



# TCFD

## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES REPORT

2023



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# Overview

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## EXECUTIVE STATEMENT

*“This year, we have focused on our stakeholders’ need for more detailed information about sustainability so that they can judge ESG performance against the market as a whole. We are conscious of the need to provide high-quality, verifiable information as a preventative against greenwashing*

*To support this, we have been working with external consultants and organisations to develop our the Science-Based Targets we have committed to setting by the end of 2025. We want everything we do to be more environmentally sustainable, from how we develop our properties to the services we offer and how we run our day-to-day operations.*

*We are guided by the results of our double materiality assessment as to the most important areas of focus, and we are happy to present this year’s TCFD report with stakeholder priorities in mind.*

*As always, we would not be able to achieve this without the hard work and dedication of so many within PPHE, and we would like to thank all our colleagues for everything they have done this year.”*

**Kenneth Bradley**

*Non-Executive Director and Chairman of the ESG Committee.*

”

## INTRODUCTION

As a premium listed company, PPHE Hotel Group Limited (collectively “PPHE”, “the Company”, or “we”) recognise that our planet is an invaluable asset and critical to our long-term growth. That is why we recognise it as one of our intangible sources of value, alongside our people and places. We prioritise acting responsibly in all these areas, and our ESG Materiality Assessment and ESG strategy projects reflect this.

The Listing Rules (LR 9.8.6R) require the Company to include a Task force on Climate-related Financial Disclosures (TCFD) statement, which is found in the annual report. This additional document includes further information about our calculation methodology and our carbon footprint, which is broken down country-by-country.

## ABOUT THE TCFD

The Task Force on Climate-Related Financial Disclosures (TCFD) was established to provide guidelines on how companies should identify, assess and report on the risk and opportunities associated with climate change. Reporting according to the TCFD guidelines is now mandatory for large companies in the UK, including PPHE. We welcome this as it supports our aim to be a responsible business for people and the planet.

The reporting framework provides guidance on how companies can report transparently on these risks and opportunities so that investors can make informed decisions. The guidelines are divided into four core elements: Governance, Strategy, Risk Management, and Metrics and Targets. Under these core elements are 11 recommendations outlining the information that companies should provide for full disclosure. Under Governance, we explain the roles and responsibilities our Board, the Environmental, Social and Governance (ESG) Committee, the Executive Leadership Team, and team members have in managing our approach to climate change. Our Strategy outlines the climate-related risks and opportunities we have identified and the impact these have on our business. Our process for identifying these and our response is covered in the Risk Management section. We have then set targets for measuring our progress under Metrics and Targets.

### TCFD COMPLIANCE

LR 9.8.6R requires mandated companies to include a Task Force on Climate-related Financial Disclosures (TCFD) statement in their annual report. We have complied with this, and as we are committed to transparency and responsible business, we have chosen to provide this standalone report. This allows us to provide more clarity and detail about our methodology and our country-by-country emissions reporting than is possible within our Annual Report.

## CLIMATE CHANGE, RISKS AND OPPORTUNITIES

This brings both physical risks from the changing climate and transition risks from the mitigation measures introduced to lower carbon emissions globally. Physical risks include increasing extreme weather events (flash flooding, heatwaves and forest fires). As governments and businesses try to mitigate physical impacts, by transitioning to a low-carbon economy, to reduce emissions, there are transition risks, such as carbon pricing or increased environmental reporting. However, there are also opportunities. Businesses can adapt to offer environmentally conscious goods, services and become more energy efficient.

*Table 1: Climate-related risks as categorised by the TCFD.*

Category	Key Area	Examples of potential risks
Transition Risks	Policy and Legal Risks	Carbon pricing Increased reporting obligations
	Technology Risks	Transition to lower carbon technology
	Market Risks	Changing customer preferences Increased material and energy costs
	Reputation Risks	Stakeholder concern Stigmatisation of sector
Physical Risks	Acute Risks	Extreme weather events
	Chronic Risks	Rising mean temperatures Rising sea levels

The TCFD divides the physical and transition risks into six significant areas, shown in Table 1. It outlines opportunities across five main areas: resource efficiency, energy source, products and services, markets and resilience.

The nature and impacts of climate change are difficult to predict, as there are many complex systems interacting. It will be influenced by the scale of mitigation action taken by governments and businesses around the world. The TCFD, therefore, recommends using climate scenario analysis, to improve the understanding of possible futures and the risks. A description of our scenarios and results can be found in the Strategy section of this report.



*Figure 1: Structure of the TCFD recommendation*

## ABOUT US

PPHE is an integrated hospitality real estate group with a £2.2bn portfolio of primarily prime freehold and long-leasehold assets in Europe.

We have a clear strategy, to drive growth and create long-term value, while recognising and developing opportunities, to help our assets reach their full potential. We create memorable guest experiences by owning, developing and operating hotels and resorts in dynamic, vibrant cities and leisure destinations.

We base our approach to ESG, including climate related risks and opportunities on our stakeholders' priorities, and a double materiality assessment. This means we ensure our business strategy is responding to the needs of our customers, investors and the environment. This is part of our commitment to being a responsible business.



## DEVELOPMENTS IN 2023

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.

## OUR SUSTAINABILITY JOURNEY

- |      |  |
|------|--|
| 2019 | <ul style="list-style-type: none"> <li>Aligned our objectives to the UN Sustainable Development Goals (SDGs)</li> <li>Arena Hospitality Group awarded a Blue Flag Gold plaque</li> <li>Installed 'Green Point' systems across the UK and the Netherlands</li> <li>Introduced carbon-neutral meeting rooms</li> </ul> |
| 2020 | <ul style="list-style-type: none"> <li>Installed a remote water monitoring system in all our UK hotels</li> <li>Added UN SDG "Sustainable Cities and Communities" to our Responsible Business programme</li> </ul>   |
| 2021 | <ul style="list-style-type: none"> <li>Prepared for our first TCFD report</li> <li>Calculated our full carbon balance sheet</li> <li>Set up our ESG Committee</li> </ul>   |
| 2022 | <ul style="list-style-type: none"> <li>Joined the Zero Carbon Forum and Energy and Environment Alliance</li> </ul>   |
| 2023 | <ul style="list-style-type: none"> <li>Wrote to the Science-Based Targets Initiative (SBTi) committing to submitting science-based targets for approval</li> </ul>   |
| 2024 | <ul style="list-style-type: none"> <li>art'otel London Hoxton expected to be complete and to reach BREEAM 'Excellent' standards</li> </ul>   |
| 2025 | <ul style="list-style-type: none"> <li>Verification of science-based targets</li> </ul>  |
| 2026 | <ul style="list-style-type: none"> <li>Remove single-use plastics from hotel rooms</li> </ul>  |
| 2030 | <ul style="list-style-type: none"> <li>Interim target for net-zero</li> </ul>  |
| 2040 | <ul style="list-style-type: none"> <li>Net-zero target</li> </ul>  |



# Governance

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

## GOVERNANCE OVERVIEW

Being a responsible business is central to how we operate at PPHE. We have integrated the management of climate-related topics into our existing governance structures and processes, to ensure it is part of everything that we do. Our collaborative governance structure starts with our Board and cascades to every aspect of our business, via our Executive Leadership Team, (regional) general managers, hotel managers and hotel heads of department, ultimately reaching all team members.

## Governance

Climate change and the transition to a low-carbon economy are included in our Enterprise Risk Management framework as emerging risks. By doing so, we ensure that climate-related risks are a core of 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 ensures that executive remuneration incentives determined by the Remuneration Committee incorporate ESG elements, which will become even more prominent in the years to come.

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, 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 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 our whole operations.

Table 2: An overview of the PPHE Board members, including their tenure and experience.

Board member	Biography
<b>Eli Papouchado</b> Non-Executive Board Chairman	<ul style="list-style-type: none"> <li>Chairman of the Group since formation</li> </ul>
<b>Boris Ivesha</b> President & Chief Executive Officer	<ul style="list-style-type: none"> <li>President of the Group since 1991</li> </ul>
<b>Greg Hegarty</b> Co-CEO	<ul style="list-style-type: none"> <li>MBA</li> <li>Master Innholder</li> </ul>
<b>Daniel Kos</b> Chief Financial Officer & Executive Director	<ul style="list-style-type: none"> <li>Certified Public Accountant (Register Accountant)</li> </ul>
<b>Kenneth Bradley</b> Non-Executive Deputy Chair	<ul style="list-style-type: none"> <li>Chair of Nomination Committee, Chair of ESG Committee</li> </ul>
<b>Nigel Keen</b> Non-Executive Director & Senior Independent Director	<ul style="list-style-type: none"> <li>Chartered Surveyor.</li> <li>Over 35 years of property expertise from site acquisition through to asset management</li> </ul>
<b>Stephanie Coxon</b> Independent Non-Executive Director	<ul style="list-style-type: none"> <li>Qualified chartered accountant</li> </ul>
<b>Marcia Bakker</b> Independent Non-Executive Director	<ul style="list-style-type: none"> <li>Certified Public Accountant</li> </ul>

## EXECUTIVE RESPONSIBILITY

The Chief Corporate & Legal Officer, Inbar Zilberman, has overall responsibility for climate-related matters and reports to the Board. She oversees compliance with all regulatory reporting requirements and ESG arrangements, practices and procedures.

Management of climate-related risks is shared between our Chief Corporate & Legal Officer, Chief Financial Officer, Deputy Chief Executive & Chief Operating Officer and Executive Vice President of Commercial Affairs, as shown in Table 3.

The Vice President of Procurement, Francois Chapoulet, has ownership of the Responsible & Ethical Sourcing Policy. PPHE is aware of the importance of good supply chain management in ensuring long-term sustainability. This policy is the key document outlining our standards and practices.

Management of our carbon emissions has been split between our Chief Engineer for Scope 1 and 2 emissions and our Vice-President of Procurement for Scope 3.

Each individual target forming part of the ESG Strategy is owned by a member of the Executive Leadership Team, who is responsible and accountable for delivery. The Executive Leadership Team discusses the project plan for target delivery at its periodic meetings.

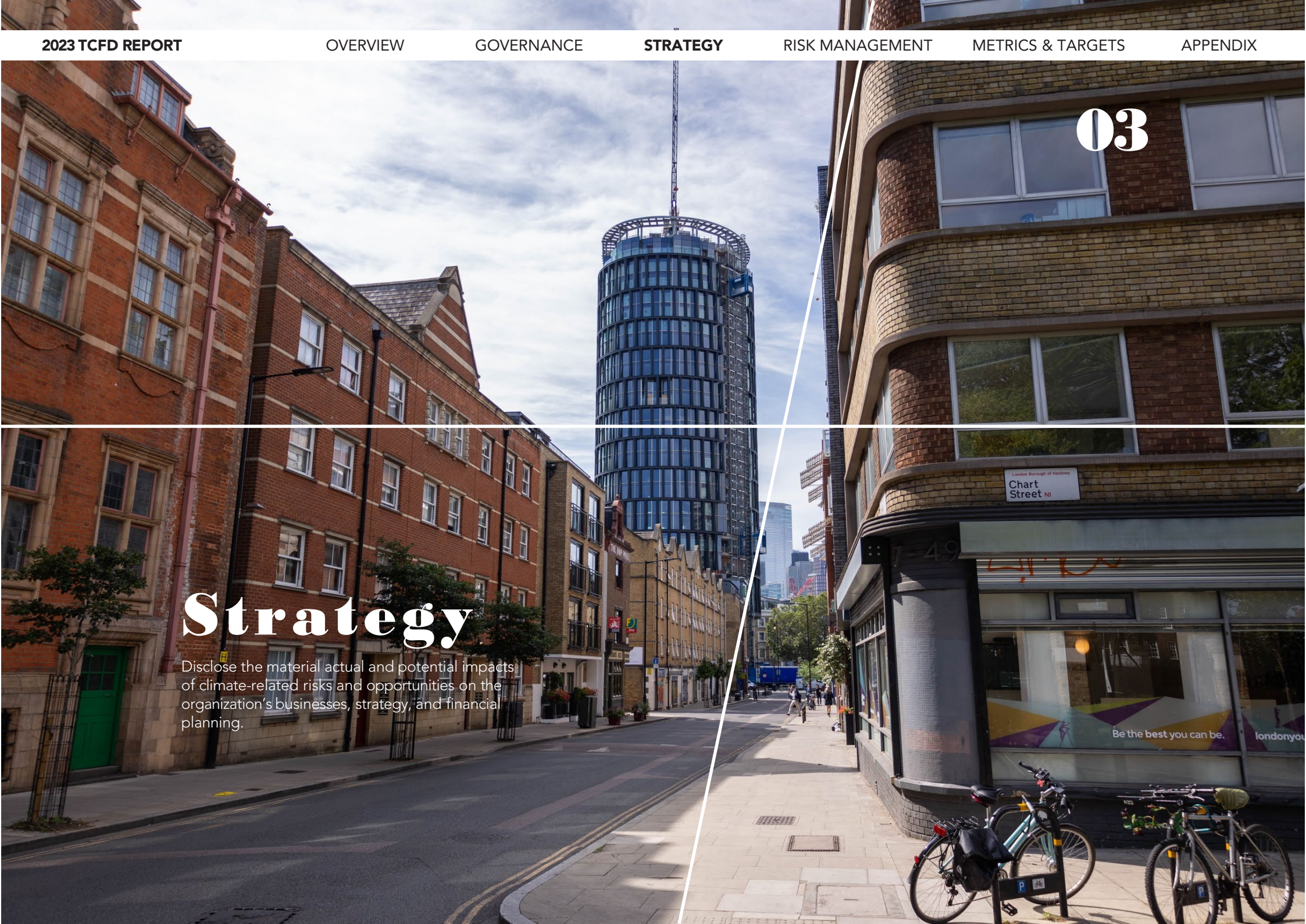
*Table 3: Division of responsibility for climate-related risks.*

Role	Climate-related risks responsibility
Chief Corporate & Legal Officer – Inbar Zilberman	<ul style="list-style-type: none"> <li>Group reputation and regulations around climate-related matters.</li> </ul>
Chief Financial Officer – Daniel Kos	<ul style="list-style-type: none"> <li>Financial risks around increased costs (carbon pricing, energy, materials, or carbon credits and offsetting) and disruption of phasing out of non-renewable energy sources such as gas and decommissioning (and where necessary replacement) of obsolete assets.</li> </ul>
Co-CEO – Greg Hegarty	<ul style="list-style-type: none"> <li>Physical risks, including rising mean temperatures, water stress and flooding risks.</li> </ul>
Executive Vice President Commercial Affairs – Robert Henke	<ul style="list-style-type: none"> <li>The increasing influence of climate-related matters on customer preferences and market demand.</li> </ul>
Executive Vice President Restaurant & Bars	<ul style="list-style-type: none"> <li>Impact on global supply chain of climate-related shifts in agricultural production, supply-chain security, costs and resilience.</li> </ul>



# Strategy

Disclose the material actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.



## 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.

## Our approach

As has become the base requirement for ESG, in 2022, we completed a materiality assessment of ESG priorities, using the double materiality method. This enables us to take a holistic view of the impact on our business of climate-related risks and opportunities, as well as our business's impact as a whole. We can also use stakeholder priorities to design a robust strategy for action in the short, medium and long term to address risk and ensure long-term sustainability. These determine the priorities of the business, and affect strategic choices, such as priorities for capital investment. The material risk and opportunities and stakeholder priorities are then addressed through a series of strategic objectives to meet each challenge. A project plan for the achievement of each objective is maintained, with detailed targets to be owned by members of the executive leadership team, and with clear milestones, deadlines and metrics for measuring success or failure.

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 for the next years 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.



## CLIMATE SCENARIOS

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.

## Transition risks

We identified and assessed six transition risks, as listed in Table 4. 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 more than others, with the same applying to the regulatory landscape. For all of these there are control and mitigation measures in place, which we are regularly monitoring to ensure that we can promptly update our response should anything change in the risk profile.

## Climate-Related Opportunities

While climate change mostly poses risks to our business and to the hospitality industry as a whole, we also always seek to 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.

These efforts support us in reducing our carbon footprint, which we have strived to do for several years already. We started reporting on scope 1 and 2 emissions in 2011, calculated our complete carbon footprint including scope 3 in 2023, and have now also committed to setting science-based targets, which will guide our journey to net zero by 2040.

## Physical risks

The physical risks we deemed material for our business are shown in Table 5. 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 risks we have control and mitigation measures, including for example insurance and crisis management plans.

## CLIMATE-RELATED RISKS

Table 4: 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	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
			<p><b>* Financial impact:</b></p> <ul style="list-style-type: none"> <li>• Minor: &lt;£1.2 million;</li> <li>• Moderate: £1.2-6 million;</li> <li>• Major: £6-24 million.</li> </ul> <p>All refer to annual impact.</p>

Table 5: 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
			<p><b>* Financial impact:</b></p> <ul style="list-style-type: none"> <li>• Minor: &lt;£1.2 million;</li> <li>• Moderate: £1.2-6 million;</li> <li>• Major: £6-24 million.</li> </ul> <p>All refer to annual impact.</p>

# Risk Management

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

## OUR APPROACH

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.

# RISK MANAGEMENT

## IDENTIFYING RISKS

Climate change and the transition to a low-carbon economy was identified as an emerging risk for PPHE in FY2019. By engaging third-party consultants and following the TCFD guidelines, we have assessed the risks to our strategy, objectives, assets and business operations in more detail.

To understand these climate-related risks, we use climate scenario analysis, which is repeated each year to review the latest developments in the physical modelling and transition risks. This helps us define potential future risks and feeds into our existing risk management framework.

The relevant climate impacts were presented on a group and a site level to our Vice President of Procurement, the ESG Manager and the Head of Internal Audit and Risk at a 'Climate Scenarios and Risk Assessment' workshop in 2023. They led the internal risk assessment, which was reviewed by the Executive Leadership Team and the ESG Committee.

Using climate scenarios as a forward-looking analysis, each material risk is assessed proportionally to its significance and priority, in relation to other associated climate-related risks, including its complexity and likelihood of impacts. Our risk priority is decided by assessing the likelihood of the risk and its impact, should it materialise, factoring in our ability to mitigate the effects. Our assessments are weighted towards impact, to encourage prioritisation of high-impact risks. This comprehensive modelling allows us to be more targeted in building resilience and developing the right mitigation strategies.

## ASSESSING RISKS

Following the 'Climate Scenarios and Risk Assessment Workshop', the climate-related risks were identified with the risk register. Each risk has a gross risk classification. This is the inherent level of risk considering the impact on our business without mitigation measures. Under the 2-3°C scenario and the short to medium term, which most closely reflects the current situation and key business considerations, most PPHE locations were classified as at low risk from physical climate change impacts.

Risks with a higher classification were then assessed again, to determine the mitigation measures to reduce their threat. For PPHE, these were transition risks, such as reputational impact and changing customer preferences. The risk of property damage and supply disruption is set to increase across our time horizons and scenarios. Existing controls, including insurance and crisis management plans, will continue to be assessed for adequacy.

## ADDRESSING CLIMATE-RELATED RISKS

We recognise the importance of integrating climate-related risks and opportunities into our strategic decision-making. An executive or senior manager is assigned responsibility for each risk or opportunity, to introduce sufficient mitigation measures, or to adapt the business to opportunities. Our response has four main elements: managing our impact, managing stakeholder perception, preparing for change and building resilience into our strategy and operations. This applies across the climate scenarios and time horizons. Our ambition is to optimise our mitigation actions and effectively communicate our risk management process to all relevant internal stakeholders.

## TRANSITION RISK PREPARATION

Our Chief Corporate & Legal Officer, Inbar Zilberman, and our compliance team are responsible for ensuring we detect upcoming legislation changes and respond proactively. This helps us prepare for change. We know that new regulations may impact energy prices and that carbon pricing schemes may be extended to include our industry in the medium to long term. The Horizon Scanning section above outlines additional regulations that may impact us.

All locations in the UK, and EU are certified by UK Renewable Energy Guarantees of Origin (REGOs) or European Guarantees of Origin (GoOs). Serbia is the only region in which we do not currently guarantee that we are operating on 100% renewable electricity from a blend of sources, including hydro, wind, solar, biomass and landfill gas.

Our customers, both individuals and businesses, are increasingly expecting green services and responsible environmental management. To reassure them of our environmental credentials, we have our performance externally certified against recognised standards such as the Green Key, which was awarded for excellence in sustainable operations and verified by on-site visits. Our German sites are accredited to ISO 50001 for energy management systems. As an affiliate of the Radisson Hotel Group, we support the Sustainable Hospitality Alliance, which aims to promote the business benefits of sustainable hotels, thereby achieving large-scale emission reductions.

Table 6: Mitigation of transition risks for PPHE.

Key Area	Climate-related Risk	Mitigating our Climate-related Risks
Policy & Legal	Mandates on and regulation of existing operations and new developments.	Monitoring of regulatory environment by Legal & Compliance team to ensure proactive response and BREEAM targets and assessments to ensure energy-efficient building.
	Exposure to carbon pricing.	Energy-saving initiatives, for example., the introduction of energy-saving checklists for UK and NL hotels.
Technology	Costs and disruption of phasing out non-renewable energy sources.	In the Netherlands, the government have committed to being completely gas-free by 2050 and to halt domestic production by 2030.
		Monitor developments and government plans. We are considering detailed disruption and cost analysis for changing energy sources within our properties. BREEAM assessments to ensure each hotel in the UK is prepared and capable of integrating new advanced technology should it come along.
Reputation	Negative stakeholder perception if PPHE is not seen to be doing enough on climate-related matters.	The ESG Committee is developing and monitoring the implementation of climate-related policy. We have a Responsible Business Programme (aligned to Radisson Hotel Group). We have externally certified environmental performance certification.
Market	Increasing influence of climate-related matters on customer preferences and market demand.	We are continuously monitoring market dynamics. We have a Responsible Business Programme (aligned to Radisson Hotel Group). We have externally certified environmental performance certification.
	Increased material costs.	We source our goods from local sources (where possible) and our finance team frequently monitors the cost of goods, reviewing margin protection plans.

## MITIGATING PHYSICAL RISKS

All sites were assessed as at low risk for physical climate-related risks in the short term across all three scenarios. However, we know this may change as climate change progresses and modelling improves. Therefore, we will continue to monitor them.

There were five emerging, long-term physical risks that we are monitoring:

**Heatwaves** are prolonged periods of abnormally hot weather. If annual mean temperatures rise due to climate change, their frequency will increase. This will lead to a growing energy cost, as the demand for cooling rises. Large cities like London are particularly vulnerable to heatwaves. We regularly maintain all cooling systems and install energy efficiency measures across each site, to minimise this risk.

**Water stress** occurs when there is insufficient water in a region for its needs. It is impacted by numerous factors, including temperature, precipitation and groundwater levels. It is not likely to be a risk in the short-to-medium term. However, we continue to invest in water-efficient technology and encourage guests to consider the environment and save water with our 'Save Tomorrow, Today' programme.

**Flash floods** are heavy periods of one-off rainfall events and become more likely as the climate becomes warmer and less predictable. We have specific controls for flood defences and have site-specific response plans.

**Sea-level rise (SLR)** due to the melting of ice caps can cause flooding and significantly increase the impacts of storm surges. We classify SLR as a long-term risk and will continue to monitor it.

**Forest fires** can damage PPHE property and disrupt operations. Fires pose a potential risk to our sites in Belgrade and Pula, and we maintain a crisis management plan to reduce their potential impacts.

Table 7: Mitigation of physical risks for PPHE

Key Area	Climate-related Risk	Mitigating our Climate-related Risks
Acute	Flash flooding	Hotel-specific controls for flood defence. Insurance plans cover all our properties, and incident management plans are in place to ensure guests, staff and property are protected.

# Metrics & Targets

- Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.

## METRICS & 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. The first step to achieve any meaningful results in this area is monitoring our carbon emissions, which we have been doing since 2011 for scope 1 and 2, including also scope 3 since 2022, also aided by external experts such as the Zero Carbon Forum. They provide us with guidance and the technical knowledge to ensure the highest accuracy possible of our calculations, by following the GHG Protocol Corporate Accounting and Reporting methodology.

In 2023 we have added increased detail to our carbon balance sheet, with a breakdown by individual country where we operate. The complete carbon balance sheet is included in our 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 1st 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 2023 – 31st 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.

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 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. Considering that we have REGOs (Renewable Energy Guarantees of Origin) for all the electricity that we purchase for our hotels in the UK, scope 2 emissions with the market-based method are zero.

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.

Please note that Scope 3 emissions for PPHE in 2023 include construction works undertaken to build art'otel London Hoxton, which amounted to about 24,000 tCO<sub>2</sub>e and are not related to hotel operations.

Table 8: PPHE Hotel Group carbon intensity metrics for 2022 and 2023

	Consolidated Group		UK		Netherlands		Germany		Croatia		Austria		Hungary		Serbia	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<b>Scope 1 and 2 emissions (tCO<sub>2</sub>e) – location-based</b>	<b>26,868</b>	21,645	<b>11,204</b>	10,265	<b>6,221</b>	3,532	<b>2,591</b>	1,462	<b>5,796</b>	5,450	<b>252</b>	217	<b>486</b>	237	<b>318</b>	482
<b>Scope 1 and 2 emissions (tCO<sub>2</sub>e) – market-based</b>	<b>13,829</b>	11,980	<b>5,058</b>	4,445	<b>3,744</b>	948	<b>1,144</b>	201	<b>3,645</b>	5,450	<b>11</b>	217	<b>251</b>	237	<b>306</b>	482
<b>Revenue (£m)</b>	<b>460.2</b>	354.0	<b>282.6</b>	214.8	<b>62.2</b>	40.7	<b>29.3</b>	23.7	<b>78.3</b>	69.4	<b>3.4</b>	2.9	<b>4.4</b>	1.6	<b>0.1</b>	0.8
<b>tCO<sub>2</sub>e/£m – location-based</b>	<b>58.4</b>	61.2	<b>39.6</b>	47.8	<b>100.1</b>	86.7	<b>88.4</b>	61.6	<b>74.1</b>	78.6	<b>74.9</b>	74.1	<b>110.3</b>	145.5	<b>4,645.7</b>	581.7
<b>tCO<sub>2</sub>e/£m - market-based</b>	<b>30.1</b>	33.8	<b>17.9</b>	20.7	<b>60.2</b>	23.3	<b>39.1</b>	8.5	<b>40.0</b>	78.6	<b>59.5</b>	74.1	<b>56.9</b>	145.5	<b>4,438.3</b>	581.7
<b>Rooms</b>	<b>3,919,745</b>	3,833,253	<b>1,356,891</b>	1,299,395	<b>391,645</b>	391,645	<b>347,477</b>	348,940	<b>1,718,183</b>	1,673,770	<b>37,494</b>	27,523	<b>60,225</b>	60,225	<b>7,830</b>	31,755
<b>kgCO<sub>2</sub>e/room – location-based</b>	<b>6.9</b>	5.6	<b>8.3</b>	7.9	<b>15.9</b>	9.0	<b>7.5</b>	4.2	<b>3.4</b>	3.3	<b>6.7</b>	7.9	<b>8.1</b>	3.9	<b>40.6</b>	15.2
<b>kgCO<sub>2</sub>e/room – market-based</b>	<b>3.5</b>	3.1	<b>3.7</b>	3.4	<b>9.6</b>	2.4	<b>3.3</b>	0.6	<b>1.8</b>	3.3	<b>5.3</b>	7.9	<b>4.2</b>	3.9	<b>38.8</b>	15.2
<b>Occupancy rate</b>	<b>63.00%</b>	54.00%	<b>83.00%</b>	67.20%	<b>82.40%</b>	57.30%	<b>61.20%</b>	53.90%	<b>43.90%</b>	44.80%	<b>39.70%</b>	56.10%	<b>51.70%</b>	19.60%	<b>10.40%</b>	38.90%
<b>Occupied rooms</b>	<b>2,462,732</b>	2,074,379	1,126,037	872,736	322,607	224,519	212,544	188,185	754,661	749,341	14,901	15,433	31,166	11,817	816	12,348
<b>kgCO<sub>2</sub>e/occupied room – location-based</b>	<b>10.9</b>	10.2	<b>10.0</b>	11.8	<b>19.3</b>	15.7	<b>12.2</b>	7.8	<b>7.7</b>	7.3	<b>16.9</b>	14.0	<b>15.6</b>	20.1	<b>389.9</b>	39.0
<b>kgCO<sub>2</sub>e/occupied room – market-based</b>	<b>6.0</b>	5.8	<b>4.5</b>	5.1	<b>11.6</b>	4.2	<b>5.4</b>	1.1	<b>4.1</b>	7.3	<b>13.4</b>	14.0	<b>8.0</b>	20.1	<b>372.5</b>	39.0

Table 9: Summary of UK energy consumption and carbon emissions

Scope category	Energy consumption (kWh)	Emissions (tCO <sub>2</sub> e)
Scope 1	26,650,126	5,057.69
Scope 2 – Location based	29,577,455	6,146.47
Scope 2 – Market based	29,577,455	0
Scope 3	n/a	45,682
<b>Total</b>	<b>56,227,581</b>	<b>50,739</b>

Table 10: PPHE Hotel Group scope 3 emissions

	2023	2022
<b>PPHE<sup>1</sup></b>	51,354	14,756
<b>AHG<sup>2</sup></b>	11,233	9,536
<b>Total</b>	<b>62,587</b>	<b>24,292</b>

1: PPHE includes UK and Netherlands.  
2: AHG includes Germany, Croatia, Austria, Hungary, Serbia

To reflect our unique business model by which we build many of our hotels, as of 2023 we have started to include the emissions associated with construction in our scope 3 calculations. This is part of our overarching effort to capture accurately all the emissions our business is responsible for. However, it is worth noting that, due to the complexity of the construction activities, the measurement of the emissions from these is spend-based. We are on a journey to improve our methodology on this and will look to move to a more detailed methodology in the years to come.

Regarding the results for Serbia shown in Table 8. Given that Radisson RED Belgrade was closed for the majority of 2023 due to renovation works, occupancy rate and revenue have decreased substantially from the previous year. However, while energy consumption and related emissions have also decreased, they did not do so at the same rate, leading to intensity ratios for Serbia to worsen year on year. With the reopening of the hotel in early 2024 this trend is expected to be reversed.

## 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. Additionally, we will also upgrade the burner of the boilers, bringing even further reductions in gas consumption, and we are also looking at potentially replicating similar investments in other hotels in the future.

In 2022 we carried out the initiative 'Save while you sleep' in Park Plaza Westminster Bridge, which enabled us to identify areas where energy was being wasted. Building on this, in 2023 we have expanded the application of these findings to all other hotels too, leading to further energy savings.

This year we have also begun a more structured awareness campaign on ESG in general for all our employees, which also 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.

## 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 ratios we calculated are tonnes of CO<sub>2</sub>e/total revenue (£m), kgCO<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 45.9 tCO<sub>2</sub>e/£m, 3.5 kgCO<sub>2</sub>e/room, and 6 kgCO<sub>2</sub>e/occupied room considering market-based emissions, and 58.4 tCO<sub>2</sub>e/£m, 6.9 kgCO<sub>2</sub>e/room, and 10.9 kgCO<sub>2</sub>e/occupied room considering location-based emissions. 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.

# Appendix

06

# Carbon footprinting

## Introduction to footprinting

The objective of this appendix is to state the calculation methodologies, boundaries, approaches, and references associated with PPHE UK's scope 3 carbon footprint inventory and scopes 1 & 2 emissions summary. It has been prepared by Zero Carbon Services on behalf of PPHE Hotel Group. Zero Carbon Services is an independent, third party consultancy commissioned to assist in the production of reliable data concerning the carbon emissions of PPHE Hotel Group, using primary source material provided by the Group on energy usage and spend on goods and services.

The carbon footprint has been calculated in line with the World Resource Institute (WRI)'s internationally recognised reporting standard the Greenhouse Gas (GHG) Protocol - A Corporate Accounting and Reporting Standard, with reference to the additional guidance provided in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Scope 3 Standard) and GHG Protocol Technical Guidance for Calculating Scope 3 Emissions (Scope 3 Guidance).

The carbon footprint is measured in the standard unit of carbon dioxide equivalent (CO<sub>2</sub>e). This comprises of the seven greenhouse gas emissions as outlined by the Kyoto Protocol: Carbon dioxide (CO<sub>2</sub>), Methane (CH<sub>4</sub>), Nitrous oxide (N<sub>2</sub>O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs), Sulphur hexafluoride (SF<sub>6</sub>), Nitrogen trifluoride (NF<sub>3</sub>).

### Types of Data

Volumetric data is the gold standard for emission reporting, it ensures that the price of the produce is not a factor when accounting for its total emissions.

However, spend is still a suitable metric to assign emission factors and measure the carbon footprint of the business.

## Estimation and Extrapolation Techniques within Data

Estimation and extrapolation can be used when neither a complete and suitable spend nor volumetric data is available for the required reporting period.

When required we use the following approaches:

- Estimation, where no data is available, we estimate consumption based on recognised data sources. (e.g. electricity consumption – average annual consumption can be estimated from the average energy use within the EPC (Energy Performance Certificate), of a building)
- Extrapolate required data from data we have using intensity metrics specific to the business based on the data available (e.g. water consumption/m<sup>2</sup> of restaurant space within their operation already provided)

Where estimates are used they are done so in line with referenced sources, industry benchmarks where suitable, or previous methodologies. Any instances are referenced in the category information.

### Data improvement

This appendix also highlights the key areas for data improvement required by your PPHE Hotel Group to improve the accuracy of the footprint.

The aim is to improve the data quality, source and capacity within the business for effective measurement as well implementing carbon reduction strategies.

## Our sources for emission factors

All the emission factors used by Zero Carbon Services to create the carbon footprint are transparently created and accessible to everybody. References to the data sources used are acknowledged at each category, and a link to each data set is provided.

## Data sources and conversion factors

The tables that follow show the categories of greenhouse gas emissions from PPHE Hotel Group in 2023; the source of the data for the emissions report; an assessment of the quality of the data to facilitate year-on-year improvement in reporting; and information as to the methodology used to convert raw data into tonnes of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e) emitted.

### Sources of data from within PPHE Hotel Group:

- PPHE Travel Report 2023
- PPHE Water Consumption UK and NL 2023
- PPHE\_Purchase History Report 2023 UK and NL
- PPHE 2023 Energy Consumption (UK and NL)
- NL F Gas Specs PPHE Locations FY2023

Aggregated data from Arena Hospitality Group provided via their third party consultant: Code Gaia.

### Emission Factor Sources:

- WRAP – UK Food & Drink Emission Factor Database V1.2 May 2023
- Department for Net Zero - UK Government GHG Conversion Factors for Company Reporting V1.1 October 2023
- Small World Consulting - SWC\_MRIO\_v1.0\_Emission\_Factors\_2018-2022
- European Environmental Agency

Table 11: Data sources and calculations for PPHE Hotel Group 2023 Carbon footprint report. Scope 1 &amp; 2

Scope	Category	Explanation	Total Emissions (tCo2e)	Data Source	Data Quality	Calculation Method	Extrapolation or estimations	Data Improvement Required
1	Fuels	Emissions relating to the use of natural gas.  Meter read consumption for all natural gas used on site.	7,581.07	PPHE Hotel Group half-hourly recording of energy consumption	HIGH - Data by site, metered by consumption and cost for the entire reporting period	Consumption data measured in kWh	None required	None required
1	F-Gas	The recharge / top up quantity for refrigerant gas across all assets that require refrigerant e.g air conditioning, fridges, and ice machines	2,648.85	Recharge quantities provided for UK & NL, no data was provided for the rest of Europe	HIGH – This data comes from contractor summaries for quantities recharged	Total estimated leakage rates given a unique emission factor from BEIS data set.	None required	Refrigerant data or equipment schedule to be added to allow calculation for the missing territories
1	Vehicles	The emissions from fuel burned by vehicles owned and operated by the company within the reporting period.	814.87	Actual fuel purchased for UK, calculations for the rest of Europe provided by third party consultancy engaged by Arena Hospitality Group.	HIGH – UK MEDIUM – Rest of Europe as calculations carried out by Code Gaia	UK – Fuel purchased in ltrs with the appropriate BEIS factor applied	None required	Review of the methodology applied to the fuel data for the rest of Europe required to establish what data improvement is required
2	Electricity	Electricity Consumption of all owned sites.	15,823.22 (Location Based)  3,113.22 (Market Based)	Consumption report provided for UK & NL in kWh, Rest of Europe calculation results used by third party consultancy engaged by Arena Hospitality Group	HIGH – UK & NL Consumption data when given is best case data. Rest of Europe Unknown	<b>Location Based</b> – Total consumption of electricity by site, assigned the UK average electricity emissions factor. <b>Market Based</b> – Total consumption of electricity by site, assigned 0 emissions as REGO/GOO consumption completed	None required for UK or Netherlands	Complete consumption data covering all sites in kWh including territories supplied by third party

Table 12: Data sources and calculations for PPHE Hotel Group 2023 Carbon footprint report. Scope 3

Category	Explanation	Total Emissions (tCo2e)	Data Source	Data Quality	Calculation Method	Extrapolation or estimations	Data Improvement Required
Purchased Goods and Services	Extraction, production, and transportation of goods and services purchased or acquired by the reporting company in the reporting year, not otherwise included in Categories	27,117.96	Consumption values provided in £ or Euros for UK & NL, Calculations by third party consultancy engaged by Arena Hospitality Group for other regions	LOW - Spend data used	Spend data assigned a factor from Small World Consulting based upon business operation. Supplier spend assigned 'Other Professional, Scientific and Technical Activities' if exact operation unsure based on available information. Factor sourcing: Small World Consulting	None required	<ul style="list-style-type: none"> <li>A Hybrid or Volume based calculation would provide a more accurate picture of emissions based on emission source</li> <li>Further categorisation of suppliers could be improved to understand goods/services that they supply to increase accuracy of emission factor assignment.</li> </ul>
Capital goods	Extraction, production, and transportation of capital goods purchased or acquired by the reporting company in the reporting year	27,330.46 (Business as usual): 3,532.13 Construction projects: 23,798.33	Internal Profit & Loss data provided	HIGH – Capital goods spend categorised internally and associated with relevant location. Internal categorisation is suitable and provides an appropriate range of business activity within this GHG category. Further breakdown of the category was used to demonstrate the one off costs associated with ongoing hotel construction.	Appropriate emission factor assigned using SWC database. SIC Code matching used where possible.	None required	Further categorisation breakdown by supplier and type of Capital goods will allow for spend based decision making and greater awareness of single product emission hotspots.
Fuel and energy related activities	Emissions related to the extraction, production, and transportation of fuels and energy purchased or acquired by the reporting company in the reporting year, not already accounted for in scope 1 or scope 2	5,386.87	Data comes from Scope 1 and 2 information, any assumptions within consumption are drawn through into this calculation	HIGH - See Scope 1 and 2 sections	Well To Tank (WTT) calculation for fuels, transmission and distribution based on Scope 1 and 2 consumption data. UK averages from BEIS database.	None required	See previous improvements within scope 1 and 2 categories

Table 12: Data sources and calculations for PPHE Hotel Group 2023 Carbon footprint report. Scope 3 cont'd.

Category	Explanation	Total Emissions (tCo2e)	Data Source	Data Quality	Calculation Method	Extrapolation or estimations	Data Improvement Required
Upstream Transport & Distribution	Transportation and distribution of products purchased by the reporting company in the reporting year between a company's tier 1 suppliers and its own operations (in vehicles and facilities not owned or controlled by the reporting company)	238.09	Assumed proxy data from previous year	MEDIUM – Assumed delivery frequency and location	UK & NL - Assumed delivery distance and frequency based on location and supplier postcodes used. Average vehicle type and fuel used in assigning factors from BEIS database	None required	Full understanding of calculation methodology would provide completeness
Waste	Disposal and treatment of waste generated in the reporting company's operations in the reporting year (in facilities not owned or controlled by the reporting company)	536.07	PPHE Hotel Group	HIGH – UK & NL Volumetric data by waste type and disposal method given – best case Rest of Europe – by third party consultancy engaged by Arena Hospitality Group	Proportion of each waste type and disposal method given unique emission factor from BEIS link available in the appendix.	None required	<ul style="list-style-type: none"> <li>UK &amp; NL</li> <li>Breakdown of calculations within European sites to establish waste source and disposal methods</li> </ul>
Business travel	Transportation of employees for business-related activities during the reporting year (in vehicles not owned or operated by the reporting company)	880.48	Year to date 2023 expenses pulled from central system for UK & NL	MEDIUM - Spend data, categorised by expense type internally	<ul style="list-style-type: none"> <li>Categorised spend broken out.</li> <li>All information is at group level.</li> <li>Mileage converted from spend to miles by multiplying by £0.45.</li> <li>Well To Tank for expensed mileage calculated as in FERA.</li> <li>Spend factors assigned from Small World Consulting. Link in the appendix.</li> <li>Mileage factors assigned from BEIS database.</li> </ul>	£0.45 is industry standard repayment amount for converting expensed cost into expected mileage for a private vehicle. Average car factor with unknown engine type used for mileage as no reference to type of vehicle or fuel type used.	<ul style="list-style-type: none"> <li>Increasing information on personal mileage – fuel consumption best standard, car type and engine type information should be gathered for those allowed to expense mileage to improve accuracy.</li> <li>Assign expenses by location for increased granularity.</li> <li>Distance of flight or voyage could be calculated by departure and arrival ports, class, spend etc.</li> </ul>

Table 12: Data sources and calculations for PPHE Hotel Group 2023 Carbon footprint report. Scope 3 cont'd.

Category	Explanation	Total Emissions (tCo2e)	Data Source	Data Quality	Calculation Method	Extrapolation or estimations	Data Improvement Required
Employee commuting	Transportation of employees between their homes and their worksites during the reporting year (in vehicles not owned or operated by the reporting company)	615.04	Headcount from internal data system.	LOW - Numbers per site does not factor in Full-time equivalent workers, which is best practice	Assumed FTE workforce in restaurants assigned Average UK commuting factor from NUMBEO. Head office presumed 3 days per week commuting using average London NUMBEO factor. WFH emissions assumed to be 2 days per week. WFH with and without heat factor assigned per hour using BEIS factor.	WFH factor based upon 40-hour work week, 48 weeks a year. With heat presumed for 1/3 of the year without heat presumed for 2/3 of the year. Heat only calculated during work hours.	<ul style="list-style-type: none"> <li>Definitive FTE workforce per site.</li> <li>Commuter survey to greater understand habits of workforce on their commute, hospitality workers are likely more localised than the UK average factor.</li> <li>Allows for higher granularity in factor used.</li> <li>Survey of workers to understand home heating habits.</li> <li>Internal capacity can be greatly increased here.</li> </ul>
Downstream Transport and Distribution	Transportation and distribution of products sold by the reporting company in the reporting year between the reporting company's operations and the end consumer (if not paid for by the reporting company), including retail and storage (in vehicles and facilities not owned or controlled by the reporting company).	12.13	Calculations provided by third party consultancy engaged by Arena Hospitality Group	LOW - Not possible to identify primary source of data	Unknown - provided second hand by third party consultancy employed by Arena Hospitality Group.	Unknown - provided second hand by third party consultancy employed by Arena Hospitality Group.	Provision of primary source material allowing tracing of data to source and independent third party assurance and verification.
Processing of sold products	Processing of intermediate products sold in the reporting year by downstream companies (e.g., manufacturers)	1.16	Olleco_Used Oil_2023 volumes	HIGH - Ltrs returned to processor			
Downstream leased assets	Operation of assets owned by the reporting company (lessor) and leased to other entities in the reporting year, not included in scope 1 and scope 2 - reported by lessor	211.77	PPHE Hotel Group internal documentation	LOW - Average use type from UK government study		All consumption estimated based on UK averages - available from GOV.UK.	Metered reading for Scope 1 and 2 for all Leased Assets.

Table 13: Summary table

Category	Data Level	tco2e	% of Market Based
<b>Scope 1</b>			
Fuels	HIGH	7,581.07	9.9%
F-Gas	HIGH	2,648.85	3.5%
Other Fuels	MEDIUM	814.87	1.1%
<b>Scope 2</b>			
Electricity (Location-based)	HIGH	15,823.22	-
Electricity (Market-based)	HIGH	3,113.22	4.1%
<b>Scope 3</b>			
Purchased Goods & Services	LOW	27,117.96	35.3%
Capital Goods	HIGH	27,330.46	35.6%
FERA	HIGH	5,386.87	7%
Upstream Transport & Distribution	MEDIUM	238.09	0.3%
Waste	HIGH	536.07	0.7%
Business Travel	MEDIUM	880.48	1.1%
Commuting	LOW	615.04	0.8%
Upstream Leased Assets	LOW	27.54	0.0
Downstream Transport & Distribution	LOW	12.13	0.0%
Processing of Sold Products	HIGH	1.16	0.0%
Downstream Leased Assets	LOW	211.77	0.3%
Investments	MEDIUM	229.45	0.3%

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