 independent valuation valued 17 properties at £98m. The Directors believe a conservative value of the full estate is £160m.



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 returned to strong sales and positive EBITDA, with steadily increasing operating margins over the last few years. Supplier agreements are expected to further improve operating margins going forward.



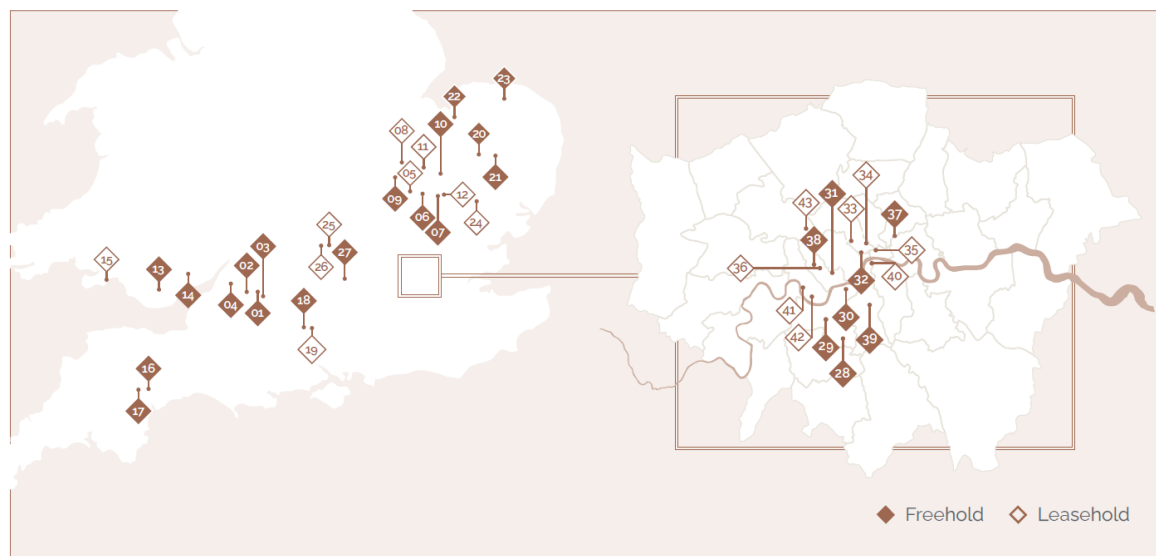
Experienced management team, motivated staff, and strong culture

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 43 pubs in England and Wales as shown on the map below.

26 of the pubs in the portfolio are freehold (61%) and 17 are leasehold (39%).



Bath



Bristol



Cambridge



Wales



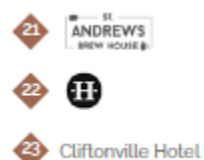
Exeter



Hampshire



Norfolk



Suffolk



Oxford



Reading



London



London cont'd



London cont'd



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

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.

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 and a key consideration, when seeking board approval, is to recommend pubs and sites in areas which are not highly competitive.

The Group has a low annual rent charge compared to its turnover which was circa 3.3% as at 25 December 2022 (2021: 3.4%), based on normalised trading levels. The Group intends to keep it around this level or lower.

Our 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.



CREATING VALUE FOR OUR STAKEHOLDERS cont'd

The Groups acquisition strategy is broken down into five areas:

1. 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.

2. 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.

3. 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.

4. 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.

5. 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, implementing 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.

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

For the year 2022, the Group measured its emissions footprint, including Scope 3 emissions assisting with the Group's ambition to become net zero on Scope 1, 2 and 3 emissions by 2040 at the latest. In 2022 we took the first steps on this journey by establishing our baseline year, using 2022 as our first year where operations were not impacted by COVID.

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 have been established using science-based target initiatives. Scope 1 and 2 targets have been based on the Group's emissions intensity, i.e. tCO₂e per £100,000 of turnover. Using this metric will allow emission reductions to be tracked as the business grows.

Our Scope 3 targets focus on supplier engagement as emissions embedded in goods and services purchased by the Group (Scope 3 Categories 1 and 2) which make up over 65% 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 by no later than 2040, in line with the UK Hospitality Roadmap. Set interim targets for Scope 1, 2 and 3 emissions in 2023. In the interim, we will reduce our carbon emissions by 5% annually. 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 at 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 (for example, 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. 	<ul style="list-style-type: none"> During 2022, we re-established our baseline year, calculating our 2022 Carbon Balance Sheet including our Scope 1, 2 and 3 emissions. We are in the process of setting carbon reduction targets specific to our operations using our 2022 baseline year. We have continued our 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 conducting repairs where necessary. Following a monitoring survey at three sites, Voltage Optimisers will be rolled out in Q1 of 2023, with the remaining estate surveyed for feasibility in 2023. We have replaced LPG patio heaters with electric heaters and at two of our beer gardens heated electric cushions. In 2023 we plan to install two electric vehicle charging points at the Cliftonville Hotel. We will assess the viability of additional sites throughout the year. This year we introduced processes to improve the accuracy of our Scope 3 data. This included introducing a new online expense management system, to improve the accuracy of Category 6: Business Travel. Also, we issued a supplier engagement survey, to begin improving the accuracy of Category 1: Purchased Goods and Services. In addition, we conducted an employee commuting survey for the second year, to collect data for Category 7: Employee Commuting. Monthly energy communication including energy usage, energy saving tips, social initiatives, as well as ESG Teams calls with managers have been introduced as part of a campaign, to promote behavioural change relating to energy usage. Carbon Reduction Engagement workshops with our third-party ESG specialists were held online for senior and site management at the beginning of 2023.

OUR ENVIRONMENTAL TARGETS cont'd

Area	Our Targets	Our Progress
Carbon Emissions cont'd	<ul style="list-style-type: none"> We aim to procure 100% of electricity from renewable sources by the end of 2022. 	<ul style="list-style-type: none"> Our electricity is provided by Smartest's 'natural' product, using only electricity generated by solar and wind. In 2022 we achieved our goal of having all electricity contracts procured by 100% renewable energy.
Water	<ul style="list-style-type: none"> We aim to roll out remote meter readers to our whole estate to obtain an 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 2023. We aim to cover over 90% of our estate with Limpet Reader devices to identify sites with the highest consumption by the end of 2023. 	<ul style="list-style-type: none"> In 2022, we installed five Limpet Readers. To date, 25 have been installed across the estate, which covers ~60% of our estate. We plan to roll this out to 90% of our estate in 2023. We have introduced waterless urinals to 12 of our sites, to significantly reduce water consumption. We have Water Filtration system at 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. 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 installed 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	<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 the use of paper by fully digitalising Food Safety and H&S records and accounting processes. 	<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 our cooking oil from our fryers are recovered by Olleco and turned into biofuels for heating and transportation. We recycle oils and fats recovered by grease recovery units with Grease Guru. Grease is removed from sites 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, reduce fossil fuel use and reduce GHG emissions. We aim to improve our waste data collection processes over time.

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 2022 we took a key step on this journey by establishing our baseline year, using 2022 as our first year where operations were not impacted by COVID. As a result we have now aligned our Scope 3 data collection with our annual SECR (Scope 1 and 2) reporting.

Scope 3

We partnered with third-party ESG 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. Scope 3 reporting has 15 reporting categories under the GHG protocol. A total of eight of the categories apply to City Pub Group.

As this is a complex process, we have established yearly targets, to enhance our data collection processes, and improve the granularity of our data and the accuracy of our reporting.

This year, we introduced processes to improve the accuracy of our Scope 3 data. This included introducing a new online expense management system, to improve the accuracy of Category 6: Business Travel. Also, we issued a supplier engagement survey, to begin improving the accuracy of Category 1: Purchased Goods and Services. In addition, we conducted an employee commuting survey for a second year, to collect data for Category 7: Employee Commuting.

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

Our 2022 Scope 1 and 2 emissions represent 25% of our total group emissions, with our Scope 3 emissions representing the remaining 75%.

Emissions Scope	Gross Emissions (tCO ₂ e)	Percentage of Total Emissions	Target
Scope 1	1,677	12%	Net-Zero by at least 2040
Scope 2 (location-based)	1,786	13%	
Scope 3	10,348	75%	
Total	13,810	100%	

Reducing our emissions

At 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 work with local suppliers, to support the community and 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 and, improving operations by fitting sites with LED lighting and motion sensors.

CARBON BALANCE SHEET

Greenhouse gas emissions inventory					Operational analysis	Product analysis
Emissions categories	Location-based (tCO ₂ e)	% of Location-based Total	Market-based (tCO ₂ e)	% of Market-based Total	tCO ₂ e Operational emissions	tCO ₂ e Product emissions
Scope 1	1,677	12.1%	1,677	13.9%	1,677	1,677
Natural Gas	1,656	11.9%	1,656	13.7%	1,656	1,656
Transportation (excluding grey fleet)	0.2	0.002%	0.2	0.002%	0.2	0.2
Other Fuels	21	0.2%	21	0.2%	21	21
Scope 2	1,786	12.9%	39	0.3%	1,786	1,786
Scope 3	10,348	74.9%	10,348	85.8%	4,604	5,837
1. Purchased Goods and Services	7,882	57.1%	7,882	65.3%	2,162	5,720
Operational goods and services	2,162		2,162		2,162	
Related to products consumed by customers	5,720		5,720			5,720
2. Capital Goods	1,152	8.6%	1,152	9.6%	1,152	
3. Fuel-related Emissions	794	5.7%	794	6.6%	794	
4. Upstream Transportation and Distribution	1	0.01%	1	0.01%	1	1
5. Waste Generated in Operations	92	0.7%	92	0.8%	92	92
6. Business Travel	73	0.5%	73	0.6%	73	
7. Employee Commuting	331	2.4%	331	2.7%	331	
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	23	0.2%	23	0.2%		23
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	13,810		12,063		8,067	9,299
All Scopes tCO ₂ e per FTE	14		12		8	9

ENERGY USE

City Pub Group recognises that many of the company's operations consume energy given the nature of the industry that the company is part of. We are committed to being as efficient as possible in our use of energy and natural resources to reduce 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

We are committed to year-on-year improvements in our operational energy efficiency. To demonstrate this commitment we have established energy saving projects. We continue to launch a range of initiatives, to help us achieve our goals and reduce our energy usage.

Technik2 Cellar Manager is 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.

During 2022, we installed four additional units of Technik2 Cellar Manager bringing our total of installations across the Group to 38.

We have also invested in Cellar Manager Plus technology to boost efficiency and reduce energy consumption in our Pubs. 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.

In 2022 we completed the roll out of Fridge Manager Technology across the Group, which uses motion sensors to automatically switch fridges off when they are not being used. We have now installed 219 units across the Group.

We have also installed 79 units of Remote Optimisers, allowing for remote control and management of energy usage at our sites. The completion of our energy savings project is estimated to see a payback of £226,000 and 480,575 kwh energy reduction over a five month period.

ENERGY USE cont'd

We are always looking for additional ways to improve the energy efficiency of our operations. Many of our sites are fitted with LED lighting, timers and motion sensors for lighting to reduce our energy consumption.

Reviews of doors, fridge and freezer seals, cellar hatches, and kitchen equipment are conducted 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. Fridge and freezer seals are periodically inspected and replaced.

We have put in place a robust maintenance programme of refrigeration and air conditioning equipment to reduce energy wastage from heating and cooling, improve the efficiency of equipment and identify assets which need an upgrade. Around £9,600 has already been spent on remedials in 2022 including seal and filter replacements.

Outdated windows are being upgraded to secondary glazing across the Group. In 2022, secondary glazing was installed at six sites totalling 131 windows. New front windows at the Market House and Pride of Paddington are planned for 2023, equating to 160 windows in total. PIR sensors have been installed on lighting for the 'back of house'

areas, as well as the implementation of energy efficient hotel bedroom heating controllers at recently refurbished Pride of Paddington. In December 2022, 100% renewable electricity was sourced across the whole estate.

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. We have 14 induction hobs installed accounting for 34% of the hobs across 34% of the estate. We plan to replace the rest with induction over the next 5 years.

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

Site Surveys

We partnered with a third-party specialist to conduct site surveys across eleven of our pubs in order to assess the efficiency of each site and provide recommendations on improvements. The surveys 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.

Following a monitoring survey at two further sites, Voltage Optimisers will be rolled out in Q1 of 2023, with the remaining estate surveyed for feasibility in 2023. The first installation was completed at Aragon House in March 2023 and initial results are encouraging.

ENERGY USE cont'd

Behavioural Changes

Behavioural changes are an important factor for City Pub Group to meet our reduction targets. By encouraging employees through our 'turn stuff off' campaign, we are aiming to reduce our energy usage by 10%. Monthly energy communication including energy usage, energy saving tips, social initiatives, and monthly ESG Teams calls with managers were introduced as part of a campaign to promote behavioural change relating to energy usage.

Carbon Reduction Engagement workshops with our ESG consultants at Inspired ESG were held online for senior and site management in March and April 2023.

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 weekly.

We have initiated an employee engagement process, to educate our workforce on how they can support us on our journey to net zero. We look forward to rolling these sessions out across the 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, ensuring the building is 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 aim to expand this project with two more charging points planned to be installed at the Cliftonville Hotel in 2023.

We 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 installing staff and public cycle racks where possible across the Group.



CASE STUDY: THE BATH CIDER HOUSE

In October 2022 we welcomed The Bath Cider House site to our portfolio as one of the new openings from this year. We are pleased to share this site as an example of the impressive energy efficiency measures we have implemented across many sites.

- A Heat Recovery Ventilation system which uses recycled warm air from either externally or internally, has been installed to provide a constant flow of tempered air throughout the desired area.
- A Rated Air Conditioning fitted with Heater options allows us to design out a Gas Fired Central Heating system throughout the premises.
- We have installed an Electric Sadia Mega Flow water Heaters, with high insulation construction, which have been designed to store hot water for longer and reduce the amount of heating required per litre of water.
- The Bi fold doors to the back of the building are fitted with double Glazed K Glass units, improving the energy efficiency of the building.

- Motion Sensors have been fitted to all Back of House areas and to the Public WC's, so that lights are only activated when occupied.
- A waterless waste system to the urinals alleviates the need for constant water flushing and wastage, and consequently reduces the amount of water previously required for flushing.
- The site is fitted with LED energy saving and long-lasting lamps.
- There is a ducted ventilation system throughout the Front and Back of the House areas.
- All heat dumps are sited externally.



REDUCING WASTE

The Group is committed to reducing our waste production by 5% each year. A range of initiatives have been introduced across the Group, to reduce the amount of waste that we produce on an annual basis.

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, with refillable bottles in our hotels' rooms. We have also provided 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 to reduce waste, for example, in some of our Pubs we serve our pizzas on the trays on which they are cooked. Our Executive Group Chef considers portion size, when selecting new menu items to reduce food waste and has increased the number of vegan and vegetarian options. This aids in a wider carbon reduction for the environment.

Our City Pub App, enables customers to access menus online, along with the introduction of our reusable menus, which have resulted in the removal of all disposable paper menus from our pubs. Also, we are 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 2022, we installed five Limpet Readers. Limpet Readers are small devices that fit directly onto meters and incrementally take images of the meter readings. The Limpet Readers 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.

There are 25 installed across the Group, which covers ~60% of our estate. We are currently in the process of installation another 14 devices, with a plan to roll this out to 90% of our estate by the end of 2023.

We now assess water consumption on a weekly basis, as well as recording 6-weekly averages to identify our highest consuming sites. Using this data we aim to target our highest consuming sites for water saving initiatives in 2023.

Regular water audits are conducted at all sites, where water taps and seals are checked for leaks to ensure there is no waste. We have introduced 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 in 2023.

Over time, we aim to harvest rainwater in order to reduce the gap between supply and demand for our water consumption and reducing operating expenditure where possible. 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.

We have introduced waterless urinals to 12 of our sites to significantly reduce water consumption. We have 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 various local and international charities.

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.

Our Tivoli project introduced a 'Living Roof' on the river frontage, which has supported local biodiversity. We continuously assess our sites for potential future projects.

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.

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.

In 2022 we launched our first ESG supplier engagement survey, reaching out to our top suppliers to begin the conversation around efforts to reduce their environmental and social impact.



A photograph of three young women sitting at a 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 blue-rimmed sunglasses and a dark tank top. They are all smiling and looking at each other. The background is a blurred outdoor setting with green trees and a building. The word "Social" is written in white text in the lower-left corner.

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"> In 2022 we promoted a female operations manager to a Director position. We aim to develop our strategy to improve our gender, racial, LGBTQ+, age and disability diversity of our company in 2023.
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"> Our Health & Safety Manager works closely with our H&S Consultancy Food Alert, pub managers and operators to achieve the 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 a wide range of apprenticeship qualifications with our partners at HIT Training and encourage career progression through career pathways. Currently, 83% of our Ops Managers/Directors have been promoted from within. At City Pub Group, 8 employees are currently enrolled on Apprenticeship scheme and 37 employees (ranging from Supervisor to GM) participated in our Management Development Programme in 2022. We have reduced our average length to fill vacancies by 50%.

OUR SOCIAL TARGETS cont'd

Area	Our Targets	Our Progress
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.We are partnered with numerous local organisations. Our City Club App is used to communicate local events, charities and companies to our customers in the surrounding communities.Our Pubs are also encouraged to work with local charities with sites such as Cock & Bottle raising money for The UK Youth Charity, and Petersfield raising money for the Landmark Foundation.



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. Three employee representatives are included at each Board meeting to ensure employee concerns and improvements in staff welfare can be discussed.

Recruitment and retention of high quality staff is key to the Group's strategy, both at the head office and across the estate. At the end of 2022 we employed 1021 employees.

City Pub 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.

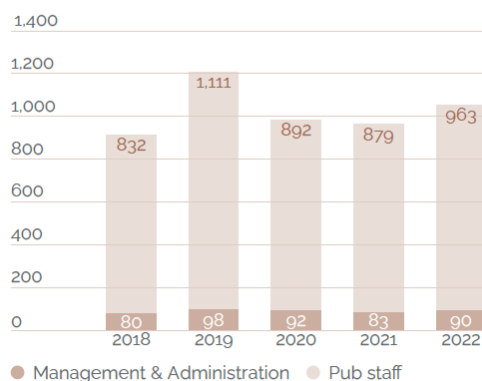
We actively engage with our employees and feedback is always encouraged and considered. We work with employees to identify partnership opportunities that benefit the local community and have employee representation at board level to discuss improvements in staff welfare.

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.

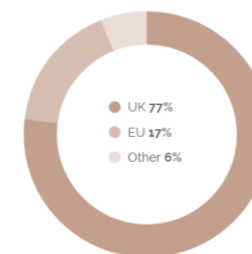
The average full time equivalent (FTE) staff per pub ranges from 15-25 depending on size and offer. This number is higher for those with accommodation and greater food offer.

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

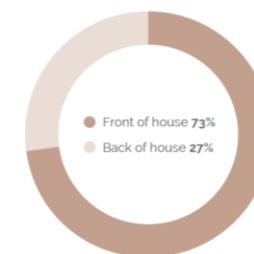
Number of staff



Staff by region



Staff by task



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 staff to ensure employees to help facilitate family commitments or advance educational studies. Our Head of Office Team members now have the flexibility to work from home to allow for relocation outside of London.

	<30	31-50	>50	Total
Executive Management	0	3	5	8
Senior Management	4	28	0	32
Rest of the Division	631	284	60	975

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 three 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 anxiety, addiction, home and family life, domestic abuse, bereavement, financial uncertainty, employee rights, and general wellbeing.

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 three 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. City Pub Group aim to continuously 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.

During December 2022, to reward our employees for going above and beyond during extremely busy period we provided staff with a top-up of their contracted hourly rate for hours worked between 40 to 60 per week.

We have continued our 'Bounty Hunter' refer a friend scheme throughout 2022. This schemes allows employees to receive up to £1,000 worth of rewards for each successful referral. Our employees were also entered into a £1,000 prize draw for every 25 hours worked over the Christmas period.



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 are partnered 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.

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 installed 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 a Food Safety Policy implemented 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 Directors, 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 as a minimum internally and by Food Alert to confirm that City Pub Group continues to adhere to the policy.

We take food complaints from our customers very seriously and collect data to address any potential issues across our sites. In 2022, we had 29 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 2022, we had 134 accidents or incidents occur throughout the Group. 5 accidents in 2022 required a RIDDOR report, an increase from 2021.

	2022	2021	2020
Accident/Incident	134	58	42
RIDDOR	5	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.

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, 83% of our Ops Managers/Directors have been promoted from within.

At City Pub Group, 8 employees are currently enrolled on Apprenticeship scheme and 37 employees (ranging from Supervisor to GM) are set to enter into our Management Development Programme in 2023.

Selective Training Offered to Employees

Management	Administration	Food & Beverage
<ul style="list-style-type: none"> Management development 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 has a number of fixed-term supply agreements with its major suppliers that cover over 80% of the group's liquor purchases. 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 2022.



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 CUSTOMERS

Our pubs bring people together in a safe and supportive space 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 our spaces have rooms that are adapted for people with disabilities where possible.

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.

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

We 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.

The City Club app 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.



ENRICHING THE LOCAL COMMUNITY

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.

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. Our City Club App is used to communicate local events, charities and companies to our customers in the surrounding communities.

City Pub Group are committed to enhancing our position in the local community. We partner with local organisations to provide a free space for local community activities. In 2022 the Cock & Bottle site became a collection point for donations towards Ukraine, delivering generous donations from our staff and customers to the social club in Holland Park.

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. During the year we partnered with 'The Village People' to help connect local communities by sharing their spaces with community groups to reduce loneliness and isolation. The Group collaborates with the community group to help create opportunities for people from marginalised backgrounds to get into work including people facing homelessness, prison leavers & people with disabilities. To ensure our employees are equipped with the skills to cater candidates of differing needs, we have created and delivered training to the management team to improve understanding and ensure they are confident in creating a supportive environment to all.

Our employees are 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 The UK Youth Charity, and Petersfield raising money for the Landlark Foundation.

We have partnered with Something to Look Forward To in East Anglia, 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 2023.





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