THE CITY PUB GROUP

Task Force on Climate-related Financial Disclosures Report 2022

IN THIS REPORT

INTRODUCTION

We recognise the importance of climate change, and the associated 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 the release of greenhouse gases (GHG) from human activity, for example, burning fossil fuels. The continued release of these GHG, will lead to a climate that is harder to predict, which will bring challenges to economic performance and social well-being. The City Pub Group's Board is committed to acting sustainably and aims to minimise our impact on the environment and our contribution to climate change.

We are committed to understanding the impact of climate change on our business and to mitigate the potential climate-related risks that we may experience. As an important step on our climate journey, we have voluntarily reported on the progress that we have made against the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") in 2022, and we are pleased to present our second standalone 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 over the short (2022-2025), medium (2025-2035) and long term (2035-2050).

We have detailed our process to identify and mitigate the potential climate-related risks and opportunities for City Pub Group, and to understand our impact on the environment. This year we widened our analysis, to understand the impact of climate change on our supply chain and critical supply routes.

During the year we made progress on our efforts associated with developing 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. Further information can be found on page 6.

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 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. We are pleased to publish our second TCFD Report, identifying and assessing the climate-related risks and opportunities, which may impact our business over time.

We have established robust data collection processes, to understand our impact on the environment and assess any potential climate-related impacts to our business. 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 and climate change.

We are in the process of developing our transition plan, with an ambition 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".

"We are developing a transition plan, with an ambition of being net zero by 2040, in line with the UK Hospitality Roadmap".

ABOUT THE TCFD

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 consists of 11 disclosure recommendations, which are grouped within four themes: Governance, Strategy, Risk Management and Metrics & Targets.

Climate change presents transition risks, 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. They are divided 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. Voluntarily 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 that 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, 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. We have 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 15-27.

The 'Risk Management' section on pages 29-33 outlines the mitigation strategies that we have introduced, 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 (pages 35-44).

We aim to continuously enhance our TCFD reporting, as we improve our processes and develop our climate strategy annually.

ABOUT THE GROUP

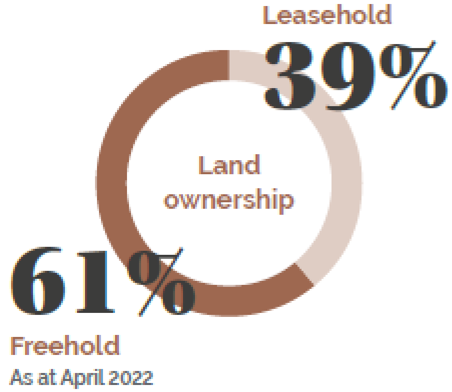
The City Pub Company (East) PLC ("CPCE") and The City Pub Company (West) PLC ("CPCW") were founded by Clive Watson, David Bruce and John Roberts, who joined the board in December 2011.

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.

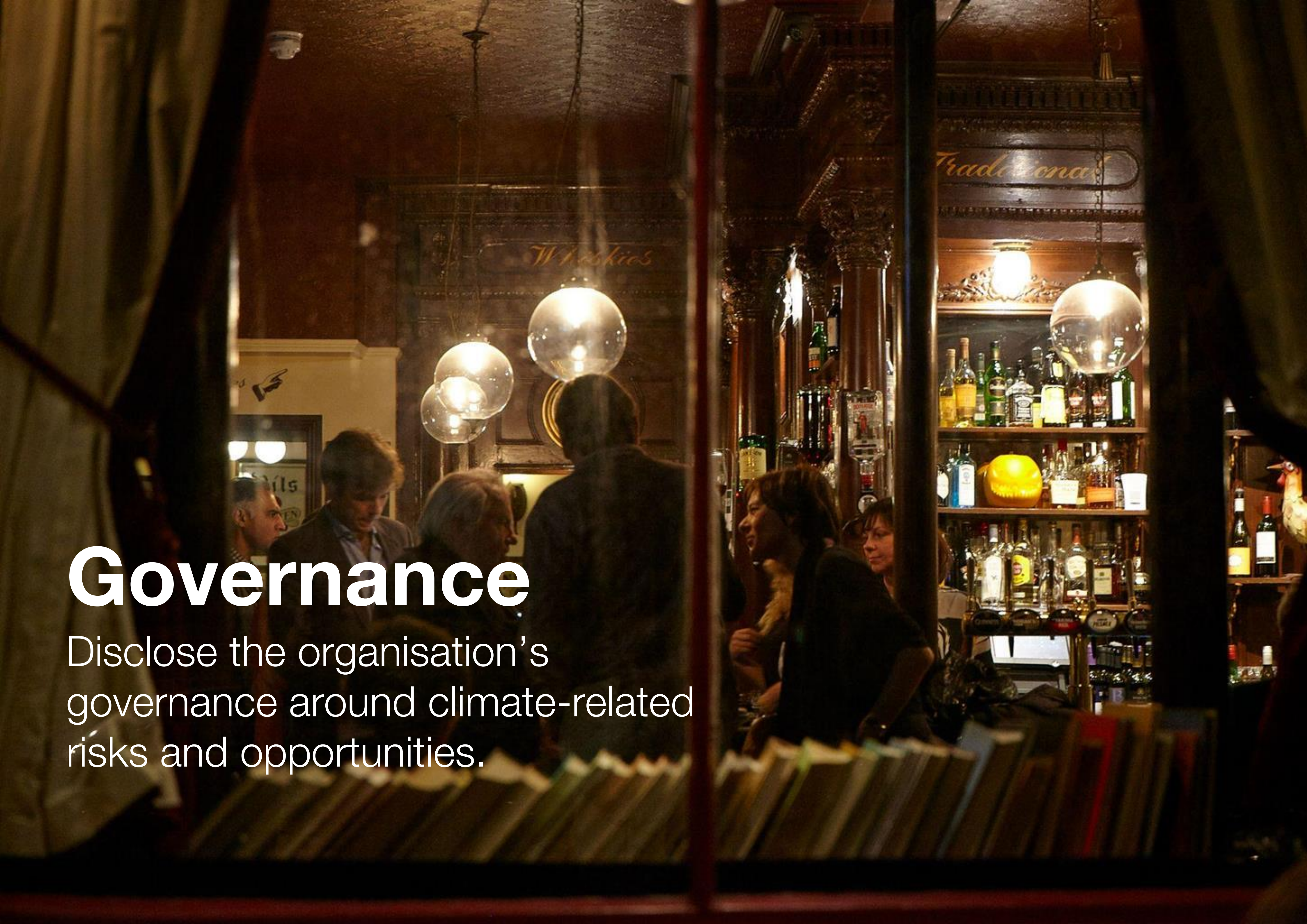
The Directors have considerable experience of acquiring pubs, expanding pub portfolios and creating premium pub companies. This includes leading the Capital Pub Company from start up through to flotation on AIM and its subsequent acquisition by Greene King for £93 million.



OUR NET-ZERO STRATEGY

The Group calculated its full emissions footprint, including Scope 3 emissions, for the first time in 2021. However, based on available data, this footprint covered January to December 2020, when the Group's operations were severely impacted by the Covid-19 pandemic. As this is not an accurate reflection of the emissions associated with our operations, we have recalculated our baseline year using the financial year 2022, representing our first year with 'normal' operations following the pandemic. Following this step, we are now in the process of confirming emission reduction targets, using our updated 2022 baseline year.

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 (tCO2e / £ million of turnover). Using this metric will allow emission reductions to be tracked, as the business grows. Scope 3 targets will focus on supplier engagement, as emissions embedded in goods and services purchased by the Group (Scope 3: Categories 1 and 2) comprise of 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.

THE BOARD OF DIRECTORS

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's Directors recognise the importance of sound corporate governance, which influences the way of working for our business and our relationships with external partners. We have worked to incorporate climate governance into our existing corporate governance framework, 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 second TCFD Report, voluntarily 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 reduce our carbon emissions and unlock further opportunities, to mitigate the impact of climate-related risks on our business. Further information can be found on pages 31-33.

The Board is responsible for developing and setting our long-term environmental objectives, including our net-zero strategy. We have been working to implement targets and introduce behavioural change across the Group.

The Board is 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.

Training sessions facilitated by our third-party ESG specialist, have been held throughout the financial year, to ensure the Board is fully equipped with the information required to make informed decisions surrounding climate action. Sessions covered topics such as 'Background on Climate Change', 'Understanding City Pub Group's Carbon Balance Sheet' and 'A Roadmap to Net Zero'. We will continue to hold relevant training sessions, to build the knowledge. and understanding of our decision-makers, in line with developing best practice guidance

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 2020. 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.
Table 1: A table to show an overview of City Pub group's Board of Directors

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 (resigned January 2023)

THE BOARD'S COMMITTEES

The Board views climate change as an important issue and has decided it is best managed between its various Committees. Each Committee has a vital role in governing City Pub Group's response to the risks and opportunities posed by climate change (Table 2).

Climate Risk Management Workshops with members of the Board and its committees were held to further 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 each year. Further information on this process can be found on pages 31-33.

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, 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

Table 2: A table to show the committees and their reporting responsibilities, in relation to climate change to the Board.

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 efficiency of mitigation measures. Further details of our mitigation of climate-relates risks can be found on pages 31-33.

The Committee is responsible for corporate governance compliance, which from FY23 onwards will include mandatory compliance with TCFD. As per the TCFD recommendations, City Pub Group have developed a climate risk management framework ahead of its requirements, which is reviewed annually by the Audit Committee.

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 that 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 2020, to reflect the Company's commitment to 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 by the Board. Also, it oversees the development and implementation of environmental initiatives, ensures the Group complies with emerging climate-related regulation and makes sure business operations are conducted responsibly. The Committee meets no less than twice every year, and otherwise 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 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 ESG specialists, to assess the impact of climate-related risks and opportunities over the short, medium and long-term as part of our TCFD process. The ESG Committee worked to further 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.

The ESG Committee oversaw the calculation of the Group's 2022 baseline Carbon Balance Sheet, including Scope 1, 2 and 3 carbon emissions. It 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.

MANAGEMENT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

Control of climate-related risks and opportunities have been developed by the ESG Committee. The Board have implemented these into the 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 monthly 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.
We have rolled out 'Carbon Reduction' engagement workshops across our sites, to educate and encourage our employees to make small behavioural changes, which are an important factor for City Pub Group to meet our reduction targets.

Strategy

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

BUILDING A RESILIENT BUSINESS STRATEGY

Strategy - The TCFD states that in this section, a company should disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning, where such information is material.

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 for City Pub Group and to 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.

We reassessed the climate scenario analysis completed in 2021 covering 52 sites, spanning 17 regions within the UK. In addition, we completed climate scenario analysis on any newly acquired sites, 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 and then rolled up into overall impact at the Group level.

This year we expanded our analysis, to assess how climate-related risks and opportunities will impact our key suppliers and critical supply chain routes. We aim to continue to expand the scope of this project annually.

BUILDING A RESILIENT BUSINESS STRATEGY cont'd

The assessment of the climate scenario analysis was 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 results were presented in the Climate Risk Management Workshops, providing an update to members of the ESG Committee.

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 (Table 3).

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.

Table 3: A table to show our Group's risk categories.

CLIMATE SCENARIOS

We used a range of scenarios, as recommended by the TCFD, 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), the Shared Socioeconomic Pathways (SSPs) to model our climate scenarios. Merging these models provides information on how emissions, global society and economics 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. Also, they show 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 (2022-2025)
- 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 pursing 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, 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. The 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, limited 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 act, leading to policies being introduced in the long term, meaning transition risks will be low as low-carbon technology will not be adequately funded and carbon pricing will not be extended into our sector.

However, the lack of climate action will lead to the greatest levels of physical risk within this scenario, as several tipping points will be surpassed. The Bank of England predicts that the risk of a global recession is greatest in this scenario.

Our Analysis Outcome

We have identified 11 climate-risks and two climate-related opportunities, which may impact City Pub Group. Our climate-related risks and opportunities are outlined on pages 31-33. In summary, this process has determined that climate change and its impact is low for the Group in 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 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 carbon by 2050.

An 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 the increasing labour costs of maintaining a robust ESG management system internally and through partnerships with third-party ESG specialists.

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.

CLIMATE SCENARIOS cont'd

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. The primary source of energy is from fossil fuels, with 80% 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. In 2022, we increased our efforts in this area by procuring our electricity from renewable sources at an additional cost to the business.

Physical Risks

Physical risks are divided into two categories: acute and chronic. Acute risks are event driven, for example, flooding and wildfires. 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 increase 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 heatwaves.

It would increase energy costs, 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 continues to invest in energy efficiency technology across our sites, to reduce our energy usage and 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.

This transition provides 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 better 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 (2022-2035)	Minor (£50k-£250k)	Strict and necessary regulations from Government could be introduced, to reduce energy use and emissions. This will lead to added compliance costs and a shift from fossil fuel use. City Pub Group 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 currently must comply with ESOS, SECR and TCFD from FY23. 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, engaged with a third-party ESG specialist and plan to hire additional resources internally, to ensure compliance with current and emerging regulations in this area.
		Mandates on and regulation of existing products and services	Short Term (2022-2025)	Insignificant (£0-50K)	We recognise that our operations are subject to increased environmental regulation, which will increase our operating costs and with direct taxes on the business. We recognise that regulation around plastics and packaging is an area which is expected to increase over time. We currently classify this risk as insignificant, due to the limited amount of plastic that the Group uses. However, we will continue to monitor this risk annually, as we recognise that while this is not a material risk for City Pub Group, we may experience an indirect impact, as suppliers pass increased costs onto their customers.

Table 4: Transition risks in the below 2°C scenario

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 (2022-2035)	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 scarcer and the world shifts to renewable energy. Energy and material costs are likely to rise under most circumstances, posing a risk to our operations.
		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 Vegan and Vegetarian options on our menu, to adapt to these changing customer preferences Our Group Executive Head Chef reviews menus seasonally and changes are made based on customer demand. These additions are extremely popular with customers and ensure that we appeal and can cater for a wide range of existing and new customers. We have communicated our company ESG journey, targets, and commitments to our stakeholders to ensure transparency.
	Reputation	**Increased stakeholder concern**	Short Term (2022-2025)	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 proactively communicate how we will reduce our environmental impact 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.

Table 4: Transition risks in the below 2˚C scenario

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 (2022-2035)	Minor (£50k-£250k)	Strict and necessary regulations from Government could be introduced, to reduce energy use and emissions. This will lead to added compliance costs and a shift from fossil fuel use. City Pub Group 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 currently must comply with ESOS, SECR and TCFD from FY23. 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, engaged with a third-party ESG specialist and plan to hire additional resources internally, to ensure compliance with current and emerging regulations in this area.
		Mandates on and regulation of existing products and services	Short Term (2022-2025)	Insignificant (£0-50K)	We recognise that our operations are subject to increased environmental regulation, which will increase our operating costs and with direct taxes on the business. We recognise that regulation around plastics and packaging is an area which is expected to increase over time. We currently classify this risk as insignificant, due to the limited amount of plastic that the Group uses. However, we will continue to monitor this risk annually, as we recognise that while this is not a material risk for City Pub Group, we may experience an indirect impact, as suppliers pass increased costs onto their customers.

Table 5: Transition risks in the 2-3 ˚C scenario

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	Regulatory & Compliance	**Increase in carbon pricing**	Medium Term (2025-2035)	Minor (£50k-£250k)	A 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 within the 2-3oC scenario in the medium term, when carbon pricing is projected to peak. Potential financial impacts have been modelled using our Scope 1 & 2 emissions, forecasted 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 annually.

Table 5: Transition risks in the 2-3 ˚C scenario

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 (2022-2035)	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 scarcer and the world shifts to renewable energy. Energy and material costs are likely to rise under most circumstances, posing a risk to our operations.
		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 Vegan and Vegetarian options on our menu, to adapt to these changing customer preferences Our Group Executive Head Chef reviews menus seasonally and changes are made based on customer demand. These additions are extremely popular with customers and ensure that we appeal and can cater for a wide range of existing and new customers. We have communicated our company ESG journey, targets, and commitments to our stakeholders to ensure transparency.
	Reputation	**Increased stakeholder concern**	Short Term (2022-2025)	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 proactively communicate how we will reduce our environmental impact 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.

Table 5: Transition risks in the 2-3 °C scenario

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)	Potential direct damages to property due to flooding will increase over time under the Above 3oC scenario. A significant flood could affect our ability to operate from a location, affect supply routes, and increase insurance premiums. This risk poses a threat to several 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. Our suppliers have identified increased flooding as a risk to their operations, facilities, stock and transportation. Increased maintenance, insurance and operating costs may be passed on to customers over time.
		Increased frequency of wildfires	Long Term (2035-2050)	Insignificant (£0-50K)	These events will become more frequent, as temperatures rise and soil moisture decreases. However, given our locations across the UK, the Group is unlikely to be impacted. Suppliers procuring products from across Europe and further afield may be impacted where the risk is higher.

Table 6: Physical risks in the above 3 ˚C scenario

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 will require 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. Power outages may become more likely, due to increased demand and pressure on the grid, leading to operation disruption. Extreme weather patterns across our supply chain could result in increased food prices, crop failure, less productive plantings, potential livestock deaths etc.
		High water stress	Long Term (2035-2050)	Insignificant (£0-50K)	Several sites are situated in areas that will become particularly susceptible to water stress, as temperatures increase. The introduction of water use restrictions may affect how our business can operate. While our operations are not highly water intensive, resulting in the direct impact being insignificant, we recognise this risk is greater within our supply chain, in particular brewery locations.
		Sea level rise	Long Term (2035-2050)	Insignificant (£0-50K)	Rising sea level increases the risk of erosion, storm surges and saltwater intrusion into aquifers. 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. Sea level rise may, in the long term, cause damage and disruption to major distribution centres, ship ports and airports could impact our supply routes.

Table 6: Physical risks in the above 3 ˚C scenario

CLIMATE-RELATED OPPORTUNITIES

Category	Group Risk Category	Climate-related Opportunity	Time Horizon	Potential Financial Impact	Description
Transition Opportunities	Economic & Market	**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 Head Chef reviews menus seasonally and changes are made based on customer demand. These additions are extremely popular with customers and ensure that we appeal and can cater for a wide range of existing and new customers.
	Technology	**Transitioning to lower emissions technologies**	Short-Medium Term (2022-2035)	Minor (£50k-£250k)	We have invested in energy efficiency technology throughout the Group, to reduce our energy consumption, associated emissions and costs for the business. We have installed Technik2 Cellar Manager, Cellar Manager Plus and Fridge Manager technology, to reduce our energy usage and operate more responsibly. The majority of our sites are fitted with LED lighting, timers and motion sensors for lighting. Also, refrigeration, heating and cooling equipment is regularly serviced and upgraded. Outdated windows are being upgraded to secondary glazing across the hotels within the Group.

Table 7: Climate-related transition opportunities

Risk Management

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

CLIMATE-RELATED RISK MANAGEMENT

Risk Management - Investors and other stakeholders need to understand how an organisation's climate-related risks are identified, assessed, and managed. Also, they need information on how these are integrated into the existing risk management processes. This information supports users of climate-related financial disclosures, to evaluate the organisation's overall risk profile and risk management activities.

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, to deliver 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 their impacts.

Step 1) Identifying our Climate-related Risks

We have partnered with a third-party ESG specialist, to identify the potential climate-related risks and opportunities facing our organisation. A six-step climate scenario analysis is conducted annually, to uncover the relevant physical risks resulting from climate change, along with those associated with the UK's transition to a decarbonised economy. We reassessed the climate scenario analysis conducted in 2021, which spanned 17 regions across the UK. 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.

This financial year we analysed newly acquired sites, our key suppliers and critical supply chain routes. This helped to understand the vulnerability of our wider value chain. In total, we identified eleven risks and two opportunities. From 2023 we will also analyse climate-related risks in regions to which we consider expanding our operations to.

Step 2) Assessing our Climate-related Risks

Secondly, we held a climate risk management workshop, to present the risks identified to members of the Board, its committees and management. We evaluated the range of potential impacts of each risk including on our business strategy, operations, targets, and external factors, for example, our 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 has been set, 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 primarily in the above 3°C scenario and in the long-term. For example, an increased risk of flooding has the potential to damage our property, while rising temperatures will increase annual spending on energy for cooling.

CLIMATE-RELATED RISK MANAGEMENT cont'd

Step 2) Assessing our Climate-related Risks cont'd

The most significant risks to our business are transition risks, with increased regulation, carbon pricing, and energy prices causing a rise in company expenditure, as we engage increased resources to manage these risks. These risks were assigned mitigation measures, to reduce their impact. Existing controls, for example, insurance and management plans, will continue to be reviewed for adequacy.

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.) Addressing our Climate-related Risks.

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 (pages 31-33). 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 ESG specialist, to enhance our ESG reporting, including voluntarily reporting on our progress against the TCFD recommendations ahead of emerging regulation in FY23. 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, 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	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. We are currently working to develop carbon reduction plans, to transition the business to net zero. We are reducing the impact of this potential risk on the business.
	Economic & Market	**Increased cost of energy and materials**	The Group is continuously improving the efficiency of our sites, to minimise the cost of energy and materials. All our sites maintain high standards of management, including the upkeep of the sites and equipment. We have continued to invest in energy efficiency technology throughout the Group, installing Technik2 Cellar Manager, Cellar Manager Plus and Fridge Manager technology across the Group, to reduce our energy usage and operate more responsibly. To further reduce energy consumption, we have installed secondary glazing windows across our hotel sites, improved our heating systems, developed a building energy management system, and have produced energy consumption reduction plan. During 2022, we launched a supplier engagement process, to commence the conversation with suppliers, surrounding ESG and climate change.
		Changing consumer preferences	We have increased the number of vegetarian and vegan options on our menus, providing a larger variety of more sustainable options to our customers. We continuously monitor environmental performance market trends, 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.

Table 8: Climate-related risk mitigation

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**	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**	We will continue to assess our physical risks annually. To reduce the impact from flooding, we aim to conduct 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 risk of flood damage occurring.
		Increased frequency of wildfires	To minimise the risk from wildfires, the Group may ensure 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 be associated with a rise in mean global temperatures. 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	Most of our water consumption is monitored and measured using Limpet Readers, enabling us to minimise our usage. We maintain and upgrade all our water systems 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 conducted on a site-by-site basis to establish the level of risk across the Group.

Table 8: Climate-related risk mitigation

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	Economic & Market	**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. To meet this demand, we will need to substitute existing products for lower emissions alternatives, which we view as an opportunity. This will allow us to expand our menu options and offer a variety of choices. We have commenced this transition by regularly reviewing our menu options and expanding our vegetarian and vegan options. These have reduced impacts on the environment, compared to the standard alternatives. We aim to work with suppliers, to procure sustainably where possible. For example, using recycled plastic and packaging.
	Technology	**Transitioning to lower emissions technologies**	Exchanging high emissions technologies for lower emissions, more efficient alternatives will aid in the transition to a low carbon economy. We have commenced this transition, by implementing energy efficient technology throughout the Group. For example, fitting LED lighting, upgrading kitchen equipment, improving infrastructure, and fitting equipment timers, to minimise the "on-cycle" of high energy intensity hardware. We installed Technik2 Cellar Manager, Cellar Manager Plus and Fridge Manager technology to reduce our energy usage.

Table 9: Climate-related opportunity management

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 use a range of metrics to measure and understand our impact and to manage our climate-related risks and opportunities, including the Group's full Scope 1, 2 and 3 GHG emissions.

City Pub Group has been collecting and calculating its Scope 1 and 2 emissions and energy performance data since 2018, following the UK Streamlined Energy & Carbon Reporting (SECR) as implemented by the Companies (Directors' Report) and the Limited Liability Partnerships (Energy and Carbon Report) Regulations.

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

To manage our climate-related risks and opportunities, we are developing our net-zero strategy, as outlined on page 6, and commenced 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.

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 managing 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.

GREENHOUSE GAS EMISSIONS

Reducing our carbon footprint is important to City Pub Group. During 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. We have now aligned our Scope 3 data collection with our annual SECR (Scope 1 and 2) reporting. Our 2022 Scope 1 and 2 emissions represent 25% of our total group emissions and Scope 3 emissions represent the remaining 75%, as presented in Table 10.

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 financial 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.

Emissions Scope	Gross Emissions (tCO_2e)	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%**	

Table 10: Scope 1, 2 and 3 emissions for 2022

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 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 for reductions in energy usage.

CARBON BALANCE SHEET

	Greenhouse gas emissions inventory				Operational analysis	Product analysis
Emissions categories	Location-based (tCO_2e)	% of Location-based Total	Market-based (tCO_2e)	% of Market-based Total	tCO2e Operational emissions	tCO2e 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_2e per FTE	**14**		**12**		8	9

Table 11: Carbon balance sheet

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 in Table 12 and will be developed as we move through this journey.

Area	Our Targets	Our Progress
Carbon Emissions	• 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. • 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.	• 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 two further sites, Voltage Optimisers will be rolled out in Q1 of 2023, with the rest of estate surveyed for feasibility in 2023. • We have replaced LPG patio heaters with electric heaters and are trialling heated electric cushions at two of our beer gardens. • 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.

Table 12: Cardon reduction targets

OUR CARBON REDUCTION TARGETS cont'd

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 in Table 12 and will be developed as we move through this journey.

Area	Our Targets	Our Progress
Carbon Emissions	• Engage with employees through environmental awareness training to help our people understand how they can cut emissions at home and at work. • 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 2023 we plan to install two our electric vehicle charging points at the Cliftonville Hotel. We will assess the viability of additional sites throughout the year. • 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. • Monthly energy communication including energy usage, energy saving tips, social initiatives, as well as monthly 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.

Table 12: Carbon reduction targets

ADDITIONAL ENVIRONMENTAL TARGETS

Area	Our Targets	Our Progress
Water	• 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.	• 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	• 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.	• We segregate our different 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.

Table 13: Additional environmental targets

PROTECTING THE PLANET

We take climate action very seriously and 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. We have implemented an environmental policy, committing to operating in the most responsible and sustainable way.

Energy Efficiency

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 various 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 out 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 97 units of Remote Optimisers, allowing for remote control and management of energy usage at our sites.

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.

PROTECTING THE PLANET cont'd

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 hotels. 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 and 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 currently installed across the estate, which represents 34% of hobs across the estate, with the remainder planned to be upgraded 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.

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.

PROTECTING THE PLANET cont'd

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.

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.

PROTECTING THE PLANET cont'd

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.

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.

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.

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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