Environmental, Social and Governance

In 2024, we have made important advancements on our ESG strategy, improving the sustainability profile of our hotels and their social impact. This builds on a set of 35 ESG targets we had established in 2023, all of which have seen progress in the past 12 months.

Inbar Zilberman
Chief Corporate & Legal Officer

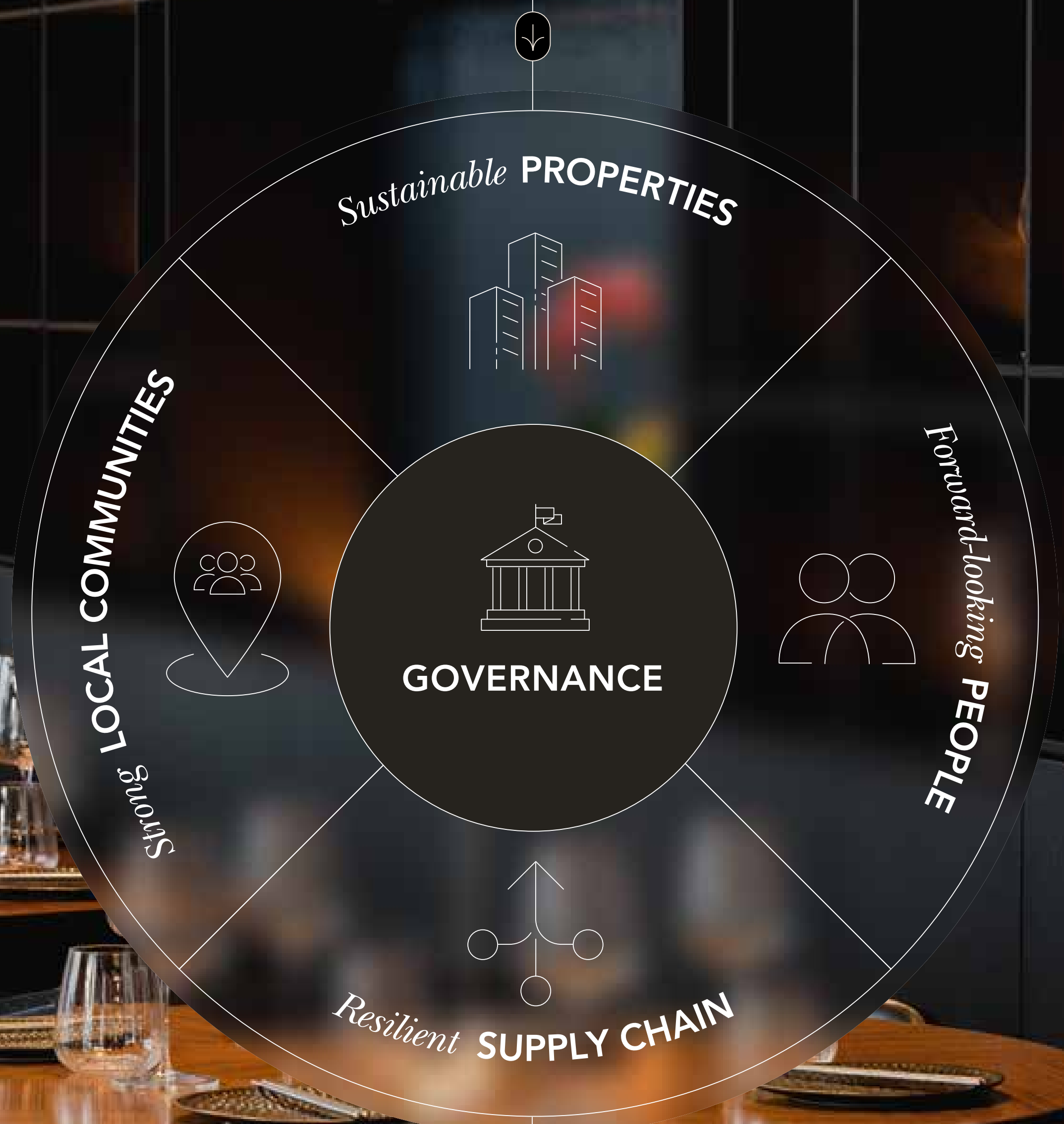
In 2024, we have made important advancements in our ESG strategy, working on the sustainability profile of our hotels and their social impact. This builds on a set of 35 ESG targets we had established in 2023, grouped under ten strategic objectives, all of which have seen progress in the past 12 months.

The implementation of the strategy is led by the ESG Manager, who reports to the Chief Legal & Corporate Officer on our performance and progress towards our strategic objectives. We continue to be members of the Zero Carbon Forum and the Energy & Environment Alliance, both particularly helpful for staying up to date with real estate and hospitality trends on sustainability, as well as reporting to CDP (formerly known as Carbon Disclosure Project) and WDI (Workforce Disclosure Initiative).

ESG strategy targets

Our ESG strategy is based on the double materiality principles. The last double materiality assessment ('DMA') we conducted was in 2022. This enabled us to understand the most important issues for our stakeholders, as well as how societal and environmental factors affect our business. Following a three-year cycle, we have already begun the work to conduct a new DMA in 2025, with the results to be presented in next year's annual report.

Our ESG strategy



Each of our targets is intended to contribute to one or more of the United Nations Sustainable Development Goals (SDGs). The SDGs that we support the most are the ones below.

Links to UN SDGs

ESG strategic objectives

Each target contributes to achieving a specific strategic objective, which has been established to address stakeholder priorities and ensure that all elements of the strategy work cohesively. The strategic objectives are designed to be mutually reinforcing, meaning that progress on one will in many cases advance others as well. These strategic objectives are listed in the table to the right.

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

Decarbonisation journey

In our effort to reduce carbon emissions, we have submitted a commitment letter to the SBTi, outlining our intention to set net zero and near-term targets, which we will request the SBTi to validate. As part of this, we are required by the SBTi to meet interim goals, ensuring public accountability for our progress, metrics and milestone achievements. The next steps on this journey are to assemble a decarbonisation plan and finally submit to the SBTi for validation by the end of 2025.

In 2024, we began the internal engagement work with our senior management to draft the decarbonisation plan. We have also contracted additional support from Greenview, a company which specialises in this area to accompany us in this journey. This project is expected to be completed in 2025, with the final output being a comprehensive list of actions to reduce the carbon emissions across the whole business. This will address emissions within Scopes 1, 2 and 3, that is, ranging from recommendations to possibly replace and phase out gas boilers, to working with our suppliers to improve the environmental performance of the products and services we purchase.

Our business is at the intersection between real estate and hospitality operations, therefore a key focus of the plan will be on the construction and refurbishment activities that form part of our operations. This will entail looking at construction materials used for our projects and working with our suppliers to find ways to reduce our footprint in this area. Another critical area for decarbonisation will be food and beverage products, representing the majority of our Scope 3 emissions, which again will require significant engagement with our suppliers.

This year, we placed increased focus on ESG communications and awareness within the Company at all levels. In Q1 2024, we held a bespoke masterclass for the Company's ESG Committee, which was delivered by the Zero Carbon Forum. The purpose of this training session was to educate the Board members on the key aspects of decarbonisation and equip them with knowledge to lead PPHE's response to climate change. This is particularly important as we embark on systemic changes in our strategic and operational approach to both the real estate and hospitality sides of our business in the pursuit of decarbonisation. In addition to that, the ESG Manager has conducted regular engagement with teams in all the properties to communicate progress on the ESG strategy, as well as to get feedback on it. This was aided by the team of ESG Ambassadors present in each of our hotels, who are the reference point on the ground for initiatives around sustainability and local community engagement.

To enhance alignment across the whole Group, in June 2024 we held a cross-regional workshop in Pula, Croatia. The objective was to review progress towards our ESG targets and strategic objectives and set future priorities, also accounting for key regional differences across our regions.

Carbon footprint

In 2024, we continued to make advancements in our carbon footprint methodology, further increasing the level of confidence in our results. This includes improvements in internal processes to ensure data integrity and extensive involvement of various teams throughout the footprint exercise.

Another area of improvement relates specifically to Scope 3 emissions. The available methods for calculating these emissions generally are: 1) spend-based; 2) volume-based; and 3) supplier level data. While the spend-based method is the simplest, as it consists in a multiplication between the amount spent by an emission factor, the volume-based method accounts for the actual volume of products or services purchased (regardless of the amount spent on them), making the calculations more accurate and disjointed from factors such as inflation, which could artificially skew the emissions calculations. Finally, the supplier level data is regarded as the most accurate method, as it relies directly on emission factors provided by the suppliers, who would have conducted life cycle assessments on their products. With this in mind, this year we expanded the share of emissions calculated through a volume-based approach across the whole Group, with a view to start using supplier level data in the near future, thus slowly moving away from a spend-based approach towards more accurate methods.

In 2024, we consolidated our suppliers across various product categories in the UK. Having fewer suppliers led to increased standardisation in the data in our procurement system, thus allowing us to assign more accurate emission factors to the individual items we purchase and increasing the accuracy of the carbon footprint calculations. Furthermore, this year we implemented a halt to suppliers offering more than one delivery per day, unless critical for business continuation. This enabled us to consolidate multiple deliveries into a single one, hence reducing associated costs and emissions.

in 2024 the carbon footprint calculations were conducted by the consultants Zero Carbon Services for PPHE and Code Gaia for AHG, based on data provided by PPHE and AHG. This is the same process as was followed in 2023. The results are shown in Table 1 below, together with a comparison with 2023 in Table 2. The figures for 2023 are the result of a recalculation conducted in 2024 to reflect an improved and more accurate methodology.

Table 1 Carbon footprint of PPHE Hotel Group – 2024

	tCO_2e (market-based)	% of total (market-based)	tCO_2e (location-based)	% of total (location-based)
Scope 1	9,661	11.2%	9,661	9.5%
Scope 2	1,887	2.2%	17,654	17.3%
Scope 3	74,744	86.6%	74,744	73.2%
Total	**86,292**	**100.0%**	**102,059**	**100.0%**

Table 2 Carbon footprint of PPHE Hotel Group – 2023

	tCO_2e (market-based)	% of total (market-based)	tCO_2e (location-based)	% of total (location-based)
Scope 1	9,067	10.1%	9,067	8.8%
Scope 2	3,915	4.4%	16,935	16.4%
Scope 3	76,999	85.6%	76,999	74.8%
Total	**89,981**	**100.0%**	**103,001**	**100.0%**

The results show that overall emissions for the Group have slightly decreased year on year. The main driver of this reduction is Scope 3, as various construction and refurbishment projects conducted throughout 2023 have come to an end in 2024 (art'otel London Hoxton, art'otel Zagreb, Radisson RED Belgrade and Radisson RED Berlin Kudamm), meaning that the related emissions in the Scope 3 category 'Capital Goods' have decreased in 2024. Another notable reduction is in Scope 2 market-based emissions, due to 2024 being the first full financial year with renewable electricity contracts for various European countries, which now cover our properties in all countries except for Serbia. On the other hand, Scope 1 and Scope 2 location-based have both increased year on year, largely due to the four new operational properties and increased occupancy across all regions.

Sustainable properties

Links to UN SDGs

We continue to source 100% renewable electricity to all our hotels (except for Serbia) through Renewable Energy Guarantees of Origin (REGOs) in the UK and Guarantees of Origin (GoOs) in the rest of Europe. Park Plaza Arena Pula and Grand Hotel Brioni Pula are equipped with photovoltaic panels for on-site renewable energy generation, which we are looking to install in additional properties in 2025.

In 2024, we have upgraded some of the equipment in our hotels to achieve energy efficiency gains. These include the replacement of old minibars with highly efficient thermoelectric ones, the installation of boiler pumps with improved efficiency, and the installation of a kitchen extractor control system in various hotels.

Building certifications

To raise our properties' environmental performance, in past years we have already achieved BREEAM certifications for some of them: Park Plaza London Waterloo (Very Good), Park Plaza London Riverbank (Very Good), Park Plaza London Park Royal (Very Good) and art'otel London Battersea Power Station (Excellent). This list has been expanded in 2024, with art'otel London Hoxton obtaining a BREEAM Excellent certification, with other properties in our portfolio expected to get the certification in 2025.

In 2024, we have adopted a Group-wide policy which will require that all new-build hotels, repositioning projects and refurbishments obtain a certification by a recognised building certification scheme, such as BREEAM or DGNB (Deutsche Gesellschaft für Nachhaltiges Bauen), depending on the location.

Building on this work, in the fourth quarter we have also engaged the consultancy Sweco to support us in obtaining the BREEAM in-use certification for some additional properties, with the submission to BRE (the organisation responsible for the BREEAM certification) expected to be completed in 2025. Once this is done, BRE will review the evidence provided in our submission and issue the BREEAM in-use certifications for the appropriate rating.

A remarkable achievement was art'otel Zagreb receiving the 2024 Green Building and Sustainable Built Environment Award in the Building of the Year – Reconstruction category. This was awarded by the Croatian Green Building Council and recognises energy-efficient building reconstructions completed between January 2023 and July 2024.

Hotel sustainability certifications

The environmental performance of our properties has also supported our hotels in achieving high scores in their sustainability certifications, such as Green Tourism, Green Globe, Green Key, Travelife and Blue Flag. The full list of these certifications is shown in Table 3 on page 75.

The few properties in our portfolio currently missing from the list are on track to receive their Green Key and Green Tourism certifications in 2025.

In 2024, all our hotels also achieved the HSB accreditation, an initiative promoted by Radisson across all its brands. HSB is an initiative launched by the WTTC and is a globally recognised set of sustainability indicators for the hospitality sector, allowing for standardised criteria across the industry.

Waste management

We are committed to reducing the amount of waste generated by our properties and to dispose of it through the appropriate channels. Our waste is recycled wherever possible, or incinerated to generate energy in waste-to-energy facilities, with a small minority of it still going to landfill. However, we are working across our whole portfolio to bring the share of waste sent to landfill down even further in the coming years.

As a significant step towards reducing plastic waste, in 2024 we moved from single-use toiletry bottles to large dispensers across all our properties. By eliminating small plastic bottles, we will minimise the amount of plastic produced and waste generated, ultimately reducing our environmental impact in this area. To ensure the most appropriate disposal of these dispensers we partnered with Clean the World, an organisation specialised in waste recycling, who now collect and process the used dispensers from our properties. This shift not only has environmental benefits, but also enhances the guest experience, as the larger dispensers ensure a reliable supply of high quality products for the entire stay without the need for regular replacements.

At the same time, we have progressed with the elimination of other single-use plastic items from our hotel rooms, such as the plastic wrapping around our slippers, as well as plastic combs and toothbrushes, which have been replaced with bamboo alternatives. In our Dutch properties, we adopted the EcoTap water bottling system for guest rooms, reducing our reliance on plastic bottles.

In 2024, we have engaged the company The Waste Specialists, which began to support us in aligning waste management practices across our UK properties. The plan we devised with The Waste Specialists for 2025 is to introduce new bins to improve waste sorting where necessary, to launch staff training on waste management, and to set a clear baseline for food waste to then introduce future internal reduction targets.

In various properties in Croatia, we introduced food recycling machines to convert food waste into compost, giving this waste a new life.

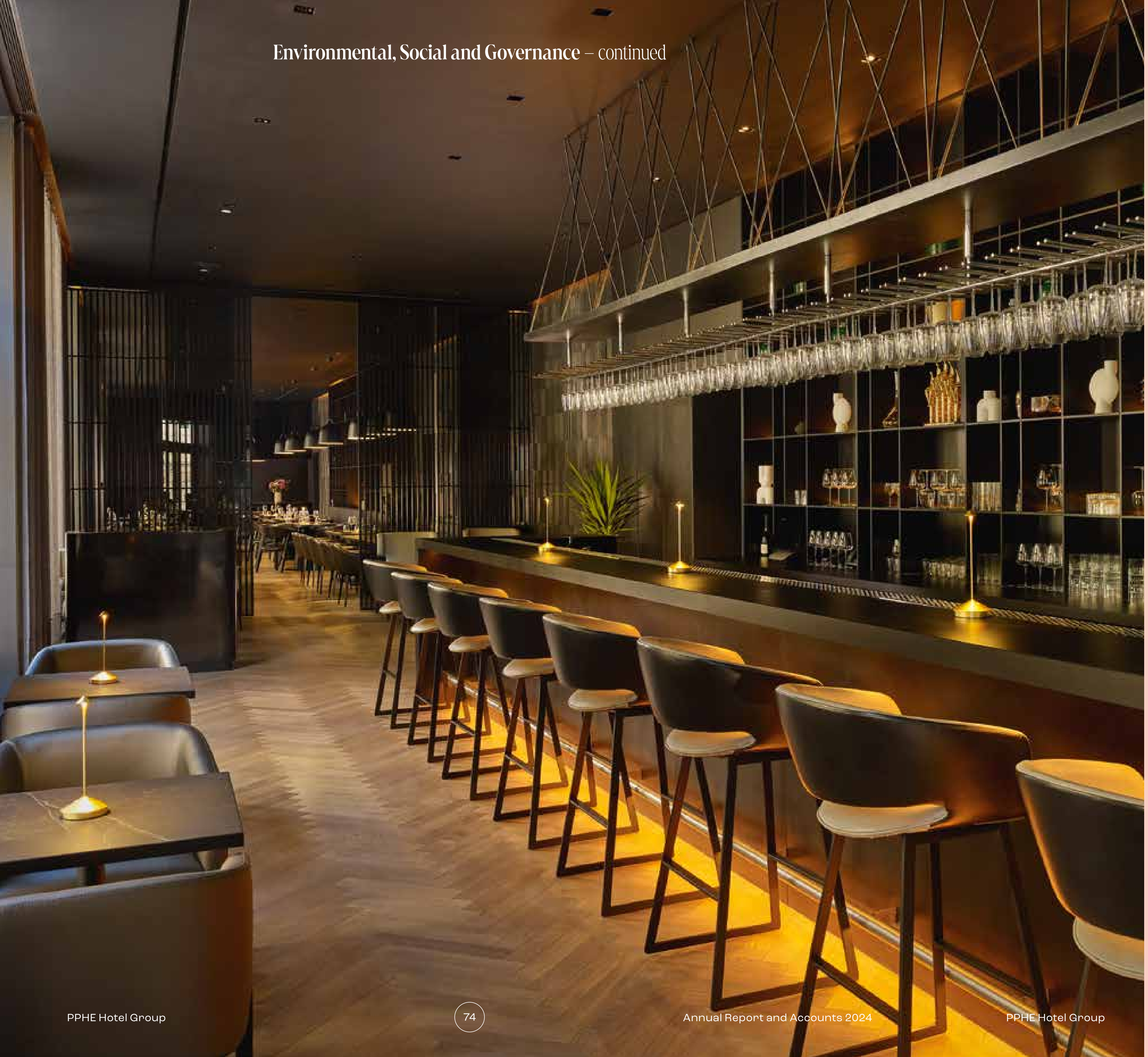


Table 3 List of our hotel sustainability certifications

Green Key

The Netherlands

Park Plaza Eindhoven
Park Plaza Vondelpark, Amsterdam
Park Plaza Utrecht

Germany

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

Austria

Arena Franz Ferdinand Nassfeld

Serbia

Radisson RED Belgrade

Croatia

Park Plaza Histria Pula
Park Plaza Punta Verudela Pula
Arena Verudela Beach Resort Pula
Park Plaza Arena Pula
Grand Hotel Brioni Pula
Splendid Resort Pula
Horizont Resort Pula
Park Plaza Belvedere Medulin
Arena Hotel Holiday Medulin
Hotel TUI Blue Medulin
Ai Pini Medulin
art'otel Zagreb
Arena Grand Kažela Campsite Medulin
Arena One 99 Glamping
Arena Stoja Campsite Pula
Arena Medulin Campsite
Arena Stupice Campsite
Arena Tašalera Campsite
Arena Runke Campsite
Arena Indije Campsite Banjole

Green Globe

The Netherlands

Park Plaza Amsterdam Airport
Park Plaza Victoria Amsterdam

Blue Flag

Croatia

Park Plaza Histria Pula
Grand Hotel Brioni Pula

Travelife

Croatia

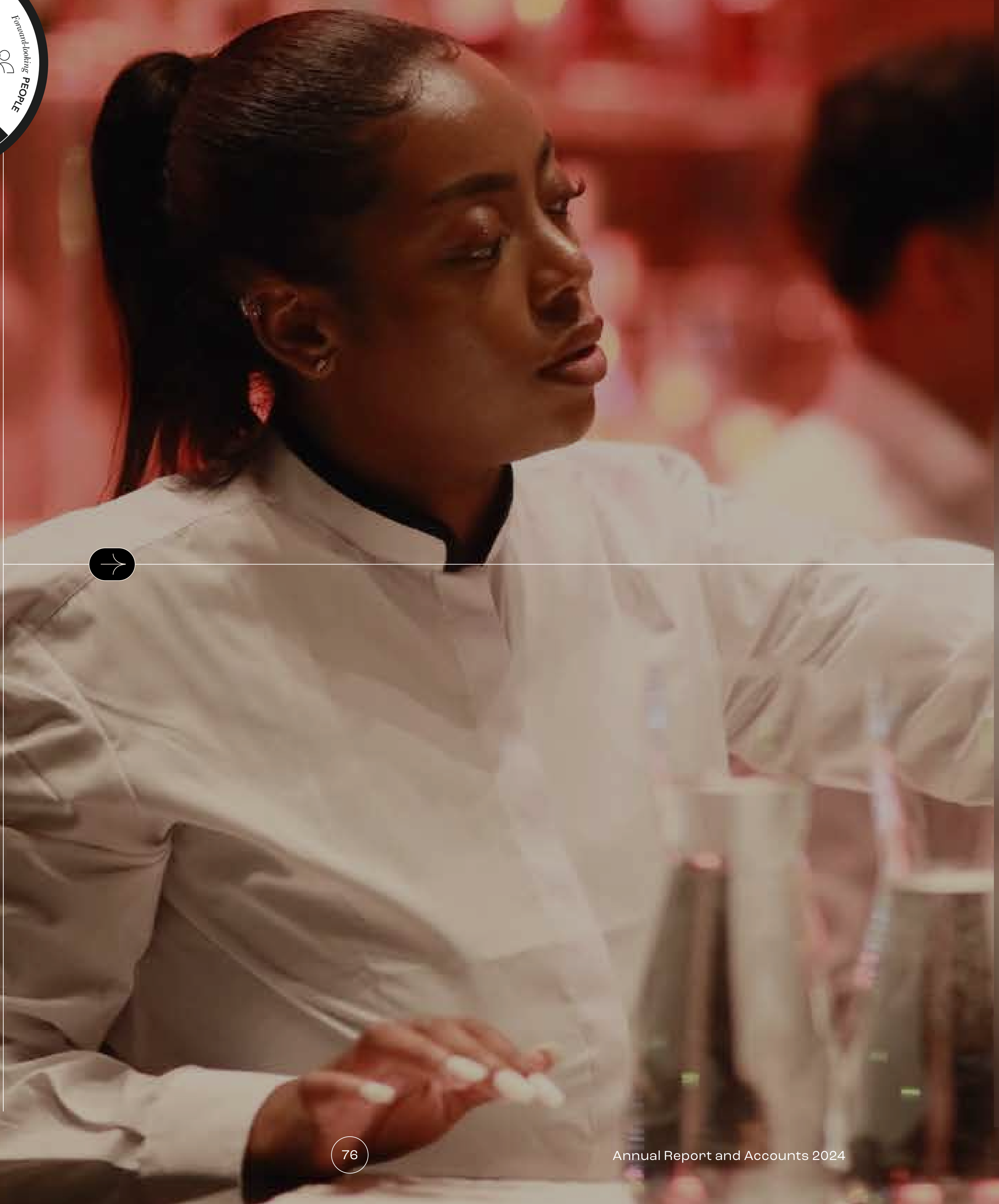
Park Plaza Belvedere Medulin
TUI BLUE Medulin
Park Plaza Histria Pula

Green Tourism

UK

Park Plaza London Westminster Bridge
Park Plaza Nottingham
Park Plaza County Hall London
Park Plaza London Waterloo
Park Plaza London Riverbank
Park Plaza Victoria London
Park Plaza Leeds
Holmes Hotel London

Forward-looking people



As part of the ESG strategy, we have in place various targets regarding our team members, encompassing wellbeing, engagement rate, investment in learning and development, and retention rate.

Links to UN SDGs

3 Good health and well-being; 5 Gender equality; 8 Decent work and economic growth; 10 Reduced inequalities

Our employee engagement rate is measured through two surveys per year at PPHE and one per year at AHG. PPHE's average employee engagement rate, based on the two surveys conducted in 2024, was 84.5%, placing the Company over 2% above the sector average and above our internal target. This result has had positive effects on the retention rate, which increased by 6.3% in the UK and 6.7% in the Netherlands. Due to the seasonality of employment in AHG's locations, we set a slightly lower target for those regions, with results showing an engagement level of 75%. For this reason, in 2024 the engagement survey methodology for AHG was amended to reflect the diverse workforce, such as permanent, seasonal and foreign employees, which will ultimately enable the collection of more meaningful feedback from our workforce going forward.

We have set ambitions around employee wellbeing, with the relative metric also showing significant improvements throughout 2024, supported by initiatives such as the launch of the Vitality platform for all team members.

Another area of work this year focused on learning and development (L&D). To enhance our offer, the dedicated corporate office team has been expanded, leading to the creation of an extensive onboarding journey for new leaders and our Degree Apprenticeship.

We are proud of this programme, as it is an industry first. This is run in collaboration with Dorchester Group, Grosvenor House and Red Carnation, and is delivered in partnership with the University of Gloucestershire. We have now hired 12 young Londoners on two cohorts who are working over three years towards a BA in Applied Hospitality Management. This is just one of nine different apprenticeship programmes currently on offer, for which 45 people were enrolled in 2024. Management development has also been a key focus, with the development and roll out of several new workshops to all line managers, such as Employee Engagement for Line Managers and Interviewing & Candidate Experience, both contributing positively to employee engagement and time-to-hire respectively, with time-to-hire reduced by 30% in the UK. Across our art'otel hotels, we rolled out the art'print programme, our differentiated culture and purpose blueprint and related training programme, to all team members.

Diversity, Equity and Inclusion (DE&I)

This year, PPHE has placed particular focus on DE&I initiatives around talent acquisition, emphasising community engagement, personalised recruitment, and partnerships with organisations supporting diverse groups. Key actions implemented in our UK hotels include the following:

1. **Community partnerships:** PPHE collaborates with the organisations Twin and SPEAR, as well as the UK Department for Work and Pensions, to hire individuals from diverse backgrounds, including neurodiverse candidates and young people with limited experience. Regular events at the career centre connect candidates from these groups, boosting retention and community ties.
2. **Support for underrepresented groups:** in 2024, PPHE has hired 171 individuals from charities and job centres, providing support for those struggling to enter the workforce. These hires have higher retention rates, with 67% of charity-referred employees staying over a year.
3. **Talent development programmes:** Graduate and Apprenticeship programmes, focusing on skill development in roles like Apprentice Chefs and Graduate Managers, offer pathways to permanent roles, strengthening talent retention.
4. **Inclusive culture:** Representing 98 nationalities, PPHE fosters inclusivity within its properties, exemplified by a welcoming mural at Park Plaza Westminster Bridge London in employees' native languages.
5. **Sustained DE&I focus:** Using data-driven retention reports, PPHE regularly refines its hiring practices and supports DE&I goals by gathering new-hire feedback and adjusting sourcing strategies based on retention rates.

With these initiatives, we aim to make DE&I a key focus of our recruitment approach, one that values personalisation, inclusivity and long-term retention.

Besides these initiatives in recruitment, in 2024 we have introduced mandatory DE&I training for all managers in our organisation, both at the beginning of their journey with PPHE and then as refreshers on a yearly basis.

ESG Ambassadors

Last year, we established a network of ESG Ambassadors throughout our organisation, with at least one Ambassador in each of our properties in the UK and the Netherlands. This is a group of nearly 20 very passionate team members who provide invaluable support to the ESG Manager in the implementation of our ESG strategy. Examples of their involvement include fostering relationships with charities, supporting the GMs in the reporting of ESG data, and leading on the process to obtain the hotel sustainability certifications such as Green Tourism.

ESG communications and training

PPHE's ESG Manager and Head of Compliance regularly visit our hotels in the UK and the Netherlands to deliver updates to team members, including General Managers and Heads of Department. These typically cover highlights of the ESG strategy and key sustainability initiatives, as well as a general refresher on our whistleblowing policy, harassment in the workplace and safe personal data handling. AHG's ESG Manager also has regular contact with all the ESG teams across our properties, who drive environmental and social initiatives on site, for example supporting in the Green Key certification process.

We launched a quarterly ESG newsletter, with the aim to keep our colleagues engaged and up to date with the latest development in the strategy. The various editions covered updates on our emission reduction plans, engagement with local communities and the launch of the corporate volunteering day.

ESG communications in AHG are shared to all employees via the Connecteam app. This internal channel is very important to ensure that relevant information and updates reach the widest possible audience across the organisation. Examples of content shared through this channel include activities in support of local communities and volunteering, as well as corporate ESG updates.

The ESG Ambassadors also play an important role to ensure that our team members are involved in the Company's environmental and social activities, as they are now recognised as the relevant people in their respective hotels and regularly share updates on the ESG strategy in team meetings, as well as serve as first points of contact for any queries at the hotel level.

With clients and prospective team members increasingly demanding information about our ESG activities, we identified the need to upskill our Sales and Recruitment teams in this area. To bridge this gap, the ESG Manager started to deliver regular updates to these teams, to equip them with the necessary knowledge to communicate PPHE's ESG ambitions and progress.

Resilient supply chain

Given the size and nature of our business, our supply chain spans across many sectors and geographies. Therefore, having an understanding of our impacts along the supply chain is critical to raise environmental and social standards.

Links to UN SDGs

8 DECENT WORK AND ECONOMIC GROWTH
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

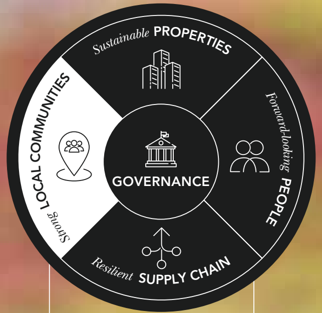
Our priority in 2024 has been to explore what our current and prospective suppliers are doing on ESG. An example of this collaboration is the engagement we had with our supplier of laundry services in London, which is allowing us to identify opportunities to reduce energy and water consumption associated with their service.

As mentioned on page 71, in 2024 we consolidated our suppliers across various product categories in the UK. This led to increased standardisation in the data in our procurement system and allowed us to assign more accurate emission factors to the individual items we purchase, ultimately increasing the accuracy of the carbon footprint calculations.

Through engagement with the Zero Carbon Forum, in 2024 we also continued to obtain industry knowledge on sustainability trends and opportunities in the sector. This is particularly important as it allows us to stay up to date with the latest sustainability developments, for example regarding various F&B products that have a significant impact on our carbon footprint (such as meat and dairy).

At PPHE, we have a Responsible and Ethical Sourcing Policy in place, covering issues such as human rights and discrimination, which we ask all our current and prospective suppliers to abide by, while AHG has a set of policies that lay out various standards for the supply chain (for example, the Environmental Management Policy and the Human Rights and Labour Standard Policy). As a UK-listed company, we have also set out how we approach human rights and labour standards in our supply chain in our Modern Slavery Statement, which is available on our corporate website.

As part of the upcoming work on the decarbonisation plan, in 2025 we will devise a list of actions to reduce our carbon emissions across our supply chain (Scope 3). Since these represent the vast majority of our emissions, a focus on this area will be instrumental for PPHE to achieve meaningful reductions over the coming years.



Strong Local Communities

In 2024, we have strengthened our collaboration with the local communities where we operate in various ways. We have formally launched a corporate volunteering day, allowing every employee to take one paid day off work (on top of their annual leave allowance) to volunteer for a not-for-profit organisation. This will enable our team members to provide a valuable contribution to these organisations and help them achieve their missions.

Links to UN SDGs

To expand our contribution to our communities, we have established partnerships with some new charities, such as The Children's Society and The Felix Project.

The Children's Society is a UK-based charity that focuses on improving the lives of vulnerable children and young people. For this organisation, we have hosted activities such as bake sales and charity sales in our hotels and corporate office in the UK, and we are currently planning further recurrent initiatives going forward.

The Felix Project is a London-based charity focused on reducing food waste and combating hunger by redistributing surplus food to those in need. This year, we have donated nearly £4,000 to the project by adding an optional donation to restaurant and bar bills over the period May – July.

Following the beginning of our collaboration in 2023, this year we also continued to support the charity StreetSmart, which assists homeless people in London. For this charity we also collected funds through optional donations to restaurant and bar bills in the period November – December, raising a total of nearly £4,000.

In addition to this work, we continue our strong collaboration with the charity Just a Drop. Through this programme, launched in September 2022, guests staying for at least two nights have the option to forgo all housekeeping services, thereby reducing the amount of water, energy and detergents used to clean linens. The hotel then donates €/£1 per opted-out night to Just a Drop and all the funds raised help the charity to provide essential water, hygiene and sanitation to communities in developing countries. In return, guests can also choose from a selection of rewards in recognition of their support.

In 2024, we donated £129,000 to Just a Drop, bringing the total raised since the start of the collaboration to over £240,000. These resources enabled the charity to fund projects in small communities in Cambodia, Zambia, Nicaragua and Kenya.

Other notable organisations that our hotels have supported through in-kind or financial support include the Oasis Academy, the Ealing Soup Kitchen and Hospitality Action. In September 2024, some of our GMs in the Netherlands have also raised €6,500 for the charity Kika by taking part in the Dam tot Dam Loop run in Amsterdam, supporting the organisation in the fight against childhood cancer. In Croatia, AHG supported the city of Pula through donations to the Pula General Hospital, the Pula Film Festival and the Pula Marathon.

Besides these charity initiatives, some of our hotels also support biodiversity projects. For instance, with our Croatian properties in Pula and Medulin being located within Natura 2000 protected areas, we are committed to protect these areas and ensure their preservation. To reduce the impact that our business on water resources in the area, in 2023 we installed two desalination plants, one in Pula and one in Medulin, which provide us with fresh water for landscape irrigation. In 2024, we commissioned environmental impact studies on both plants, with the outcomes confirming that these plants do not have adverse impact on the local ecosystems.

Other examples of biodiversity projects are the beehives that our hotels Park Plaza Nottingham and Park Plaza London Waterloo have on their rooftops, each of them producing around 70kg of honey in 2024, which is used for food and drinks in the hotel or gifted to some of our guests.

TCFD report

The UK Listing Rules (6.6.6(8)R) require the Company to include a Task Force on Climate-related Financial Disclosures (TCFD) statement in the Annual Report.

This section is drafted in compliance with the 11 TCFD recommendations and, together with a climate scenario analysis, it provides an overview of the four pillars of the TCFD report for PPHE: Governance, Strategy, Risk Management, and Metrics and Targets. These pages also address our reporting obligations under the Streamlined Energy and Carbon Reporting (SECR) regulation and the requirements of the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

Governance

An important change in our Enterprise Risk Management (ERM) framework is that, to reflect their relevance in our business planning, as of 2024 climate related risks are no longer classified as emerging risks and are treated just like all other business risks. Our risk management framework is built on four key elements that support informed decision-making: a risk-reward strategy, strong risk governance, a structured risk management process, and risk assurance. Enterprise risk assessments are conducted quarterly, evaluating each risk's likelihood and potential impact.

In 2021, we established an ESG Committee, which is currently made up of four of our Non-Executive Directors and oversees PPHE's work in this area. Meeting on a quarterly basis, the Committee engages with the Executive Leadership Team to discuss updates on climate related issues, approves the strategy and targets proposed by the Executive Leadership Team, and reviews the TCFD disclosures annually in February. It also oversees the ESG strategy, ensures that stakeholders are consulted on ESG related initiatives, and monitors how these activities are communicated to both internal and external stakeholders.

The Audit Committee oversees and advises the Board on the Group's risk exposure, risk appetite and future risk strategy. As part of this responsibility, it meets quarterly to help monitor both financial and non-financial climate related risks, tracking changes that could affect the Group's overall risk profile. In Q4 2024, the Head of Internal Audit and Risk conducted routine functional risk reviews with all internal departments, aided by the ESG Manager, for climate related risks. The findings were reported to the Audit Committee, and no new issues or concerns regarding climate related risks were identified during this process.

The Chief Corporate & Legal Officer, Inbar Zilberman, reports to the ESG Committee of 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 2024, we continued with our awareness campaign to embed environmental sustainability and social responsibility into our daily operations. This campaign included a newsletter, ESG Ambassadors at our hotels, and ESG training available to all employees. Through these initiatives, we aim to cultivate a culture of responsible action across all areas of our business.

Strategy

We recognise the complexity of climate change and our responsibility to minimise our environmental impact. With this in mind, we are committed to reducing our carbon footprint and overall environmental footprint. Our ESG strategy, along with its detailed targets, plays a pivotal role in helping us achieve this goal. As a company that develops, owns, co-owns and manages many of its properties, we have an advantage in adopting sustainability initiatives across every stage of our business, from property development to daily operations. By embedding sustainability into all aspects of our activities, we aim to create long-term value for the Group and our stakeholders.

Building on the progress made in 2023, this year we further developed and refined our ESG strategy. As part of our journey, we have committed to create a detailed decarbonisation plan on the path to achieving net zero by 2040, which will be instrumental for our SBTi submission. In Q4 2024, we have engaged specialist support from the consultant Greenview to assist us in this mission. The output of this work will be a comprehensive list of actions to tackle carbon emissions in our business, a crucial stepping stone to inform our decarbonisation actions in the years to come. Additionally, we have maintained our collaboration with the Zero Carbon Forum and the Energy and Environment Alliance, whose expertise also continues to inform our decarbonisation efforts.

Environmental sustainability is a dynamic and evolving field, shaped by advancements in climate science, emerging technologies, and governmental commitments to reduce economy-wide carbon emissions. As these commitments drive changes in policy across our industry, climate risk assessment remains essential to ensure that our business strategy remains resilient and sustainable for the long term.

Climate scenario analysis

As part of the TCFD obligations, in 2024 we reassessed the transition and physical risks that PPHE is exposed to. This year, we expanded our analysis of physical risks beyond the regional level and delved into the risk profile at the property level, an ambition that we set out in 2023. We did so by engaging the specialists at Climatig, who provided us with access to their proprietary software to analyse physical climate risks under the two different climate change scenarios below.

Representative Concentration Pathway 4.5 (RCP4.5): This is an International Panel on Climate Change (IPCC) intermediate climate scenario for GHG emissions where the assumption is that these emissions will peak around 2040 and then decline.

Representative Concentration Pathway 8.5 (RCP8.5): This is another IPCC climate scenario, generally taken as the basis for the worst-case climate scenario for GHG emissions, with the assumption that the GHG emissions will continue to rise throughout the 21st century.

Time horizons

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

- short term: 2025–2027;
- medium term: 2028–2030; and
- long term: 2031–2040.

These scenarios were selected as they allow for sufficient granularity in the analysis, while also not overextending our ability to conduct the climate risk assessment far into the future. Given the uncertainty surrounding climate change, both in its effects and in the policies governing the response, it is challenging to accurately forecast the long-term impact on our business. As a result, we chose to define 2040 as the end boundary for our long-term scenario, as predictions beyond that point become speculative.

Note that the tables that follow, presenting transition and physical risks, group together the assessment of the financial impact in the medium and long term. The reason for this is that, given the time horizons selected, our assessment did not identify any meaningful difference between the impacts of these risks in the medium and the long term.

Transition risks

We identified and assessed four transition risks, as outlined in Table 1. The risk profile for these varies primarily based on the geographic location of our properties. For instance, customer expectations around climate related issues may have a stronger influence in certain countries, and the same applies to local regulatory environments.

Table 1 Assessment of residual transition risks

Transition risk	Likelihood	Short-term financial impact*	Medium/ long-term financial impact*
Negative perception of the Group by stakeholders with regard to climate related matters	Unlikely	Moderate	Moderate
Climate change increasing input costs	Almost certain	Minor	Moderate
New climate related regulations impacting asset value	Very unlikely	Minor	Moderate
Cost and disruption of updating physical infrastructure to phase out non-renewable energy sources	Almost certain	Minor	Major

* Minor: <£1.25 million; Moderate: £1.25–6.75 million; Major: £6.75–25 million. All refer to annual impact.

The risk of 'Negative perception of the Group by stakeholders with regard to climate related matters' is well mitigated by PPHE through some elements of our ESG strategy, such as our ambitions around building environmental certifications to assess climate risk and the work to submit our decarbonisation targets to the SBTi.

The reason for highlighting the risk of 'Climate change increasing input costs' in our assessment is twofold. On the one hand, it relates to F&B costs, which have increased in recent years because of, among other reasons, the effects of climate change. On the other hand, it is due to the impact that carbon pricing has on some of the input costs to build our properties (for example, steel and cement). Given the significant part that F&B and construction activities play in our business model, this is a risk that we will pay close attention to in the future.

The risk of 'New climate related regulations impacting asset value' refers to the various mandates requiring that buildings adapt to certain standards, such as the EPC rating (energy performance certificate) in the UK. One of our main mitigation measures for this risk is to ensure that all our all new-build hotels, repositioning projects and refurbishments obtain a certification by a recognised building certification scheme (such as BREEAM or DGNB). In addition to this, we are currently conducting BREEAM in-use assessments for some of our properties, which will serve as a further mitigation measure to this risk.

The 'Cost and disruption of updating physical infrastructure to phase out non-renewable energy sources' is also an important one in our risk register. Some of the countries in which we operate have set ambitious goals around the phasing out of gas (for example, the UK and the Netherlands), which might lead organisations like ours to accelerate the transition to other energy sources, with potentially higher costs associated to it.

Having identified the above risks, we have control and mitigation measures in place for all of them, which we monitor on an annual basis to ensure that our response can be promptly adjusted if there are any changes to the risk profile.

Physical risks

The physical risks we consider material to our business are outlined in Table 2.

Table 2 Assessment of residual physical risks

Physical risk	Likelihood	Short-term financial impact*	Medium/long-term financial impact*
Coastal flooding	Very unlikely	Minor	Minor
River flooding	Unlikely	Moderate	Moderate
Heavy precipitation	Likely	Minor	Minor
Drought	Possible	Minor	Minor
Wildfires	Unlikely	Moderate	Moderate
Heatwaves	Possible	Minor	Minor

* Minor: <£1.25 million; Moderate: £1.25–6.75 million; Major: £6.75–25 million. All refer to annual impact.

It is important to note that the significance of these risks varies widely across our properties. For instance, while heavy precipitation primarily poses a threat to our properties in London, coastal flooding and wildfires are a greater concern for those in parts of the Netherlands and Croatia, respectively. In contrast, risks such as heatwaves are relevant to every property in our portfolio.

While some of our properties in the Netherlands are potentially exposed to coastal flooding, being below sea level, the country has various sea barriers throughout the coastline to protect it from this type of event, leading to a very low likelihood of occurrence. In the same way, while it is true that many of our hotels are located near rivers (for example, the River Thames in London), river flooding risk is still relatively low for them due to defence mechanisms that are in place. In London, this role is played by the Thames Barrier, which is located in the Eastern part of the city and protects it from tidal surges and sea level rise, ultimately reducing the risk of river flooding.

Similarly to coastal and river flooding, heavy precipitation can also lead to flooding. Of the three flooding related risks (coastal, river, heavy precipitation), this is the most concerning for our properties, as it is the one for which the fewest measures are in place at the city or regional level. However, the expected impact on our properties is still considered minor.

The drought risk is of particular relevance to our Croatian properties. To mitigate this and tackle water shortage in the area, in 2023 we installed desalination facilities in Pula and Medulin. These plants now provide sufficient fresh water for irrigation of the surrounding landscape, contributing to reducing our freshwater withdrawal in the area.

In general, while our hotels are exposed to the transition and physical risks listed above, none of them are expected to generate major financial impacts on our portfolio, and for each of them we have control and mitigation measures in place, including insurance and crisis management plans.

Climate related opportunities

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

These efforts will be supported by the decarbonisation plan that we will devise in 2025, which will give us a detailed list of actions to reduce our emissions across our assets and operations. Our commitment to setting science-based targets will be an opportunity for our business to increase our competitiveness on climate related matters.

On the real estate side of our business, we are pursuing BREEAM in-use certifications for some of our properties. Among other benefits, this will help us better understand the climate related risks that these properties are exposed to and increase our preparedness to address them. Another opportunity given by the BREEAM in-use certifications is that this third party assessment will also have the potential to increase the value of these properties.

Risk Management

A comprehensive risk management process is essential to our success. We have an ERM system for the whole Group that is embedded within the strategy of each corporate function. As mentioned above, as of 2024, climate related risks are no longer classified as emerging risks in our ERM and are treated just like all other business risks, enhancing our focus on them for business planning purposes. Our risk management framework is built on four key elements that support informed decision-making: a) a risk-reward strategy; b) strong risk governance; c) a structured risk management process; and d) risk assurance. Enterprise risk assessments are conducted quarterly, evaluating each risk's likelihood and potential impact.

Metrics and Targets

With climate change presenting a major challenge to the hospitality industry, it is crucial for every organisation in the sector to pursue more sustainable and transparent operations, and PPHE is deeply committed to reducing our carbon footprint. In 2023, we enhanced the level of detail of our carbon balance sheet by providing a detailed breakdown for each country in which we operate, a format that is replicated this year as well.

This step has been instrumental in advancing our Group's progress toward science-based targets and our net zero ambition. Our key environmental performance targets include:

- achieving net zero by 2040.
  In 2024 we engaged external specialist support to help us with the draft of a decarbonisation plan and the submission to SBTi.
- ensuring that all our all new-build hotels, repositioning projects and refurbishments obtain a certification by a recognised building certification scheme. This year we launched an internal policy to ensure that this ambition is achieved.
- procuring renewable electricity where available.

As of 2024, we source renewable electricity in all the countries in which we operate, with the exception of Serbia.

Streamlined Energy And Carbon Reporting

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

This SECR report includes data on energy consumption, carbon emissions, intensity ratios and methodologies, and a narrative on energy efficiency actions.

The disclosure is for the period from 1 January 2024 to 31 December 2024 and it covers:

- energy use for 2024 and 2023;
- GHG emissions for 2024 and 2023;
- intensity ratios for 2024 and 2023;
- details on energy efficiency actions implemented in 2024; and
- the methodology used for the calculations.

Our carbon footprint is based on the GHG Protocol, utilising emission factors relevant for each region in which we operate. The analysis presents our emissions across Scopes 1, 2 and 3:

- **Scope 1 emissions** cover direct emissions from the combustion of gaseous and transportation fuels by the Company.
- **Scope 2 emissions** include indirect emissions from purchased electricity and district heating and cooling used in our hotels and offices.
- **Scope 3 emissions** account for indirect emissions from the products and services we procure. While we do not have direct control over these emissions, we actively collaborate with our value chain partners to develop strategies for reducing them as part of our goal to achieve net zero by 2040.

Scope 2 emissions can be calculated using either the location-based or market-based approach. The location-based method relies on the average emission factor of the energy grid in the area where consumption occurs, while the market-based method considers specific contractual instruments companies use to procure their energy, such as renewable energy contracts or on-site renewable energy generation.

The carbon footprint calculations were conducted by the consultants Zero Carbon Services (ZCS) for PPHE and Code Gaia for AHG, and ultimately merged into the results for the whole Group by ZCS.

Note that the 2023 figures were recalculated in 2024 to reflect an improved and more accurate methodology. The figures reported include all hotels under management, regardless of the ownership structure. Therefore, emissions from the hotels Park Plaza County Hall London and art'otel London Battersea Power Station are also included in their entirety. The tables below present our carbon footprint results and summary of our energy consumption for the UK and the whole Group for 2024 and 2023.

Table 3 Summary of UK-only energy consumption and carbon emissions – 2024

Scope	Energy consumption (kWh)	Emissions (tCO_2e)
Scope 1[1]	27,542,200	5,880
Scope 2 (location-based)[2]	37,104,776	7,185
Scope 2 (market-based)[2]	37,104,776	521
Scope 1 plus Scope 2 location-based	64,646,976	13,065
Scope 1 plus Scope 2 market-based	64,646,976	6,401

1: Includes natural gas, fugitive gases, petrol, diesel, heating oil, and liquid gas.
2: Includes electricity, district heating and district cooling.

Table 4 Summary of UK-only energy consumption and carbon emissions – 2023

Scope	Energy consumption (kWh)	Emissions (tCO_2e)
Scope 1	27,520,134	5,791
Scope 2 (location-based)	30,081,394	6,681
Scope 2 (market-based)	30,081,394	535
Scope 1 plus Scope 2 location-based	57,601,529	12,472
Scope 1 plus Scope 2 market-based	57,601,529	6,326

Table 5 Summary of Group-wide energy consumption and carbon emissions – 2024

Scope	Energy consumption (kWh)	Emissions (tCO_2e)
Scope 1	42,109,398	9,661
Scope 2 (location-based)	82,208,721	17,654
Scope 2 (market-based)	82,208,721	1,887
Scope 1 plus Scope 2 location-based	124,318,119	27,315
Scope 1 plus Scope 2 market-based	124,318,119	11,548

Table 6 Summary of Group-wide energy consumption and carbon emissions – 2023

Scope	Energy consumption (kWh)	Emissions (tCO_2e)
Scope 1	42,550,684	9,067
Scope 2 (location-based)	71,580,985	16,935
Scope 2 (market-based)	71,580,985	3,915
Scope 1 plus Scope 2 location-based	114,131,670	26,002
Scope 1 plus Scope 2 market-based	114,131,670	12,982

The table below shows Scope 3 emissions for PPHE, AHG and the whole Group.

Table 7: PPHE Hotel Group Scope 3 emissions.

	2024	2023
PPHE[1]	**56,691**	60,269
AHG[2]	**18,053**	16,730
Group	**74,744**	76,999

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

Intensity ratios

The intensity ratios we calculated are tonnes of CO_2e/total revenue (£m) and kgCO_2e/ occupied room, both calculated using market-based emissions for Scope 2. The tables below present these ratios for each country, with the exception of Italy as art'otel Rome Piazza Sallustio is not operational yet. Please note that figures are rounded to one decimal place.

Table 8 PPHE's carbon intensity metrics for 2023 and 2024 – UK

	2024	2023
Scope 1 and 2 emissions (tCO_2e)	**6,401.0**	6,326.0
Revenue (£m)	**301.0**	282.6
tCO_2e/£m	**21.3**	22.4
Rooms sold	**1,208,901**	1,126,037
kgCO_2e/room sold	**5.3**	5.6

Table 9 PPHE's carbon intensity metrics for 2023 and 2024 – Netherlands

	2024	2023
Scope 1 and 2 emissions (tCO_2e)	**1,431.0**	1,476.0
Revenue (£m)	**66.2**	63.3
tCO_2e/£m	**21.6**	23.3
Rooms sold	**339,560**	322,607
kgCO_2e/room sold	**4.2**	4.6

Table 10 PPHE's carbon intensity metrics for 2023 and 2024 – Croatia

	2024	2023
Scope 1 and 2 emissions (tCO_2e)	**1,882.0**	3,282.0
Revenue (£m)	**84.1**	78.1
tCO_2e/£m	**22.4**	42.0
Rooms sold	**790,695**	754,661
kgCO_2e/room sold	**2.4**	4.3

Table 11 PPHE's carbon intensity metrics for 2023 and 2024 – Germany

	2024	2023
Scope 1 and 2 emissions (tCO_2e)	**698.9**	1,144.1
Revenue (£m)	**30.4**	29.3
tCO_2e/£m	**23.0**	39.1
Rooms sold	**228,060**	212,544
kgCO_2e/room sold	**3.1**	5.4

Table 12 PPHE's carbon intensity metrics for 2023 and 2024 – Austria

	2024	2023
Scope 1 and 2 emissions (tCO_2e)	**236.2**	200.3
Revenue (£m)	**4.2**	3.4
tCO_2e/£m	**56.2**	59.5
Rooms sold	**16,274**	14,901
kgCO_2e/room sold	**14.5**	13.4

Table 13 PPHE's carbon intensity metrics for 2023 and 2024 – Hungary

	2024	2023
Scope 1 and 2 emissions (tCO_2e)	**275.1**	250.8
Revenue (£m)	**5.3**	4.4
tCO_2e/£m	**51.5**	56.9
Rooms sold	**44,597**	31,166
kgCO_2e/room sold	**6.2**	8.0

Table 14 PPHE's carbon intensity metrics for 2023 and 2024 – Serbia

	2024	2023
Scope 1 and 2 emissions (tCO_2e)	**623.1**	304.0
Revenue (£m)	**1.1**	0.1
tCO_2e/£m	**560.7**	4,438.3
Rooms sold	**10,838**	816
kgCO_2e/room sold	**57.5**	372.5

The tables above show improvements in the intensity ratios for almost all countries year on year. The exception is a small increase seen for Austria, led by higher occupancy and emissions, but lower revenues. Significant reductions were achieved in Croatia and Hungary, driven by the adoption of renewable electricity contracts mid-2023, as well as Germany. Although marginal, the reductions in both ratios for the UK are significant being it the largest region by turnover for the Group. Finally, it is worth noting that the changes in the ratios for Serbia are largely due to Radisson RED Belgrade being closed for renovations for most of 2023, reopening in February 2024, skewing emissions, revenues and occupancy.

Energy efficiency actions

In 2024, we have upgraded some of the equipment in our hotels to achieve energy efficiency gains, with the key improvements made across our portfolio described in the following paragraphs.

In various hotels in the UK and the Netherlands, we have installed a new kitchen extract control system, leading to 50% energy savings in these areas. In Park Plaza London Riverbank and Park Plaza London Waterloo, we replaced old battery-operated passive infra-red (PIR) sensors for guest rooms with new generation wired sensors. In Park Plaza London Riverbank, we replaced Low Temperature Hot Water (LTHW)circulation pumps with more efficient, inverter-driven pumps and in Park Plaza Victoria London, we installed inverters on the LTHW and Chilled Water (CHW)circulation pumps, with associated energy savings of around 70–80%. In Park Plaza London Westminster Bridge and Park Plaza County Hall London, we replaced old compressor-driven minibars with more efficient thermoelectric ones.

We installed some water reduction technologies as well, such as water saving showers in Park Plaza London Westminster Bridge, allowing us to save both water and energy.

Quantiification and reporting methodology

Our carbon footprint calculations were conducted by Zero Carbon Services for PPHE and Code Gaia for AHG, in line with the GHG Protocol Corporate Accounting and Reporting Standard. The following paragraphs provide more detail on the data collection processes.

Scope 1

Gas consumption data is obtained directly through automatic meter readings. F-gas leakage data is provided from our suppliers, accounting for refills and amount of gas recovered. The minimal amount of emissions coming from company vehicles is calculated based on the amount of fuel refills.

Scope 2

Electricity and district heating consumption data is obtained directly through automatic meter readings. For regions where we have renewable energy contracts in place, an emission factor of zero was applied to the electricity consumption to calculate market-based emissions.

Scope 3

Wherever possible, Scope 3 emissions were calculated with the volume-based method (over one third of the overall Scope 3 emissions). However, the majority were calculated with the spend-based method and small part through average data. The table below presents more detail on each emission category.

Category	Description	Calculation method
1. Purchased Goods and Services	Data comes from our procurement system and it is integrated with our financial accounting system to ensure completeness and consistency.	F&B products: volume-based Non-F&B products and services: spend-based
2. Capital Goods	Data comes from the CAPEX reports of each individual property.	Spend-based
3. Fuel- and Energy-Related Activities (FERA)	This is based on energy consumption captured for Scope 1 and 2.	Volume-based
4. Upstream Transportation and Distribution	Not applicable to PPHE.	
5. Waste Generated in Operations	Data comes from reports shared by our waste management suppliers.	Volume-based
6. Business Travel	Data comes partly from reports shared by our travel agencies and partly from invoices, depending on the provider.	Mix of volume- and spend-based
7. Employee Commuting	Calculations based on number of employees and average emission factors for the areas in which they are located.	Average data
8. Upstream Leased Assets	Not applicable to PPHE.	
9. Downstream Transport and Distribution	Not applicable to PPHE.	
10. Processing of Sold Products	The only input data for this category is that related to cooking oil, which is sold to companies that then recycle and repurpose it into new products.	Volume-based
11. Use of Sold Products	Not applicable to PPHE.	
12. End-of-Life Treatment of Sold Products	Not applicable to PPHE.	
13. Downstream Leased Assets	Not applicable to PPHE. While we do have some downstream leased assets (e.g., rented office and F&B areas), we are responsible for paying the utility bills for these assets, meaning that the associated emissions fall into our Scope 1 and 2 and not Scope 3.	
14. Franchises	We have two franchised properties in our portfolio, Park Plaza Cardiff (Wales) and Park Plaza Trier (Germany). Data for these calculations comes from the utility reports received directly from the hotels.	Volume-based
15. Investments	Not applicable to PPHE.	