

RESPONSIBLE BUSINESS *continued*

# OUR PEOPLE



DURING THE LAST YEAR, THE PPHE TEAM OF NEARLY 2,900 TALENTED PEOPLE WAS INSTRUMENTAL IN CREATING VALUABLE MEMORIES FOR GUESTS.

We amplified our efforts to ensure great places to work, while securing the future pipeline of talent through innovative recruitment and professional development programmes.

## ATTRACTING AND RETAINING TALENT

Our 2022 materiality assessment found that attracting and retaining talent was among stakeholders' top five ESG priorities, especially critical to employees themselves, and our Board. We are aware of high demand and low supply of skills in many markets, which means shareholder value depends on high retention levels. The findings reinforce how important innovative and inclusive recruitment methods are to our current and future business continuity. As described on pages 18 and 19, during the last year we have taken a number of steps to attract wider and more diverse pools of talent – for instance, by creating more part-time opportunities and offering attractive relocation support packages for overseas talent.

In the UK, the PPHE brand could be seen clearly at careers fairs, including Skills Excel London, the Mayor of London's Hospitality Event, the Spirit of Apprenticeships and Battersea Power Station fair. We joined up with the Department for Work and Pensions on a number of virtual careers fairs, where a single online event could reach well over 80,000 people, often from hard-to-reach groups. We also held events with Jobcentre Plus and charity partners such as Spark Change, Spear, Shaw Trust and Catch 22. Overall, our charity partnerships led to 17 employment opportunities. Through our own Careers Centre, we achieved 163 hires arising from around 20 walk-ins per week, while 12 open days raised our profile further.

## IN ACTION

### INVESTING IN TOMORROW'S TALENT

The PPHE Apprenticeship Academy went from strength to strength. In the UK alone, 11 apprentices began placements – from commis chefs, to property maintenance and management; and 20 'legacy' apprentices completed their programmes (delayed due to the pandemic). A new partnership was launched with Westminster Kingsway College, significantly increasing our apprenticeship pool from Lewisham College. In the Netherlands, 86 interns experienced on-the-job training in a variety of hospitality roles.

Also with the future workforce in mind, the PPHE UK graduate programme restarted, with six graduates starting their 18-month rotations, building capacity in self-development, guest experience, leadership, compliance and commercial acumen. We further strengthened higher education collaborations with Oxford Brookes, East London, Shannon, Glion, Surrey and Anglia Ruskin, among others. This year, we look forward to student 'sandwich' placements resuming.

### A GREAT PLACE TO WORK

Empowering our people to grow and realise their full potential means investing in high quality training and structured performance reviews. The online Learn & Grow platform delivered 13 classroom courses, with 358 employees participating. We also improved performance review processes, reporting and data analytics. Adding new virtual content for employees is shaping our 'anytime, anywhere' growth culture, forming a strong foundation for the new Talent Acquisition, Learning and Development and Talent Management Strategy to be launched imminently.

Another learning and development milestone was the addition of a new Hospitality Training Manager role. This new resource has been instrumental in designing consistent onboarding frameworks, as well as developing our apprenticeship strategy and technical skills capabilities.

A great place to work also means taking care of employee health and wellbeing. Our People Promise has evolved into a comprehensive Work Life programme spanning physical, financial, emotional and social wellbeing. We are continually expanding assistance to colleagues – from discounted gym membership, cycle to work facilities and healthy subsidised meals; to mental health first aid, benefits packages and work/life balanced working patterns.

## CLASSROOM COURSES DELIVERED

Course	Number of attendees
BIG Welcome Heads of Department	37
Creating Memories	36
Effective Resolutions	16
Emergency First Aid at Work	18
Employment Law for Managers	20
Finance for Non-Financial Managers	12
Food Safety Level 3	22
Investigations and Suspensions	29
Leadership Essentials	22
Mental Health First Aid	7
Performance Development Review	24
Radisson Rewards	27
Train the Trainer	7



## IN ACTION

### ATTRACTING SKILLED TALENT, CROATIA

In Croatia, we have responded robustly to the skill shortages of hospitality workers as a result of the pandemic. A combination of recruiting the full headcount for the start of the season (rather than ramping up recruitment as the season progressed) and scaling overseas recruitment is behind how the brand is futureproofing its approach to talent. Through responsible recruitment partnerships in Asia, for instance, more than 250 jobs (with accommodation and catering) have been created.

## DIVERSITY, EQUITY AND INCLUSION (DEI)

Evidence shows increasingly that diverse businesses are more productive and resilient and DEI was cited as the most important social issue among our own investors during the materiality assessment (see pages 68 and 69). Empowering each team member to realise their full potential means creating working environments that are inclusive, fair and respectful.

Our Diversity Policy and approach to recruitment are designed to attract talent from all ages, genders and nationalities, ensuring equal representation through career progression levels. It is supported by a Human Rights Policy and Modern Slavery Statement (UK) and is reiterated through our Responsible and Ethical Sourcing Policy. Accordingly, we have incorporated DEI elements into our strategy. We practice equal pay everywhere we operate – that is, the same pay for the same work regardless of gender. However, as with many businesses, we see the legacy of men occupying more senior positions and we are working hard to see a complete gender balance work its way up to leadership through proactive development of female talent and succession planning. Meanwhile, in the UK we publish an annual gender pay gap report: [pphe.com/responsibility/responsible-reporting](http://pphe.com/responsibility/responsible-reporting), in line with the Equality and Human Rights Commission requirements. Our latest report reveals no pay gap between the median average hourly pay rate of men and women and that, when it comes to bonuses, the pay gap is significantly skewed towards women (-25% median bonus pay gap)<sup>1</sup>.

### A SPEAK OUT CULTURE

At PPHE, we want each person to feel they can speak up and that their voice will be heard. In 2022, pulse surveys found that employees were highly engaged (81%), with learning opportunities and a good working environment being cited as two key motivating factors.

Employees are free to unionise or access collective bargaining structures. For instance, in the UK, forums at team and national level facilitate constructive dialogue, alongside Unite Union representatives. In 2022, these fora focused on cost-of-living challenges and we are reflecting many recommendations in our new Work Life programme, as discussed above. Meanwhile, a new Joint Works Council was established in the Netherlands, representing employees at our six hotels and two work sites. We look forward to working with members of the Council this year.

## HIGHLIGHTS

# Best employer

in hospitality – The Caterer

# 81%

Employee engagement  
In 2022, the Group introduced a new survey format

# 163

hires through our Career Centre walk-ins and 16 through charity partnerships

# 86

interns in the Netherlands

# 11

new apprentices in the UK

# 194

employees awarded a promotion

# 2022

in 2022, the Group introduced a new survey format



<sup>1</sup> Median average is a more accurate metric than mean since it is not skewed by the larger number of men in senior leadership positions. We continue to address this legacy, as shown in this chapter.

# RESPONSIBLE BUSINESS *continued*

# OUR PLACES

OPENING UP OUR HOTELS AND VENUES POST-PANDEMIC IN 2022 BROUGHT MORE THAN 1,000 NEW JOBS TO COMMUNITIES AT A TIME WHEN THEY WERE ACUTELY NEEDED.



As well as our important economic contribution (see page 1 Highlights), we are also giving directly to local charities and causes, with a focus on local business, education, arts, sports and culture.

## GRASSROOTS GIVING

We take a grassroots approach to giving, with each hotel or office taking decisions based on local needs or causes their people care about. Below are just some of the examples from 2022:

- Park Plaza London Waterloo: supporting the Southbank Waterloo Neighbourhood as a Steering Committee Member; forming a new partnership with grassroots community organisation Oasis Hub; and planting trees in urban parks and gardens.
- art’otel Amsterdam: donating redundant furniture to local nursing and social care charity Cordaan Woonzorgcentrum, for upcycling.
- Helping refugees through Lijnden Business Park and the homeless with bi-weekly soup kitchens.
- Park Plaza Victoria Amsterdam: participating in a food delivery programme for the elderly and lonely in the community.
- Holmes Hotel London: donating toys to the Baker Street Quarter Toy Appeal.



## IN ACTION

### WARM WELCOME FOR REFUGEES, CROATIA

In response to the humanitarian crisis in Ukraine, we were pleased to welcome around 250 Ukrainian refugees to our properties in Croatia, as well as around 70 refugees from other countries. We provided them with a safe and secure working and living environment.



### IN ACTION

'Our London Corporate Office received a recycling award from paper-round.co.uk, officially saving 2,918 kg of CO<sub>2</sub> and 32 trees'.



*2,918 kg of CO<sub>2</sub> and 32 trees saved.*



### MENTAL HEALTH AWARENESS

In the UK and Netherlands, we took action for community wellbeing. In the Netherlands, a 'Wellness Week' took place in June. In the UK, during May, we established 'Let's Connect' sessions allowing people to reach out to combat loneliness, and reconnect socially. In the Netherlands, a 'Wellness Week' took place in June. There were four elements to the initiative:

- Raise awareness: Help people to understand links between loneliness and poor mental health, and actively check in on those around us at work and in our communities;
- Invite conversations: Use the advice, information, and conversation starters provided by Let's Connect, and join the online community to foster conversations about mental health;
- Volunteer time: Help support Let's Connect by giving some time to provide administrative support for the service; and
- Ask others to act: Raising these issues within our communities and encouraging more people to get involved.

### IN ACTION

#### CREATING LASTING ECONOMIC VALUE

The communities in which we operate realise short-, medium- and long-term benefits from our contribution. This may be through accessing quality employment opportunities or skills training we provide.

We seek to be a net contributor of economic and social value wherever we do business.

Investing in places is not only the right thing to do, but it makes business sense. Building up the local pipeline of skills supports our own growth and resilience, while buying from community businesses reduces costs and carbon miles. In our sector, close community ties are also an increasing factor in positive guest experiences.



# RESPONSIBLE BUSINESS *continued*

# OUR PLANET

TRAVEL AND THE BUILT ENVIRONMENT  
ARE SIGNIFICANT CONTRIBUTORS  
TO CLIMATE CHANGE GLOBALLY.

## HIGHLIGHTS

### Scope 3

value chain footprint mapped

### 100%

renewable energy in UK, the Netherlands  
and Germany

### Eco Rooms

initiative launched UK-wide

As a business in the real estate and hospitality industries—and reiterated in our recent materiality assessment – we have a duty to drive down energy and resource consumption, while protecting local habitats. This is not only imperative to meet stakeholder expectations, but eco-innovations often deliver bottom-line savings and reduced risk exposure.

#### ENERGY AND CLIMATE CHANGE

Carbon emissions were the number one ESG issue among our stakeholders in our 2022 assessment (see pages 68 and 69), with particular resonance among our Board, investors and communities. It is increasingly important to our guests, too, with many event customers expecting carbon disclosure and offsets as part of their package. A robust

approach mitigates financial and energy security risk, while also building resilience to changing weather and travel patterns predicted in the future. What's more, energy efficiency and green innovations are, in today's energy markets, a source of competitive advantage.

As part of our aim setting Science Based Targets achieving net zero carbon emissions by 2040, we undertook a project with a specialist consultancy to monitor our energy use in hotels on a half-hourly basis. Our new strategic targets for energy and resource consumption are included below. Finally, for meetings and events, our carbon neutral partnership with Radisson Hotel Group and First Climate continued. Offsets supported high quality sustainable development projects in Europe, the Middle East, Africa, Asia Pacific and the Americas.

With all owned and managed hotels in the UK, the Netherlands and Germany sourcing electricity generated from 100% renewable sources (backed by UK REGOs, or European GoOs, as applicable), we continued to invest in energy efficiency technologies for heating and cooling (the majority of our GHG footprint), with more smart building management control systems optimising energy use based on occupancy, ambient temperature and other factors. These systems also improve our energy reporting.

In the last year, we saw progress towards our goal of net zero emissions by 2040. Direct (Scope 1) and indirect (Scope 2) Greenhouse gas ('GHG') emissions rose slightly compared with 2021. This is due to the return of full occupancy, but we note our

carbon output per kWh of electricity used has decreased significantly. Our many eco-efficiency initiatives go hand-in-hand with technological innovations that benefit customers, as discussed on page 19. Value chain (Scope 3) emissions rose, also due to return to full operations. Please see our disclosure to the Task Force on Climate-related Financial Disclosures (TCFD) for further detail on Scope 1, 2 and 3 emissions for PPHE and AHG.

#### GREEN HOTELS

By incorporating green and sustainable building features into our properties, we not only meet our environmental goals, but we often also enhance the visual aesthetic of iconic buildings. Furthermore, eco-efficient materials and technologies on and inside buildings deliver large cost savings, while making the guest experience even better – for instance, digital check-ins are often quicker and smart meters in guest rooms enhance usability of in-room devices.

In 2022, a total of 25 Group-wide properties held sustainable accreditations or certifications. In the UK, we remain on track to achieve an 'Excellent' BREEAM sustainability rating for art'otel London Hoxton. The hotel will incorporate proven technologies and concepts to increase sustainability performance across energy, land use and ecology, water, health and wellbeing, pollution, transport, materials and waste.

<sup>3</sup> GHG Scopes are as defined by the Greenhouse Gas Protocol.





*We have continued to invest in solar energy, adding more panels to more sites and taking it further towards its goals of 30% solar and 5% energy self-sufficiency (and being carbon neutral by 2030).*

## IN ACTION

### **SAVE WHILE YOU SLEEP, PARK PLAZA WESTMINSTER BRIDGE LONDON**

As part of our membership of the Zero Carbon Forum, we launched Save While You Sleep at Park Plaza Westminster Bridge London. Designed to unlock the many opportunities to save energy at night, expert consultants conducted detailed observations and analysis during hours of darkness. They found that simple changes would deliver substantial energy savings, such as closing kitchens, conference rooms and gyms when not in use, dimming lighting in communal areas and reducing temperatures across the buildings. It was found that energy was being wasted in some unexpected places – for instance in bathrooms where mirror anti-steam filaments remained on unnecessarily. By deactivating these filaments, cumulative savings were achieved.

Park Plaza Westminster Bridge London will be saving around 525,000 kilowatt hours in a year with these low cost changes alone – that's the equivalent of nearly 100 tonnes of CO<sub>2</sub> and £262,000 in energy bills.

## IN ACTION

### **GREENER CAMPING, CROATIA**

In 2022, in Croatia we have made eco-upgrades across many of our mobile homes and campsites. These included thermal insulation of façades and roofs, LED lighting retrofits and high performance variable refrigerant flow and 'split' systems for heating and air conditioning, as well as heat recovery technologies.

Meanwhile, we have continued to invest in solar energy, adding more panels to more sites and taking it further towards its goals of 30% solar and 5% energy self-sufficiency (and being carbon neutral by 2030).



# RESPONSIBLE BUSINESS *continued*

## GREEN ACCREDITATIONS AND CERTIFICATES

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



### THE NETHERLANDS

#### Green Globe

Park Plaza Amsterdam Airport  
 Park Plaza Victoria Amsterdam  
 art'otel Amsterdam

#### Green Key

**Gold**  
 Park Plaza Eindhoven

**Gold**  
 Park Plaza Vondelpark, Amsterdam

### UK

#### Green Tourism

**Gold**  
 Park Plaza Westminster Bridge London

**Gold**  
 Park Plaza Nottingham

**Gold**  
 Park Plaza County Hall London

**Silver**  
 Park Plaza Victoria London

**Gold**  
 Park Plaza London Waterloo

**Silver**  
 Park Plaza Leeds

**Silver**  
 Holmes Hotel London

**Gold**  
 Park Plaza London Riverbank

#### England Good To Go Award

**Gold**  
 Park Plaza Victoria London

### GERMANY AND HUNGARY

#### Green Key

art'otel Berlin Mitte  
 art'otel Cologne  
 Park Plaza Berlin Kudamm  
 Park Plaza Berlin  
 Park Plaza Wallstreet Berlin Mitte  
 Park Plaza Nuremberg

### CROATIA

#### Travelife

**Gold**  
 Park Plaza Belvedere Medulin

**Gold**  
 TUI BLUE Medulin

**Silver**  
 Park Plaza Histria Pula

#### Blue Flag

Yacht Beach  
 Park Plaza Histria Pula

## WATER AND WASTE

Water was prioritised by stakeholders as one of our top material issues in 2022, with a particular emphasis from investors and peers, and a growing priority for guests. While we currently have no operations or development projects in countries of extreme water stress, we are committed to responsible water stewardship and our teams find ways of using, recycling and discharging water in ways that are socially equitable, environmentally sustainable and economically beneficial. As with our approach to energy and climate change, astute water management both mitigates risk and delivers cost benefits. Our hotels and venues invest increasingly in water-efficient technologies such as eco-taps and showers, smart meters and ozone room cleaning. When combined with cultural shifts such as our 'Save Tomorrow, Today' linen and towel reuse programme, alongside employee/guest awareness, cumulative savings continue to be achieved.

Waste management was among the top five material issues identified in our 2022 stakeholder consultation. It was particularly important to investors and lenders, and increasingly important to guests. During the last year, our efforts to eliminate single-use plastics from hotels and employee sites continued apace, with sustainable alternatives identified from breakfast buffet packaging to toiletry dispensers and staff canteen cutlery. We also amplified wider eco-efficiency efforts, including:

- biodegradable straws and cups;
- digital check-in/out and mobile keys for guests;
- 'smart rooms' across several of our hotels in Croatia harnessing the Internet of Things to enable guests to control lights and air conditioning in their rooms;
- QR codes replacing restaurant menus and guest directories;
- e-invoicing to replace paper;
- biodegradable toiletries and detergents;
- optimised waste collections based on bin occupancy levels; and
- reusable laundry bags.

With food waste representing an emotive social issue, as well as an environmental one, many of our properties have found innovative ways to reduce or eliminate organic kitchen waste, while increasing the proportion of seasonal, local food with lower carbon miles (see page 11). For instance, the Park Plaza Victoria Amsterdam is implementing 'circular cooking' in its kitchens, eliminating food scraps by designing menus that maximise ingredient use and prepare fruit and veg with minimal waste.

Conserving resources and reducing waste also extends to our buying practices. Our Responsible and Ethical Sourcing Policy outlines our expectations of suppliers and, in 2022, more hotels established their own sustainable procurement policies and initiatives, emphasising local requirements. For instance, in Croatia we launched sustainably-sourced hamburgers and coffee sourced directly from growers in Guatemala. We will deepen this work in the year ahead to reflect the strategic importance that our stakeholders place on sustainable procurement.

### **BIODIVERSITY**

It is in the interests of our guests and our reputation to look after the natural environments in and around our properties. Investing in biodiversity enhancements not only make spaces more visibly appealing to guests and communities, but it also contributes to our climate goals (see pages 70 to 73) by removing atmospheric CO<sub>2</sub>. Attracting wildlife and incorporating live plants and trees within our properties is part of the planning and operational decisions for any hotel or resort. Each year, we add more green roofs and walls, insect hotels and bee hives. At Park Plaza Waterloo in London, for instance, dessert menus feature honey from the rooftop hives with 10 kilogrammes being harvested for our diners in 2022.

## IN ACTION

### **ECO ROOMS, UK**

In 2022, we were proud to launch Eco Rooms across all of our UK brands. Guests staying for a minimum of two nights are asked to help us reduce the amount of water, power and detergent we use by choosing not to have any housekeeping services. In return, the hotel donates £/£1.00 per night to our nominated charity Just a Drop, while guests can choose from a range of rewards.

In the programme's first three months alone, nearly £14,000 was donated, with PPHE selecting a hygiene and sanitation project in Siem Reap, Cambodia. The money will pay for 30 latrines across three communities in the area, greatly improving life quality for 129 people and, in turn, contributing to three UN SDGs.

## IN ACTION

### **BUILDING DROUGHT RESILIENCE, CROATIA**

With summer droughts becoming increasingly frequent in Croatia, we are investing in water self-sufficiency. By building two desalination plants at its properties in Pula and Medulin, AHG will be able to convert sea water into fresh water for use in the maintenance of its gardens and landscapes.

In a region that is increasingly prone to drought, the pay-back on desalination plants will be rapid, positioning us at the forefront of a sustainable future.





RESPONSIBLE BUSINESS *continued*

# OUR NEW ESG STRATEGY

WHILE THIS OVERVIEW HAS PRIMARILY LOOKED BACK TO 2022 PROGRESS AGAINST THE PEOPLE, PLACES AND PLANET FRAMEWORK, WE TAKE THIS OPPORTUNITY TO INTRODUCE OUR NEW ESG STRATEGY TAKING US FORWARD IN A CHANGING WORLD.

The strategy takes forward previous goals, whilst setting new ambitious targets and improving internal monitoring and reporting at hotel level. It also elevates the importance of supply chain, as emphasised by stakeholder consultation. It is structured around four impact areas, underpinned by responsible governance:

**PILLARS**



**PROPERTIES:** Build and manage sustainable hotels and guest experiences.



Local **COMMUNITIES:** Strengthen local economies and environments.



Resilient **SUPPLY CHAIN:** Create a resilient supply chain whilst reducing its carbon footprint.



Forward-looking **PEOPLE:** Develop a diverse and forward-looking workforce.

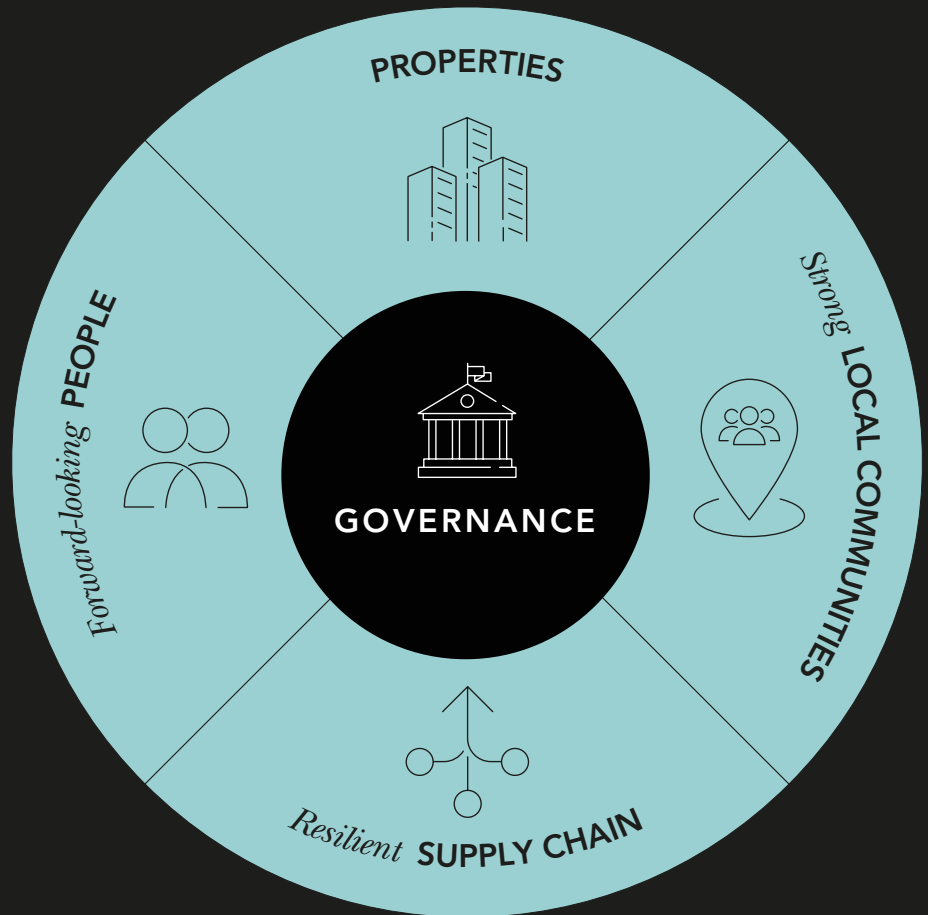


Responsible **GOVERNANCE:** Implement transparent and independent governance structures that enable the achievement of the UN Sustainable Development Goals.

Reflecting the particular local ESG issues within each country we operate in, our brands may adopt their own sustainability plans. For example, in 2022 the Arena Hospitality Group began the process of setting a sustainability strategy that would support its long-term competitive advantage in Croatia. This involved undertaking its own materiality assessment and establishing ESG governance structures. Find out more in the Arena Annual Report and Accounts available on their website [arenahospitalitygroup.com](https://arenahospitalitygroup.com).

#### ELEVATING TRANSPARENCY AND ACCOUNTABILITY

In our materiality assessment (see following page), stakeholders highlighted the need for a more direct, strategic approach to elevate transparency and accountability. This is why we have set in place a dedicated governance structure to oversee and deliver on our strategic priorities. We have also committed to greater disclosure, as evident in this report's TCFD and SECR climate disclosures. By ensuring that our approach and progress – whether positive or negative – are in the public domain, we are future-ready for emerging regulation and best practice principles.



RESPONSIBLE BUSINESS *continued*

# OUR MOST MATERIAL ESG ISSUES

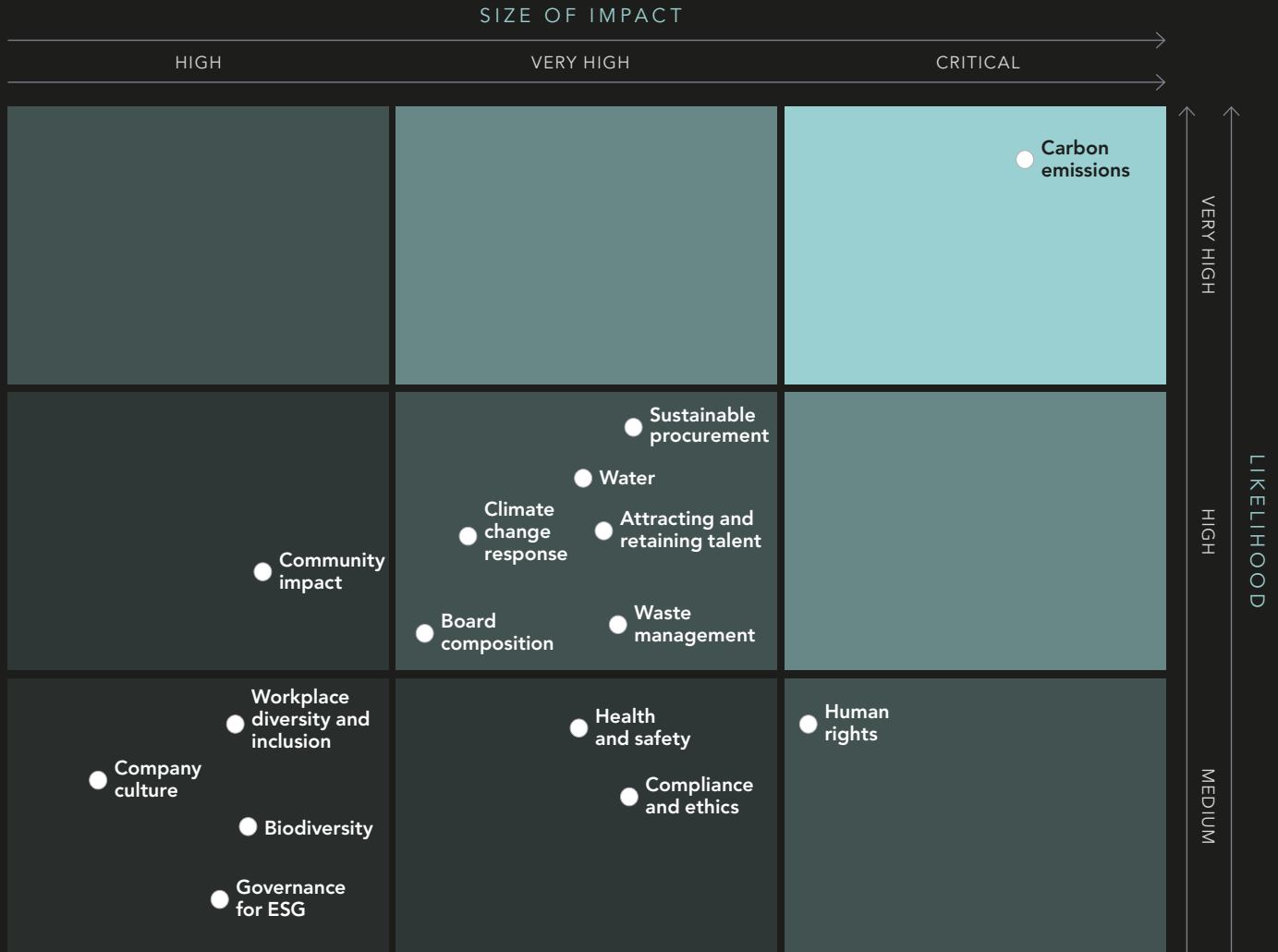
A STRATEGY ROOTED IN MATERIALITY

Our new ESG strategy addresses 15 material risks and opportunities. These were identified through a robust

materiality assessment of stakeholder ESG priorities conducted by external specialist consultants during 2022.

The prioritisation of issues shown in the matrix below forms the basis of our work this year to formalise targets and key performance indicators.

THE SCORING MATRIX (LIKELIHOOD AGAINST POSITIVE AND NEGATIVE FINANCIAL AND IMPACT MATERIALITY) OF THE MATERIAL ISSUES



## OUR ROBUST PROCESS

A 'double materiality' process examined the impact that PPHE has on the environment, people and economies.

# 01

Identify potential material issues relevant to PPHE, sourced from global ESG trends, reporting frameworks, peer review, available information from PPHE, and sector benchmarks.

# 02

Identify PPHE's most relevant stakeholders for the materiality assessment.

# 03

Review existing engagement channels for each stakeholder group, reviewing the questions for their relevance to ESG issues. Where gaps existed, we supplemented existing engagement with a mix of surveys, interviews and desktop review.

# 04

Based on an analysis of stakeholder responses, to consolidate the initial longlist of material issues into a shorter, curated list of relevant issues to rank. To hold scoring sessions to score the issues based on impact (positive or negative) and likelihood.

# 05

Once the final list of issues was validated and agreed internally, the most material issues were prioritised for action and reporting.

## RANKED ISSUES AND DEFINITIONS

### Carbon emissions

Mitigating climate change risk by reducing GHG emissions and harnessing net zero opportunities.

### Sustainable procurement

Responsible sourcing of materials, goods and services, and engaging with suppliers on ESG.

### Water

Conserving water and protecting water courses around our properties, particularly in water-stressed regions.

### Attracting and retaining talent

Creating inclusive and empowering workplaces, and recruiting through innovative channels.

### Climate change response

Designing for climate resilience and considering Greenhouse Gas ('GHG') emissions through the life cycle of properties.

### Waste management

Minimising waste at source through resource efficiency, recycling and sustainable building design.

### Board composition

Diverse leadership to drive ESG strategy and innovation for a resilient future.

### Human rights

Protecting the legal rights of employees and contract workers, including freedom from discrimination and labour abuses.

### Community impact

Investing in thriving neighbourhoods through social value creation, philanthropic giving and supply chain development.

### Compliance and ethics

Adhering to all regulations, laws, codes and principles of best practice relating to our sector and operating jurisdictions.

### Health and safety

Keeping guests, employees and contract workers safe, and investing in their wider health and wellbeing.

### Workplace diversity and inclusion

Practising equal opportunities in recruitment, selection, development and succession planning.

### Biodiversity

Attracting wildlife and incorporating nature within our properties, from planning to operational use.

### Company culture

Operating with unifying values and a shared purpose that make PPHE unique.

### Governance for ESG

Guiding decision-making with skilled leadership and transparent structures of accountability.

# TCFD REPORTING

THE LISTING RULES (LR 9.8.6R) REQUIRES 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 (10 of the 11 recommendations). The 2040 net zero target included in the ESG strategy will allow us to provide a full disclosure for all the Metrics & Targets recommendations once verified by the Science-Based Targets Initiative (SBTi).

## TCFD REPORTING – MANAGING OUR CLIMATE-RELATED RISKS AND OPPORTUNITIES

This is a summary of our standalone TCFD report, which will be made available on our website, which provides full details on all our processes and actions.

The TCFD guidelines provide a framework for assessing climate-related risks and opportunities and disclosing how managing them has been integrated into existing business practices based on four key areas: governance, strategy, risk management and metrics & targets. Following these recommendations ensures that monitoring and responding to climate-related changes becomes integral to how we manage our business.

In 2022, we have focused on developing a robust net zero strategy and targets. As part of this, we have introduced new initiatives, which will help us to assess the financial impact of becoming a low-carbon business and plan for the future. We are in the process of setting a budget for our net zero strategy. As part of this, we have been researching and testing various elements of our strategy, to ensure a robust understanding of the capital and operating expenditure required. This financial year, we joined the Zero Carbon Forum and the Energy and Environment Alliance, to provide expert support in developing our net zero goals. In 2023, we will publish the targets and strategy we have set based on this research. These will align with the Zero Carbon Forum's goal of net zero by 2040.

## GOVERNANCE

Climate change and the transition to a low-carbon economy are included in our Enterprise Risk Management framework as emerging risks (see page 74). This ensures climate related risks are a core part of our risk management and business strategy, and that we are agile in responding to them. It also ensures that our strategy has transition to a low-carbon economy integrated into it.

The Board has responsibility for the Group's strategic and financial policies and for promoting the long-term sustainable success of the Group, generating value for shareholders and contributing to the wider society in which the Group operates in line with its social responsibility policies. We believe that responding to climate change is an important part of this process. Our governance structures ensure that executive remuneration incentives determined by the remuneration committee include ESG elements.

Overall responsibility for climate-related matters has been assigned to the Chief Corporate & Legal Officer, Inbar Zilberman, who reports to the Board. Her responsibilities include overseeing compliance with TCFD reporting requirements and ESG arrangements, practices and procedures. In 2022, this included the materiality assessment of stakeholder ESG priorities, and the feeding of this analysis into new targets to which the organisation will be held accountable by those stakeholders.

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. In November 2022, routine functional risk updates were conducted with all internal departments by

the Head of Internal Audit and Risk and the results were reported 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 sustainability activities and monitors how these are reported internally and externally.

We want to ensure that business responsibility is embedded in our day-to-day operations. We, therefore, include training on our Responsible Business strategy as part of our 'Feeling Welcome' induction programme for new team members. We encourage team members to take accountability for acting responsibly, and this forms part of how we recruit, develop, assess, promote and reward them.

## STRATEGY

We recognise that climate change is a complex issue and acknowledge our responsibility to minimise our impact on the planet. Therefore, we are committed to reducing our environmental impact and carbon footprint. That is why we are setting net zero targets. 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 taking sustainability seriously can offer long-term value for all our stakeholders.

Government commitments to reduce carbon emissions are expected to lead to further developments and changes in regulation across travel and tourism, construction and property management. Climate risk assessment is, therefore, an important part of ensuring our business strategy is sustainable in the long term.

## CLIMATE SCENARIO ANALYSIS

### Climate Scenarios

In 2022 we have repeated the detailed climate scenarios analysis conducted in 2021 to assess any changes to the likelihood or impact of the risks we identified. We have considered the improvements to the physical risk modelling, policy and regulation developments. We have concluded that although climate scenario models have been updated for our time scenarios, our risk impact and likelihood scores remain the same year-on-year. However, we have expanded our financial modelling of the impacts and included details on our horizon scanning for emerging risks.

We have considered the risks and how the impacts change over time for 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

Due to the long-term implications of climate change, which go beyond usual business consideration, the risks were considered across three-time horizons:

- Short term – 2022-2027
- Medium term – 2027-2037
- Long term – 2037-2052

Taking our analysis to 2050 and beyond ensures we are covering the potential impacts of the UK Government’s commitment to being net zero by 2050.

## KEY CLIMATE-RELATED RISKS TO PPHE FOR WHICH MITIGATING ACTIONS ARE IN PLACE DISPLAYING ASSESSMENT OF RESIDUAL RISK

Transitional risk	Timeline	Likelihood	Financial Impact
Negative stakeholder perception if PPHE is not seen to be doing enough on climate-related matters	Short/ Medium	Unlikely	Moderate*
Exposure to carbon pricing	Short/ Medium	Almost Certain	Minor**
The increasing influence of climate-related matters on customer preferences and market demand	Short	Almost Certain	Minor**
Increased material costs	Short/ Medium	Almost Certain	Minor**

\* Moderate – £1.2m – £6m (annual impact)

\*\* Minor – <£1.2m (annual impact)

### Our climate-related risks

The findings of the climate scenario analysis were presented to the Vice President of Procurement, the Head of Compliance and the Head of Internal Audit and Risk in a climate-related risk workshop in October 2022. It was determined that there had been no material changes to the gross risk assessment this year.

### Transitional risks

We identified and assessed six potential transitional risks. The four shown in Table 1 were determined to be our key risks. There are controls and mitigation in place for these already. Two additional risks are being monitored, the risks of increased regulation and potential cost and disruption from phasing out non-renewable energy sources. We are monitoring these to ensure we can respond promptly should the risk level change.

### Physical risks

There are five potential physical risks to our hotels and resorts: flash flooding, rising mean temperatures, water stress, coastal flooding (for Amsterdam) and forest fires (for Belgrade / Pula). We are witnessing rising mean temperatures and are monitoring the potential implications for our operations, but this is currently deemed a low impact.

In the short to medium term, the other risks are not considered likely, but we will continue monitoring them, to ensure we implement mitigating actions, as required. Existing controls, including insurance and crisis management plans, will continue to be assessed for adequacy.

### OUR CLIMATE-RELATED OPPORTUNITIES

At PPHE, we believe that climate change presents opportunities for us to differentiate ourselves as a business, by providing environmentally responsible offerings to our customers. We already offer carbon-neutral meeting rooms, support active and sustainable travel for our guests and provide rewards for those choosing to reduce the environmental impact of their stay. We are continuously improving the efficiency of our operations, which helps to reduce our environmental footprint and operational costs.

In 2022 we have upgraded our systems to allow detailed, half-hourly reporting on energy consumption, allowing us to identify and reduce unusual or excessive energy consumption. We have installed our first heat pump, a step towards the long-term removal of gas usage from our properties.

# TCFD REPORTING *continued*

## RISK MANAGEMENT

Climate change is integrated into our risk management framework as both an independent risk and a risk driver, potentially exacerbating several of our principal risks. We do not want to increase our exposure to environmental and climate-related risks. We are committed to the transition to a low-carbon economy, so it is important that we are carefully monitoring and assessing the risks associated with climate change.

We have a detailed report on the Enterprise Risk Management framework on pages 74, with updated prioritisation based on impact, likelihood and mitigation actions, which are reviewed quarterly, and the financial exposure each risk carries. An executive or senior manager is responsible for each risk, to introduce sufficient mitigation measures, or adapt the business to opportunities.

This financial year we engaged the Zero Carbon Forum to model and identify climate-related risks to our strategy, objectives, assets and business operations. The climate modelling considered physical and transitional risks on both a Group and site level. We have commenced integrating financial modelling, supply chain risk analysis and horizon scanning into our climate-related risk management this reporting year.

## METRICS & TARGETS

Since 2011, we have been recording and measuring our carbon emissions and energy use to better understand how to manage our climate footprint. Our internal energy and water monitoring platforms support the tracking and managing of climate data across our hotels. Improving data collection and understanding our impact continues to be a top priority for the Group. We are currently developing the environmental metrics which will allow us to monitor and compare individual hotel performance on a monthly basis.

Climate change is on the global agenda, and companies must act and do their part. However, tackling climate change cannot be done through the actions of a few companies. It requires collaboration across our industry. That is why we work with the industry bodies such as the Sustainable Hospitality Alliance, Zero Carbon Forum and Energy and Environment Alliance, to take coordinated action to preserve our planet for the future.

The Zero Carbon Forum have assisted us in our energy use modelling. They use the GHG Protocol Corporate Accounting and Reporting methodology to calculate our Scope 1, 2 and 3 emissions. This financial year, we have again calculated our carbon balance sheet, with an improved approach for more accurate emission calculations. This covers all applicable categories, including 1 (purchased goods and services), 2 (capital goods), 3 (fuel-related emissions), 4 (upstream transportation and distribution), 5 (waste generated in operations), 6 (business travel), 7 (employee commuting), 8 (upstream leased assets) and 13 (downstream leased assets). Our full carbon balance sheet is provided in the standalone TCFD report.

We are in the process of setting our net zero targets, with the support of external consultants and industry bodies. It is important to PPHE that these targets are ambitious yet achievable, based on a thorough understanding of our current position and a strategy for achieving substantial long-term reductions in our carbon emissions.

### Emissions:

- Net zero by 2040 in line with the Zero Carbon Forum.
- Interim targets to be set in 2023.
- Submit our net zero targets to the SBTi for approval in 2023.

### Waste:

- Removing single-use plastics from our hotel rooms by 2026.

## 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 exempt from UK reporting requirements, the Company discloses as required by UK Government Environmental Reporting Guidelines (March 2019) on a voluntary basis, this disclosure for the period 1st January 2022 - 31st December 2022 includes:

- Global energy use ( gas, electricity and transport, including UK offshore area, combustion of fuel, process emissions, fugitive emissions)

- Associated greenhouse gas 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.

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. We have utilised all verifiable data available to us however in the rare occasions where this has not been 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 and consumption relate to the direct combustion of gaseous and transportation fuels by the company.

Scope 2 emissions and consumption 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 throughout the year. Although we do not have direct control of these emissions, we are actively working with our supply chain to plan how we can lower these emissions. A major project is underway to gather and calculate all scope 3 emissions for the period 1st October 2021 – 30th September 2022 (and therefore not published in table 2) in order to identify our major Scope 3 emissions sources, and allow for targets and strategy for reduction.

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 organisations emissions total. The Out of Scope emissions for PPHE Hotel Group are 0.2 tonnes of CO<sub>2</sub>e for transportation.

**Tables containing the 2022 SECR data are on the right.**

## UK ENERGY AND CARBON – TOTAL EMISSION SCOPE SUMMARY

Emission type	Total volume (kWh)	Calculated emissions (Tonnes of CO <sub>2</sub> e)
Scope 1 (direct)	24,329,162	4,445.33
Scope 2 (indirect)	30,098,279	5,820.41
Scope 3 (indirect)	0	0
<b>Total</b>	<b>54,427,441</b>	<b>10,265.74</b>

### SCOPE 1 EMISSIONS (DIRECT)

Emissions from activities owned or controlled by the Company that release emissions into the atmosphere

Energy type	Definition	Total volume (kWh)	Calculated emissions (Tonnes of CO <sub>2</sub> e)
Gas	Emissions from the combustion of gas	24,238,065	4,424.42
Transport	Emissions from the combustion of fuel for transportation	91,097	20.92
Other fuels	Emissions from combustion of fuel for stationary machinery & engines	–	–
Refrigerants	Emissions as a result of leakage from air-conditioning/refrigeration units	–	–
<b>Total</b>	<b>–</b>	<b>24,329,162</b>	<b>4,445.33</b>

### SCOPE 2 EMISSIONS (IN-DIRECT)

Emissions released into the atmosphere associated with the consumption of purchased electricity, heat, steam and cooling. These are indirect emissions that are a consequence of the Company's activities, but which occur at third party locations.

We are excluding emissions from non-renewable contracts in market based calculations as this is a de minimis figure of 0.32% of emissions equating to 18.63 T/CO<sub>2</sub>e.

Energy type	Definition	Total volume (kWh)	Calculated emissions (Tonnes of CO <sub>2</sub> e)
Electricity	Emissions from purchased electricity – Location Based	30,098,279	5,820.41
	Emissions from purchased electricity – Market Based	30,098,279	0
<b>Total</b>	<b>–</b>	<b>30,098,279</b>	<b>5,820.41</b>

### YEAR ON YEAR COMPARISON

	Year 1: 2020	Year 2: 2021	Year 3: 2022
Total emissions (TCO <sub>2</sub> e)	8,379	8,680	10,266
Total energy (kWhs)	39,991,198	43,618,708	54,427,441
Intensity ratio	61.39	61.39	54.00

### PPHE'S HOTEL GROUP GLOBAL SCOPE 3 EMISSIONS

	2022	2021
UK	12,134	8,547
NL	2,622	1,443
Arena Hospitality Group	9,536	9,634
<b>Total</b>	<b>24,292</b>	<b>19,623</b>

**Intensity Ratios** – Weighted average carbon intensity (WACI) measures carbon emissions with context to our business. Using a WACI allows for better compatibility for investors across our industry. Monitoring carbon intensity across various outputs is important to assess our performance against business growth. We monitor our intensity based on rooms and occupancies to remove the dependence on any fluctuation in our financial performance.

The Intensity Ratio is calculated by Tonnes of CO<sub>2</sub>e / total revenue (£m), where total revenue is £190m, providing an intensity ratio (tCO<sub>2</sub>e / Total Revenue) of 54.00.

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 there wasn't complete 12 month energy usage 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. Please note a small amount of meters were not on a renewable contract, equating to 0.32% of total emissions, hence have been excluded from the market based calculations. Mileage or fuel usage of transport was not available, instead fuel expenses and forecourt prices were used.