

Throughout 2023, teams in the business have worked diligently to set and refine defined targets to achieve the strategic objectives of our ESG Strategy.



Inbar Zilberman  
Chief Corporate & Legal Officer



“Environmental, Social and Governance targets are a high priority for our stakeholders. We are setting robust targets, and aiming for maximum transparency.”

We are working on delivering on the ESG priorities of all of our stakeholders and publicly communicating the information both customers and shareholders have requested to assist them with their own ESG strategies.

This year has seen us take important measures to maximise best practice, and to communicate the actions we take effectively to stakeholders. We are working on a deep-dive assessment and analysis of our Scope 3 carbon emissions over a 12-month period of full operations, in order to assist with setting baselines for measurable Scope 3 carbon reduction targets. Overall, we have 35 ESG targets divided between: our Properties, our People, our Local Communities and our Supply Chain. In order to manage implementation, we have recruited a full-time ESG manager to monitor and report to the Executive Leadership Team on our performance benchmarked against competitors and progress on achieving our strategic objectives. We additionally have third party support from the Zero Carbon Company, the Energy & Environment Alliance for advice on delivery of strategic objectives.



▲ Park Plaza London Waterloo Team Member



▲ PPHE Human Resources Team

ESG Strategy targets

Our ESG Strategy is based on the principle of double materiality, which allows us to determine what issues are most important to our stakeholders; the environmental and social impact of our business operations; and the impact of environmental and social changes on the long-term success of the business.

Our targets each align to a strategic objective designed to meet stakeholder expectations. These are aligned with the United Nations Sustainable Development Goals (SDGs).

Although we can relate our activities to most of them, those that we feel like we can contribute the most to are:

#3

Good Health and Well-being

#8

Decent work and economic growth

#11

Sustainable cities and communities

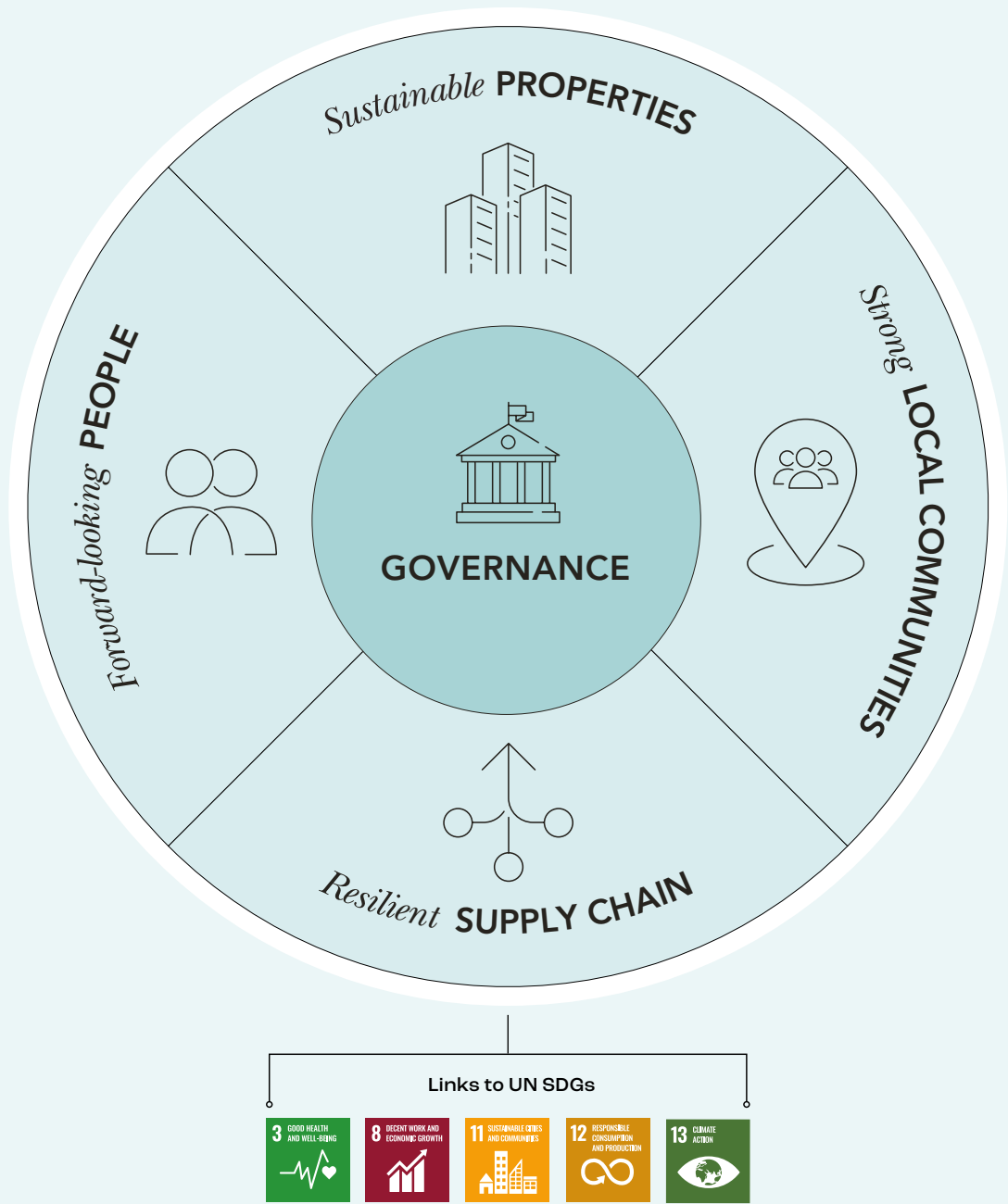
#12

Responsible consumption and production

#13

Climate action

Our ESG Strategy



Strategic Objectives

Each target furthers the achievement of a defined Strategic Objective. The Strategic Objectives have been set to meet stakeholder priorities, and to ensure that each element of the strategy is part of a mutually supporting framework. They have been designed so that, where possible, achievement of one Strategic Objective furthers others and the strategy overall.

We were supported by the consultancy Luminous in the materiality assessment, and subsequent development of the strategy. We use other third parties to assist us. For example, the Zero Carbon Company helps us with our detailed Scope 3 carbon footprint, and the Energy & Environment Alliance (EEA) is assisting us finding third party assurance for robust building certifications.

As part of our effort to reduce carbon emissions, we have sent a commitment letter to the Science-Based Targets Initiative (SBTi). This informs them of our intention to set a net zero target, and to commit to long-term and interim targets which we will request that they verify. Once we receive this third party validation of our net zero targets, we will be required by SBTi to meet interim targets, and will therefore be publicly accountable on our progress, metrics and achievement of milestones. The next steps will be setting and communicating the two targets to SBTi for their validation within two years.

On our objectives to attract and retain talent and promote Diversity, Equity and Inclusion, we have established detailed targets for workforce engagement, wellbeing and awareness of the Company’s ESG activities. ESG Ambassadors now exist in every property to ensure that centralised initiatives are properly communicated throughout the business, whilst local initiatives are properly communicated to the Executive Leadership Team.

Strategic Objective	Strategic Pillar	ESG Priority
Achieve net zero by 2040		Environmental
Adapt to climate change		Environmental
Attract and retain talent		Social
Communicate our ESG efforts to stakeholders		Governance
Enhance biodiversity		Environmental, Social
Ensure waste management best practice		Environmental, Social
Promote Diversity, Equity and Inclusion		Social, Governance
Promote ESG across our supply chain		Environmental, Social
Ensure good stewardship of water resources		Environmental, Social
Support local communities		Environmental, Social

On supply chain management, we are ensuring that risks pertaining to certain industries in terms of environmental impact, and unacceptable working practices and labour exploitation, are covered in detail in sourcing policies.

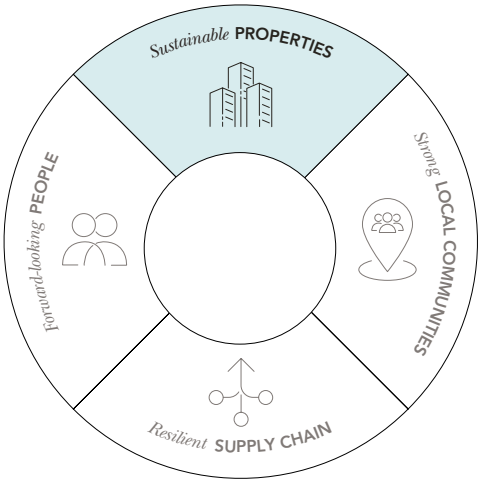
“Biodiversity, social value, waste and water baseline data is being collected in order to set numerical targets by stakeholder recognised metrics.”

Reporting

In 2023, we have disclosed our Company information through a variety of frameworks, such as CDP (formerly known as Carbon Disclosure Project), WDI (WorkForce Disclosure Initiative) and we are preparing to publish under the GRI (Global Reporting Initiative) framework.

This year the International Sustainability Standards Board (ISSB) published two new standards for sustainability disclosures: IFRS S1 ‘General Requirements for Disclosure of Sustainability-related Financial Information’, and IFRS S2 ‘Climate-related Disclosures’. Being a listed company on the London Stock Exchange, PPHE will be in scope of both these new standards and required to report from 2025. IFRS1 will broadly follow the Sustainability Accounting Standards Board (SASB) standard and IFRS2 the Task Force on Climate-Related Financial Disclosures (TCFD). More detail on this can be found in the TCFD Report Summary on page 80.





Links  
to UN  
SDGs



**Energy and carbon emissions**  
In 2023, we completed a detailed mapping of our carbon footprint across the portfolio for a 12-month period where our hotels were operating in such a way as to permit a representative sample of data.

Working with the hospitality industry's Zero Carbon Company to obtain, analyse and publish this data was labour intensive, but allows us to set accurate baselines for carbon consumption, and roadmaps to reduction. From the data, we are able to design engineering plans, including anticipated capital expenditure requirements, which allow us to update our properties in such a way as to further our net zero goals. They also allow us to review our supply chain to reduce and remove carbon emissions from Scope 3.

# Sustainable

**Table 1. Carbon footprint of PPHE Hotel Group (2023)**  
(calculations supplied by Zero Carbon Company)

Emission scope	tCO <sub>2</sub> e (Market)	% of Total (Market)	tCO <sub>2</sub> e (Location)	% of Total (Location)
Scope 1	10,529	14%	10,529	12%
Scope 2	3,300	4%	16,321	18%
Scope 3	62,597	82%	62,597	70%
<b>Total</b>	<b>76,426</b>	<b>100%</b>	<b>89,447</b>	<b>100%</b>

To ensure that our hotels achieve high standards of environmental performance we have committed to ensuring that all new-build hotels, repositioning projects and refurbishments obtain an environmental certification by a recognised building certification scheme. In the UK, we have done this by pursuing new Building Research Establishment Environmental Assessment Methodology ('BREEAM') certifications. Four of our hotels are already certified via the BREEAM standard: Park Plaza London Waterloo, Park Plaza

London Riverbank, Park Plaza Park Royal London and art'otel Battersea Power Station London. Our two ongoing construction projects, art'otel London Hoxton and art'otel Rome Piazza Sallustio, are being constructed with the aim to be awarded BREEAM certification in 2024. In the rest of our European portfolio, we are exploring both BREEAM and other possible environmental certifications relevant to the specific countries in which we operate (such as Deutsche Gesellschaft für Nachhaltiges Bauen (DGNB) in Germany).

All hotels in all regions (with the exception of Radisson RED in Belgrade) are supplied by 100% renewable electricity. This is achieved in the UK through Renewable Energy Guarantees of Origin (REGOs) and in the rest of Europe through Guarantees of Origin (GoOs). Our engineering team is conducting studies to phase out gas and further electrify our properties. An example of this commitment are the investments made into Park Plaza Victoria London in 2023, where we spent around £2 million to replace the air conditioning system in all guest rooms. Additionally, we will also upgrade the boiler systems, bringing even further reductions in gas consumption.

The efforts around the environmental performance of our hotels are also reflected in the certifications that they have been awarded, which are shown in Table 2.



▲ Park Plaza London Riverbank Engineer

# Properties

We are members of, certified to or supporters of a number of labels recognised by the Global Sustainable Tourism Council:



**Table 2: Environmental sustainability and social responsibility certifications**

The Netherlands	United Kingdom	Germany	Croatia
<b>Green Globe</b> Park Plaza Amsterdam Airport Park Plaza Victoria Amsterdam art'otel Amsterdam	<b>Green Tourism</b> <b>Gold</b> Park Plaza Westminster Bridge London Park Plaza Nottingham Park Plaza County Hall London Park Plaza London Waterloo Park Plaza London Riverbank	<b>Green Key</b> art'otel Berlin Mitte art'otel Cologne Park Plaza Berlin Kudamm Park Plaza Berlin Park Plaza Wallstreet Berlin Mitte Park Plaza Nuremberg	<b>Travelife</b> <b>Gold</b> Park Plaza Belvedere Medulin TUI BLUE Medulin Park Plaza Histria Pula <b>Blue Flag</b> Park Plaza Histria Pula Grand Hotel Brioni Pula
<b>Green Key</b> <b>Gold</b> Park Plaza Eindhoven Park Plaza Vondelpark Amsterdam Park Plaza Utrecht	<b>Silver</b> Park Plaza Victoria London Park Plaza Leeds Holmes Hotel London		<b>Green Key</b> Park Plaza Histria Pula Park Plaza Punta Verudela Pula Verudela Beach Pula Park Plaza Arena Pula Grand Hotel Brioni Pula Splendid Pula Horizont Pula Park Plaza Belvedere Medulin Arena Hotel Holiday Medulin Hotel TUI Blue Medulin
			Ai Pini Medulin art'otel Zagreb Arena Grand Kažela Campsite Medulin Arena One 99 Glamping Arena Stoja Campsite Pula Arena Medulin Campsite Arena Stupice Campsite Arena Tašalena Campsite Arena Runke Campsite Arena Indije Campsite Banjole



▲ Just a Drop Yimwaa Primary School Kenya supported by PPHE

We are also looking at climate risk across our portfolio, with our latest analysis included in the 2023 TCFD Report. While climate change in and of itself remains an ‘emerging risk’ under the rubric of our enterprise risk management system, multiple ‘principal risks’ include a climate change element, or the impact and/or likelihood of these risks materially increases due to climate change. Please see our Enterprise Risk Management section on page 84 for further information.

The TCFD Report contains an analysis of all the identified climate risks under different scenarios for each of the geographies where we operate (see page 80). However, to ensure that our business is future-proofed against these climate risks, we have established a target to conduct an in-depth analysis of these also at the level of each property by the end of 2025.

**Water**

Water stewardship was a high priority for multiple stakeholder groups in our 2022 ESG materiality assessment. We use technology in our plumbing systems to regulate and restrict water flow, and we are collecting water usage data for analysis in order to identify further reduction opportunities. Each of our properties automatically collects water consumption data and inputs it into our data management tool for accurate, daily reporting.

Analysis conducted as part of TCFD reporting has identified the water stress profile of our areas of operation. None of our properties is located in a region classified as under ‘extreme’ water stress, however London and Berlin are both designated as areas of ‘high’ water stress. The design and operation of our properties and capital expenditure plans on refurbishment accordingly take into account the need to minimise water usage.

Our guests can participate in our efforts towards better water stewardship through the Ecological Programme. Launched in 2022, the programme allows guests staying for a minimum of two nights to opt out of all housekeeping services, helping us reduce the amount of water, energy and detergent used to wash linens. In return, the hotel donates €/\$1 per night to our nominated charity ‘Just a Drop’, which provides water hygiene and sanitation to communities in developing countries, while guests can choose from a range of rewards.

In 2023 we have donated £103,000 to Just a Drop. These funds have helped Just a Drop implement projects in communities in Cambodia, Zambia, Nicaragua and Kenya. The projects have supported 742 people in the Mumbwa District in Zambia and our support to these projects directly contributes to the SDGs ‘Clean water and sanitation’, ‘Good health and well-being’, and ‘Sustainable cities and communities’.



**Waste**

One of our ambitions in this area is to send zero waste to landfill from all of our properties, given the adverse environmental impacts that this method of waste disposal generates.

We have also engaged in conversations with our waste management providers, who are supporting us to improve our waste management practices (for example, through training of staff working in waste loading bays and reduction of waste collection journeys) and to ensure the accuracy in the waste diversion data, with the aim to start reporting on this data in the 2024 Annual Report.

We have introduced measures to decrease the usage of paper and plastics: key materials that contribute to high waste and low overall sustainability.

**Measures to reduce usage and waste of key raw materials**

Paper	Plastic
<ul style="list-style-type: none"><li>• Digital check-in/out and digital keys for guests;</li><li>• ‘Smart rooms’ in several of our hotels;</li><li>• QR codes replacing restaurant menus and guest directories;</li><li>• Software platform for hotel operations, which allowed us to transition from paper to digital solutions for most activities, such as housekeeping and maintenance;</li><li>• Electronic invoicing to replace paper (where guests allow).</li></ul>	<ul style="list-style-type: none"><li>• Single-use plastic targeted for removal from hotel rooms by 2026;</li><li>• Single-use plastic containers for bathroom amenities to be replaced with larger dispensers by the end of 2024 for both Park Plaza and art’otel;</li><li>• Plastic wrapping in slippers removed from some of our hotels;</li><li>• Plastic and packaging identified as high priority for reduction in supplier engagement activities scheduled for 2024.</li></ul>

Other updates in our waste reduction practices include:

- Use of biodegradable toiletries and detergents extended;
- Waste compactors installed where possible to reduce the volume of waste collected, ultimately reducing the number of waste collections per week.



▽ **Beehive at Park Plaza London Waterloo**



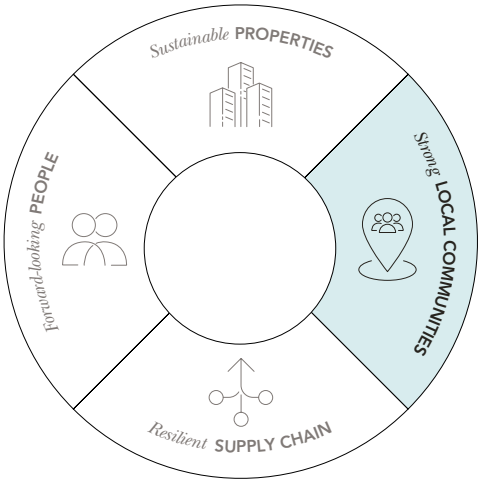
**Biodiversity**

The local communities in which we operate are one of our four strategic pillars. While much of our portfolio occupies vibrant city centres, though in the Croatian region, we are proud to be a steward of protected wildlife areas and a national park. These urban and rural areas present contrasting challenges for biodiversity improvement. Besides making our spaces more visibly appealing to our guests, investing in biodiversity also contributes to improved air quality in urban centres. To support this ambition, we have a target to have our hotels contributing to at least one biodiversity project in each region by the end of 2025. Where this is not possible on site, due to limited available space, we will look to support biodiversity projects managed locally (for example, supporting local authorities or voluntary organisations in activities like the creation of green spaces or the restoration of ecosystems). Park Plaza London Waterloo and Park Plaza

Nottingham already have biodiversity projects in place, with beehives installed on both of their buildings. Each harvest at Park Plaza London Waterloo yields almost 30kg of honey, which is used in their desserts and cocktails.

In Croatia, three of Arena Hotel Group’s (Arena) campsites covering 570,000m<sup>2</sup> are located within the boundaries of the Protected Nature of Southern Istria. These areas constitute an important network of connected habitats, and our operations are fully aligned with EU and national provisions governing biodiversity conservation. Furthermore, Arena has a horticulture team with more than 30 members who provide care to green areas. Arena has been awarded with the Blue Flag Gold for over 15 years of ongoing commitment to preserving three beaches in the Verudela Peninsula.





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Social Value

We consider being a responsible corporate citizen an important aspect of our operations. Therefore, many of our hotels support local communities in various ways, through both financial and in-kind donations. Here are just some examples:

- Some of our hotels are supporting the charity Clean Conscience, which allows companies to donate surplus assets to non-profit organisations. In particular, in 2023 the Park Plaza Waterloo and Park Plaza Riverbank hotels have donated unused furniture, soap and toiletries for a total value of over £10,000

£10,000+  
donated



The quantification of these donations supports our target to start measuring social value in 2023. Although these are only partial figures, from 2024 we will be able to start measuring and reporting on social value across a wider range of the portfolio. This will also allow us to use 2024 as a baseline year to then set future social value ambitions.

The opening of art’otel Battersea Power Station London, Radisson Red Belgrade and art’otel Zagreb in late 2023 has created around 270 jobs in the respective locations, with more expected for 2024 with the opening of art’otel Rome Piazza Sallustio and art’otel London Hoxton.

270  
jobs created

As part of our efforts to support our local communities, in 2024 we will launch an initiative to provide every PPHE employee with one day of volunteering per year (in addition to their annual leave entitlement). This will allow us to strengthen our partnership with local charities and NGOs, providing an additional stream of support to them besides financial support, provision of Meetings and Events (M&E) spaces, and donation of money, furniture and other goods.

Strong

Local communities



▲ Just a Drop Yimwaa Primary School Kenya

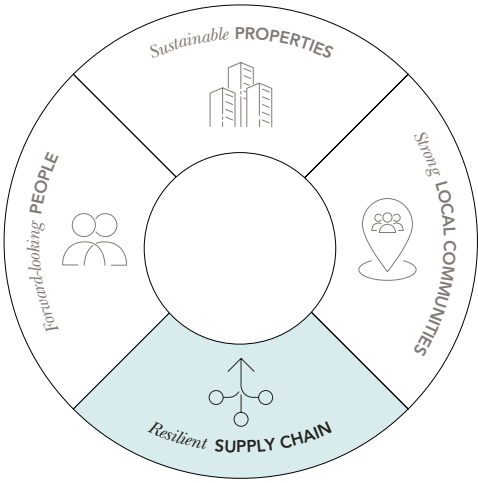
- Through our Ecological Programme, all our Park Plaza and art’otel hotels support the charity ‘Just a Drop’, which provides clean water, sanitation and hygiene projects to communities in South-East Asia, Africa and Latin America. In 2023 alone, PPHE has raised over £103,000 for projects delivered by Just a Drop

£103,000  
raised for projects delivered by Just a Drop

- Our hotels in Amsterdam support refugees through Lijnden Business Park and homeless shelters







Links  
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To ensure that our ESG efforts go beyond our own organisation, we are at work on updated sourcing policies that incorporate higher standards around environmental sustainability and social responsibility.

During the year, we have engaged with many of our suppliers to understand how they can support PPHE's ambition to become a more sustainable business. The new policies will be devised in 2024, with their implementation planned for 2025.

# Resilient

As a UK-listed company, we are working towards making our impact on environment, economy and society up and down the supply chain is a net positive one. We are undertaking work to understand this impact better.

We set out in our statutory Modern Slavery Act 2015 statement how we approach human rights and labour standards in our supply chain. This involves looking at the risk profile of products and services. We assess the likelihood of exploitation or coercion of workforces involved in the production of our facilities. Our new policies will enable us to be more accountable by setting out specific measures taken to address risk where it exists.

The global fisheries industry provides an example of how we take this risk-based approach to both human rights and environmental issues. Workers at sea are automatically at higher risk of exploitation, because they are unable to leave their workplace, and their employer controls their working and living environments. We are factoring this into new policy documents.

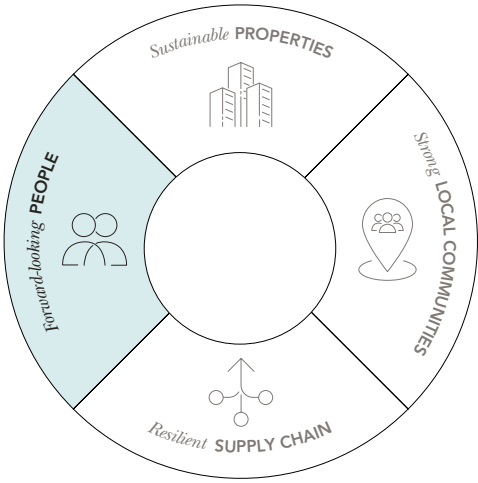
We are also engaging with specific suppliers to understand the sustainability of fish stocks to ensure that our menus do not contribute to over-fishing.



# Supply chain







Links  
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As one of the pillars of our ESG Strategy, the importance of our people is reflected in some various targets that we have set for our organisation. These include ambitions around employee wellbeing, engagement rate, learning and development, retention rate, and Diversity, Equity and Inclusion (DE&I).



# Forward-looking



## Diversity, Equity & Inclusion (DE&I)

In 2024 we will introduce mandatory DE&I training for all managers, to ensure they are all aware of the challenges and opportunities arising from having a diverse workforce as well as other initiatives to support our DE&I agenda.

The work towards the rollout of a DE&I programme started in 2023 in our hotels in the Netherlands. We have worked with an external consultant to undertake an analysis to define a roadmap of actions for the immediate future. This will ensure that we make each and every employee and guest feel like they are valued regardless of their differences, ultimately bringing a diverse, equitable and inclusive environment for everyone in our hotels.

## Workforce engagement

At PPHE, we want to ensure that everyone knows they can speak up and that their feedback will be taken on board. In 2023, our pulse surveys reported that employee engagement rate for the UK and the Netherlands sits at 83%, exactly meeting our Company target and placing us above the industry average of 81%.



## Investment in People

74

Career walk-in centre hires 2023

# People

From August to October 2023, our Head of Compliance visited all the hotels in the UK and the Netherlands, to deliver in-person sessions on business ethics to the General Managers and their Heads of Department. These sessions were aimed to raise awareness around issues such as our whistleblowing policy, harassment in the workplace, safe personal data handling and more.

## ESG communications and training

None of our targets can be achieved without the enthusiastic support of our people, so keeping people informed and engaged is key. An ESG newsletter was launched in October 2023, which included a high-level overview of the ESG Strategy, and is sent to employees regularly with updates on progress against our targets and ongoing initiatives.

To ensure that our ESG vision is shared and communicated at all levels in the organisation, we have created a network of ESG Ambassadors spanning all properties (the hotels and regional offices in the UK and the Netherlands). Their role is to support delivery of the strategy and be responsible for the two-way communication between Team Members in hotels and regional offices and the Executive Leadership Team on what we are achieving, and how we do it.

## Good ESG is self-reinforcing

Work to engage employees in driving community engagement, DE&I and environmental targets will increase engagement, job satisfaction and employee retention.

## Highlights

83%

Employee engagement

62

Charity partnerships hires

61

Netherlands interns

23

UK apprentices

183

Promotions

The listing rules (LR 9.8.6R) require the Company to include a Task force on Climate-related Financial Disclosures (TCFD) statement in the Annual Report.

This summary includes climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures.

Reporting on our climate-related risks and opportunities

This section gives a report on the governance, strategy and risk-management of climate change within the organisation. It also discloses a summary of our targets and information as to the metrics by which our carbon output is calculated across Scopes 1, 2 and 3. These pages ensure we meet reporting obligations under Streamlined Energy and Carbon Reporting regulations (SECR) as well as the four pillars of TCFD in the Annual Report and Accounts. We additionally publish a standalone TCFD Report on our website. For reasons of space, greater detail on our carbon metrics broken down into regional operations are included in that document, but not in this summary.

Building on the work done in 2022, in 2023 we expanded and added detail to our ESG Strategy, with a list of targets that involves all areas of our business. An important milestone is the submission of our commitment letter to SBTi, which marks our intention to set science-based targets on the road to achieving net zero by 2040. We are now in the process of creating our capital expenditure plan to understand where investments will be needed to reach this ambitious target. This year we have also continued our partnership with the Zero Carbon Forum and the Energy and Environment Alliance, who provided us with invaluable expertise to support our emission reduction ambitions.

Governance

Climate change and the transition to a low-carbon economy are included in our Enterprise Risk Management (‘ERM’) framework as emerging risks. In doing so, we ensure that climate-related risks are embedded into our risk management and business strategy, allowing us to respond promptly to these risks. Furthermore, this also ensures that the transition to a low-carbon economy is fully integrated in our business strategy.

The Board has responsibility for the Group’s long-term success, and responding to the challenges that climate change poses is part of this process. Our governance structure incorporates ESG measures into executive remuneration (see Remuneration Report on page 131). We are working to include further ESG KPIs into the balance scorecard.

The Chief Corporate & Legal Officer, Inbar Zilberman, reports to the Board and is the Executive Leadership Team member responsible for ESG and climate-related matters. She oversees compliance with TCFD reporting requirements and ESG arrangements, practices and procedures. In 2023, this included the analysis of our stakeholders’ priorities and the work on our ESG targets, which have shaped our organisation’s ESG ambitions.

Our Audit Committee oversees and advises the Board on the Group’s risk exposure, risk appetite and future approach to risk. As part of this, it assists in monitoring financial and non-financial climate-related risks and is responsible for tracking changes in this area that could alter the risk profile. Between October and November 2023, routine functional risk updates were conducted with all internal departments by the Head of Internal Audit and Risk, supported by the ESG Manager for climate-related risks. ERM reports are made to the Audit Committee. This process raised no new comments or concerns about climate-related risks.

Our ESG Committee is tasked with developing and evaluating climate-related policies for the Group. The Committee discusses updates on climate-related issues with the Executive Leadership Team, approved the strategy and targets developed by the Chief Corporate & Legal Officer, and reviews the TCFD disclosure in February each year. It also oversees the ESG Strategy, and ensures stakeholders are consulted on ESG-related activities and monitors how these are reported to internal and external stakeholders.

To ensure that environmental sustainability and social responsibility are embedded in our day-to-day operations, in 2023 we rolled out an awareness campaign for employees about the Group’s efforts on ESG. This has taken the form of a newsletter, ESG Ambassadors in the hotels, and training on ESG made available to all employees. With these tools, we want to foster a culture that allows us to act responsibly throughout the whole of our operations.

Strategy

We recognise that climate change is a complex issue and acknowledge our responsibility to minimise our impact on the environment. Therefore, we are committed to reducing our carbon footprint, and environmental impact in general. Our ESG Strategy and the detailed targets it contains will be instrumental for us to achieve this ambition. As a company that develops, owns/co-owns and manages many of our properties, we are uniquely positioned to integrate sustainability into our business from the point of development through to day-to-day operations. We believe that embedding sustainability in each and every step of our operations can offer long-term value for the Group and all our stakeholders.

This is an ever-changing area, due to the constant evolution of climate understanding, technology and the government’s commitments to reduce carbon emissions throughout the whole economy. With the latter expected to lead to further changes in the policy landscape across our industry, climate risk assessment is critical to ensure our business strategy is sustainable in the long term.

Climate Scenario Analysis

Building on the 2022 analysis, in 2023 we conducted further research on the risks that climate change poses to our business. This has taken into account more extensive scientific knowledge available, as well as the extreme weather events that occurred throughout 2023, leading to a more solid basis for the assessment of our exposure to climate risks. In light of this updated assessment, we concluded that our risk impact and likelihood scores remain the same as for last year. However, this year’s improved approach to horizon scanning for emerging risks will be replicated in the years to come, enabling us to capture variations in climate-related risks in more detail.

We have considered the risks and how the impacts change over time in each of the below scenarios:

- Below 2°C: high levels of transitional risks but limited physical risks
- 2–3°C: the highest level of transitional risks with some physical risks
- Above 3°C: limited transitional risks but the highest level of physical risks

Time horizons

Given the long-term implications of climate change, the risks were considered across three time horizons:

- Short term: 2024–2026
- Medium term: 2027–2030
- Long term: beyond 2030

Due to the uncertainty related to climate change, both in its impacts and the policies that regulate the response to it, it is extremely difficult to predict the consequences that this will have on the business for decades to come. Hence, we did not set an end boundary to our long-term scenario, as we deemed it reasonable to have this cover the future beyond 2030 as a whole. The tables below show the analysis of our residual transition and physical risks.

Table 1: Assessment of residual transition risks

Transition risk	Timeline	Likelihood	Financial impact*
Negative perception of the Group by stakeholders with regard to climate-related matters	Short/Medium	Unlikely	Moderate
Carbon pricing increasing input costs	Medium/Long	Unlikely	Minor
Climate change increasing input costs	Short/Medium	Almost certain	Minor
New climate-related regulations impacting cost of existing operations and new developments and dampening existing property portfolio value	Short/Medium	Almost certain	Minor
Cost and disruption of updating physical infrastructure to phase out non-renewable energy sources	Short/Medium	Almost certain	Moderate
Increasing influence of climate-related matters on customer preferences and market demand	Short/Medium	Almost certain	Minor

\* Minor: <£1.2 million; Moderate: £1.2–6 million; Major: £6–24 million. All refer to annual impact.

Table 2: Assessment of residual physical risks

Physical risk	Timeline	Likelihood	Financial impact*
Increased mean temperatures and likelihood of heatwaves	Short/Medium	Almost certain	Minor
Water stress	Medium/Long	Almost certain	Minor
Sea level rise	Long	Almost certain	Minor
Floods	Short/Medium	Very unlikely	Major
Forest fires	Short/Medium	Very unlikely	Major

\* Minor: <£1.2 million; Moderate: £1.2–6 million; Major: £6–24 million. All refer to annual impact.



Transition risks

We identified and assessed six transition risks, as listed in Table 1. The risk profile for these differs mostly based on the geography in which our properties are located. For example, customer expectations around climate-related matters will be more influential in some countries than in others, with the same applying to the regulatory landscape.

Physical risks

The physical risks we deemed material for our business are shown in Table 2. However, the relevance of these risks varies significantly across our properties. For example, forest fires are mostly a concern for our properties in Croatia, while sea level rise and floods more so for our properties in Amsterdam. On the other hand, a risk such as Increased mean temperatures and likelihood of heatwaves is relevant for each and every property in our portfolio.

For each of these physical and transitional risks we have control and mitigation measures, including for example insurance and crisis management plans.

Climate-related opportunities

While climate change mostly poses risks to our business and to the hospitality industry as a whole, we always seek to also identify the opportunities this might bring. For our business, these typically lie in our ability to adapt to climate change more quickly than our competitors, by offering more sustainable products and services to our guests, and constantly increasing the energy efficiency of our operations.

Risk management

Having a detailed risk management process in place is critical to our success. We have an Enterprise Risk Management (ERM) system, which is integrated into the strategy of each corporate function. While climate-related risks are included in our ERM framework as emerging risks, these are also present in other risk registers, as climate change can affect multiple areas of our business. This is

vital to our business planning, as it helps us identify actual and emerging risks and the necessary control actions.

The four key elements that form our risk management framework and ensure we make informed decisions are: a risk -reward strategy, good risk governance, a defined risk management process, and risk assurance. Enterprise risk assessments are reviewed quarterly. The assessments and reviews evaluate the potential financial costs of each risk.

Metrics and targets

With climate change posing a significant threat to the whole hospitality industry, it is essential that every organisation in this sector strives towards more sustainable and transparent operations. Therefore, PPHE is strongly committed to reducing our carbon footprint. In 2023 we have added increased detail to our carbon balance sheet, with a breakdown by individual country where we operate. The complete tables for each region are included in the standalone TCFD Report. This step was instrumental for our Group to work towards set science-based targets and our net zero ambition.

Some of the targets around our environmental performance are the following:

- Net zero by 2040;
- Ensure that our buildings obtain building sustainability certifications;
- Procure renewable energy for power where available;
- Conduct climate risk assessments at the property level;
- Send zero waste to landfill where possible;
- Have each property supporting biodiversity projects.

Streamlined energy and carbon reporting (SECR)

The requirements of SECR, imposed by the 2018 Regulations on quoted companies and on large unquoted companies and large LLPs, apply to reports for financial years starting on or after 1 April 2019.

This SECR report contains energy and transport consumption, emissions along with requirements of intensity ratio, methodologies and a narrative on energy efficiency action. Where Guernsey-registered businesses are not subject to UK requirements, disclosures made under the UK Government Environmental Reporting Guidelines (March 2019) should be considered voluntary and as a matter of good Corporate Governance. This disclosure for the period 1 January 2023 – 31 December 2023 includes:

- Global energy use (gas, electricity and transport, including UK offshore area, combustion of fuel, process emissions, fugitive emissions) and associated greenhouse gas (GHG) emissions;
- Intensity ratio;
- Previous year's figures for energy use and GHG emissions;
- Methodologies used in calculation of disclosures;
- Information about energy efficiency action taken in the organisation's financial year.

Energy efficiency actions

The most significant investments in energy efficiency in 2023 were made in Park Plaza Victoria London, where we replaced the air conditioning system in all guest rooms, leading to notable savings in both electricity and gas use. A boiler upgrade as part of this project is projected to yield 14% further reduction in gas consumption.

2023 has seen the rollout of the findings of a pilot ‘Save While You Sleep’ study conducted in one hotel in 2022 across the Group, maximising energy efficiency in offpeak hours. This has included a more structured awareness campaign for all our employees, which focusses on energy consumption and carbon emissions (through meetings with hotel staff and the ESG newsletter). This is expected to spread knowledge across the teams on the importance of curbing our energy consumption, which should lead to more responsible usage and identification of further areas of improvement.

The Company has followed the GHG Protocol – Corporate Standard along with emission factors and other relevant information from the UK Government GHG Conversion Factors for Carbon Reporting guidelines. While we have utilised all verifiable data available to us, in the rare occasions where this was not possible we have estimated data by using approved approaches as recommended in the SECR guidelines such as direct comparison, pro-rata extrapolation or benchmarking.

Scope 1 emissions relate to the direct combustion of gaseous and transportation fuels by the Company.

Scope 2 emissions relate to the indirect emissions associated with purchased electricity used in our hotels and offices.

Scope 3 emissions are indirect emissions associated with the products and services we purchase. Although we do not have direct control over these emissions, we are actively working with our supply chain to plan how we can lower them to work towards achieving net zero by 2040.

Out of scope emissions: all fuels with biogenic content (such as ‘Diesel and petrol (average biofuel blend’) should have the ‘outside of scopes’ emissions reported to ensure a complete picture of an organisation's emissions is created. However, these are not required to be included in the organisation's total emissions. PPHE Hotel Group has no out of scope emissions to report.

Scope 2 emissions related to the emissions released into the atmosphere associated with the consumption of purchased electricity, heat, steam and cooling. These can be calculated using the location based or market based methods. While the former uses the average emission factor of the grid in the specific location where energy consumption takes place, the latter takes into account the specific contractual instruments companies use to purchase their energy.

The 2023 SECR tables are below.

Table 3: Summary of UK-only energy consumption and carbon emissions

Scope category	Energy consumption (kWh)	Emissions (tCO <sub>2</sub> e)
Scope 1	26,650,126	5,058
Scope 2 (location-based)	29,577,455	6,146
Scope 2 (market-based)	29,577,455	0
Scope 3	n/a	45,682
Total	56,227,581	50,739

Table 4: Summary of Group-wide energy consumption and carbon emissions (all regions)

Scope category	Energy consumption (kWh)	Emissions (tCO <sub>2</sub> e)
Scope 1	41,545,209	10,529
Scope 2	71,818,253	16,321*
Scope 3	n/a	62,597
Total	113,363,463	89,447

\* Location based emissions.

Table 5: PPHE's carbon intensity metrics for 2022 and 2023 UK only

	2023	2022
Scope 1 and 2 emissions (tCO <sub>2</sub> e)	5,058	10,2658
Revenue (£m)	282.6	214.8
tCO <sub>2</sub> e/£m	17.90	47.80
Rooms	1,356,891	1,299,395
kgCO <sub>2</sub> e/room	3.7	7.9
Occupancy rate	83.0%	67.2%
Occupied rooms	1,126,037	872,736
kgCO <sub>2</sub> e/occupied room	4.5	11.8

Table 6: PPHE's carbon intensity metrics for 2022 and 2023 – Group-wide (all regions)

	2023	2022
Scope 1 and 2 emissions (tCO <sub>2</sub> e)	13,829	21,645
Revenue (£m)	460.2	354.0
tCO <sub>2</sub> e/£m	43.5	72.6
Rooms	3,919,745	3,833,253
kgCO <sub>2</sub> e/room	3.5	5.6
Occupancy rate	63%	54%
Occupied rooms	2,462,732	2,074,379
kgCO <sub>2</sub> e/occupied room	6.0	10.4

Intensity ratios

The intensity ratios we calculated are tonnes of CO<sub>2</sub>e/total revenue (£m), kilogrammes of CO<sub>2</sub>e/room, and kgCO<sub>2</sub>e/occupied room. As shown in the table above, in 2023 these intensity ratios for the whole Group were 43.5 tCO<sub>2</sub>e/£m, 3.5 kgCO<sub>2</sub>e/room, and 6.0 kgCO<sub>2</sub>e/occupied room. Note that the intensity ratios for the whole Group were calculated based on a weighted average of the rooms in each country. PPHE provides relevant data to third parties who use this to calculate our emissions. No formal assurance was provided.

Quantification and reporting methodology

The Group has taken guidance from the UK Government Environmental Reporting guidelines (March 2019), the GHG Reporting Protocol – Corporate Standard, and from the UK Government GHG Conversion Factors for Company Reporting document for calculating carbon emissions. Energy usage information (gas and electricity) has been obtained directly from our energy suppliers and half-hourly (HH) data, where applicable, for the HH supplies (there was no estimation profiling required). For supplies where a complete 12-month energy usage was not available, flat profile estimation techniques were used to complete the annual consumption. Transport mileage data was obtained from expense claims submitted for our company cars and grey fleet. CO<sub>2</sub>e emissions were calculated using the appropriate emission factors from the UK Government GHG conversion information. Mileage or fuel usage of transport was not available, instead fuel expenses and forecourt prices were used.