Taskforce on Climate-related Financial Disclosures (TCFD)

The following pages set out the potential impacts, risks and opportunities of climate change on our business and our responses to the TCFD disclosures. Considered in this report are the current and projected climated related financial impacts as we seek to progress to Net Zero. We also explain the steps we have taken so far to reach Net Zero, the targets adopted and the Company's forward plan.

Summary

The Group recognises the need for coordinated action, both within our own operations and in collaboration with industry partners, to reduce the UK hospitality sector's carbon footprint and our combined impact upon nature. As part of our sustainability strategy, we have a clear and realistic pathway to Net Zero, targeting Net Zero across our own operations (Scopes 1 & 2) and our supply chain (Scope 3) by 2040, which is in line with our pub industry peers.

We have mapped our total greenhouse gas (GHG) emissions, including those emanating from our supply chain, which are responsible for over 80% of the Group's total emissions. This helps us to identify specific goods and services that we receive which are responsible for the highest emissions, enabling valuable conversations with our supplier partners around carbon reduction initiatives. A key activity of our Planet pillar is adapting our pubs to move away from gas to electricity.

Our future procurement strategy will include acquiring electricity generated from sustainable sources, such as solar, wind and water. We are also focusing on reducing our water usage across our estate and initiatives to drive recycling and minimise food waste. More information on all our activities can be found in this year's Impact Report available at: **www.marstonspubs.co.uk**.

Preparing for climate change

Carbon neutrality, the reduction of the emissions directly under our control (Scopes 1 & 2), can be achieved through minimising waste from our operations, to transitioning our kitchens from gas to fully electric, moving to lower carbon heating sources, and securing energy supply from renewable sources.

The conversion of our kitchens from gas to electricity began two years ago and is progressing well. The conversion programme principally involves the modernisation of our equipment, replacing equipment at the end of its life with new, more sustainable alternatives, completed within normal cycles of equipment replacement. We are also making positive progress on our commitment to reduce food waste by 50% across our operations by 2030, already achieving a 32% reduction through food waste initiatives.

Sourcing ample renewable energy is a key step to achieving Net Zero. We will only contract renewable energy prices when it is commercially viable for our business.

The volume of green energy available for purchase on the energy market is outside our control; however, we are committed to keep evaluating the market to find supply deals which are right for our business.

Our roadmap to Net Zero is based upon an assumption that sufficient green energy is available for our business at the right price. In the meantime, the lack of volume in this market doesn't impede our plans to transition to electrification. We consider that renewable energy supply in the UK will continue to increase and that consequently green energy prices will fall. We are confident that the re-fit of our kitchens from gas to transition to electric can largely be completed within normal cycles of equipment replacement.

We have re-evaluated our financial forecasting since last year. Planned and known costs are reflected in our short to medium-term forecasting as appropriate. For instance, the cost of preparatory work for conversion to electrical equipment is reflected in our five-year plan and our capex refurbishments include, as standard, works to reduce carbon emissions and operating costs at a pub level.

Weather impact

Our analysis has identified that he most significant potential impact of climate change on our business is flooding. Flooding across the estate over the past 10 years has equated to £2 million worth of damage. We now have two pubs that consistently flood and experience some disruption to trade. However, over the entire estate there seems to be no discernible trend in the costs caused by flooding.

TCFD disclosure compliance

This year we have sought to improve our reporting on Scope 3 emissions and have worked with the Zero Carbon Service on the identification and quantification of indirect emissions. The full financial impact of climate change and Net Zero cannot presently be quantified, however we believe this will become clearer in future years as the costs and opportunities become more certain.

We have sought to reflect a more detailed appraisal of the financial impact of climate change in our short to medium-term plans while forecasting where possible – for instance, the additional costs of converting our kitchens, where known.

Climate change viability

The risks of climate change are considered by management during the year to prepare for our TCFD reporting, including the route for achieving Net Zero and the impact on our financial modelling. Our Planet steering committee meets to consider progress made to tackle climate change, to plan for the next steps and consider the relevant risks. The climate change risks as they currently present themselves are not significant enough to impact our viability, meaning that we do not consider that our direct operations are subject to high climate-related risk in the short to medium-term. Fundamentally we are well placed to manage climate-related challenges, seize the associated opportunities and adapt.

We remain steadfast in our commitment to collaborate with our supplier partners and industry peers to decarbonise while continuing our work with external experts to broaden the scope of our sustainability efforts and further improve our TCFD disclosures year-on-year.

SUSTAINABILITY continued

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

SUMMARY OF TCFD DISCLOSURES

This report has followed the guidance set out in the Task Force on Climate-related Financial Disclosures (June 2017) and the implementation advice (October 2021). This disclosure also complies with the requirements of the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

At the time of publication, we have made climate-related financial disclosures consistent with the TCFD recommendations in this report against:

- Governance (all recommended disclosures).
- Risk management (all recommended disclosures).
- Strategy (disclosures (a) and (c)).
- Metrics and targets (disclosures (a) and (c)).

The following climate-related financial disclosures are not consistent with the TCFD recommendations:

- Strategy (disclosure (b) – financial impact and disclosure). Due to uncertainty or a lack of reliable data, particularly regarding future weather forecasting, we have further work to do to be able to enhance our disclosures with respect to strategy and the financial impact of climate-related risks. We will continue to review this year on year and disclose appropriately when the data becomes more reliable.
- Metrics and targets (disclosure (b) – Scope 3 emissions). Our focus on scope 3 emissions has been to understand our emissions and the key hotspots within our supply chain. So far this has focused on the data collected for FY2023. Our intention in future years is to enhance this information gathering process in order to report on the current financial year.

TCFD recommended disclosures and our progress

Theme	TCFD recommended disclosure	2024	Our disclosure	Where to find it
Governance	a. Describe the Board's oversight of climate-related risks and opportunities	■	The Board is responsible for the strategic direction of the Group, including climate-related risks and opportunities. More information on these can be found in our Principal Risks and Uncertainties section of this report.	▸ PAGE 23
	b. Describe management's role in assessing and managing climate-related risks and opportunities	■	The Executive Committee is responsible for ensuring that management has the appropriate resources in place to implement our business strategy, including those aspects which connect to climate-related risks and opportunities.	
Risk management	a. Describe the organisation's processes for identifying and assessing climate-related risks	■	The risk register for climate change is managed by the Director of Corporate Risk. Meetings are held with the risk owners, during the year to assess the risks and the assessments are re-evaluated as conditions change, to consider whether the risk could have a material financial impact on the business.	▸ PAGE 23
	b. Describe the organisation's processes for managing climate-related risks	■	Marston's strategic priorities are linked to the effective control of climate-related risks and opportunities.	
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	■	The environmental risks are assessed in terms of their potential to significantly impact on our business in the short, medium or long-term timeframe. We consider how the implementation of identified mitigating factors can support our strategic resilience to climate change.	

■ Recommendations against which we have been able to fully disclose.

◪ Recommendations against which we have made significant progress and plan to enhance our disclosure further.

SUSTAINABILITY continued

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Theme	TCFD recommended disclosure	2024	Our disclosure	Where to find it
Strategy	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	■	Our principal risks consider climate-related risks.	▸ PAGE 24
	b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	◣	This report explains the actions we take for the sustainable management of procurement, food, waste, general waste, energy usage and investment. The full financial impact of climate change and Net Zero cannot presently be quantified though we believe this will become clearer in future years as the costs and opportunities become more certain. It is expected that more certainty about the financial cost of converting our premises to electric rather than gas and oil will be forthcoming in future years when the market for renewable energy expands. We have sought to reflect a more detailed appraisal of the financial impact where possible in our five year plan, such as the preparations to convert our kitchens to electric.	
	c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a +2°C or lower scenario	■	The modelling pertinent to our business is for flooding within the UK. Environmental predictions about climate change within the UK up to global warming of 2°C are speculative, particularly when applied to a large number of individual properties. As an alternative, we have considered which of our properties are in low, medium or high-risk areas for flooding as defined by the Met Office. From our assessment, we do not consider that our direct operations are at high climate related viability risk in the short to medium term.	
Metrics and targets	a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	■	Marston's employs the services of an energy bureau, ISTA, to identify our monthly energy usage per site and calculate the total Scope 1 & 2 emissions across our estate. ISTA collects electricity and gas meter readings from our sites, working alongside our Energy Manager to estimate readings if none are available, and investigate unusual recordings.	▸ PAGE 33
	b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	◣	Marston's provides a full disclosure of its Scope 1 & 2 emissions. Our focus on Scope 3 emissions has been to understand emissions and key hotspots within our supply chain. To date this has focused upon the data collected for FY2023. Our intention in future years is to enhance the information-gathering process to be able to report on the most recent full financial year. Purchased food and drink make up the highest proportion of our Scope 3 emissions. We are beginning to work with our suppliers to understand their emissions and where changes could be made to reduce scope 3 emissions within the supply chain. We have now engaged with our largest food suppliers to understand their challenges and the projects they are undertaking to reduce emissions.	
	c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	■	Our targets include Net Zero by 2040, our commitment to reducing food waste by 50% by 2030, and our plans to move towards the electrification of the estate. We hope to provide more information in future years as climate-related costs and opportunities become more certain.	▸ PAGE 34

■ Recommendations against which we have been able to fully disclose.

◣ Recommendations against which we have made significant progress, and plan to enhance our disclosure further.

SUSTAINABILITY continued

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

GOVERNANCE

Board oversight

The Board is ultimately responsible for the strategic direction of the Company, including climate-related risks and opportunities. Our Board and Executive Committee retain oversight of our sustainability strategy ensuring proper stewardship and accountability and are ultimately responsible for attainment of our targets and climate related risks and opportunities. The Board is updated during the year on ESG topics, including an update on our progress to Net Zero, by our Sustainability taskforce and Plant steering committee.

Our Sustainability taskforce and the steering committees it leads, for each of the four pillars (Planet, People, Product and Policy), are the engine room of execution for initiatives. These cross-functional teams have the expertise, networks and authority to drive the activities that support and help ensure that the sustainability strategy is fully integrated into our business, from the impact of climate change to our inclusion strategy.

Planet Steering Committee

Our Planet Steering Committee assists with the development and delivery of carbon reduction projects. It is chaired by our Energy Manager and includes team members from areas of the business that are most involved with our Net Zero delivery and wider environmental matters. The group meets quarterly and reports progress on our Net Zero plans to the Sustainability taskforce and Executive Committee.

The Committee reviews and identifies the optimal timings for the investment in new technologies and our progression away from the supply of gas and electricity from non-renewable sources. The results of these reviews are reported to the Executive Committee to allow climate-related issues to be considered when approving annual budgets, major investments, divestments and strategic plans and programmes.

Risk management

Business risks including climate-related risks faced now, and in the future, are assessed alongside our key value drivers, whilst using standardised criteria to provide consistency in the evaluation of both their potential impact and likelihood. More information on our principal risks, including ESG-related risks and details on how we seek to mitigate them, can be found on pages 37 to 41.

Under delegation from the Executive Committee, the Director of Corporate Risk has responsibility to oversee risk management. Information on how we manage risk, which included ESG-related risks, can be found on page 35.

SUSTAINABILITY GOVERNANCE STRUCTURE

Board of Directors

Ultimate oversight of our sustainability strategy and the risks and opportunities presented by climate change

General Counsel & Company Secretary

Reviews development and implementation of policies and strategies, including those on climate change

Chair of the sustainability taskforce, ensuring Executive Committee-level stewardship

Sustainability taskforce

Senior leaders responsible for shaping the sustainability strategy and setting, communicating and monitoring our targets and commitments

Steering Committees

Responsible for ensuring initiatives are just part of 'the way we do things round here'

Supporting groups

Specialist groups for specific areas of focus, including the TCFD and Environmental working group, the D&I Taskforce and supporting employee-led networks

SUSTAINABILITY continued

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

STRATEGY

Our commitment to operating safely and sustainably is a key enabler of our business strategy. Marston's strategy incorporates the consideration of climate-related risks and opportunities and the drive to achieve Net Zero by 2040, through identifying assessing and managing our environmental impacts.

Procurement

As part of our procurement strategy, we consider the environmental record of all major new suppliers. For food suppliers this includes the number of miles that food travels from 'farm to fork', although no acceptable level has as yet been defined. Environmental information is collected from our suppliers through our Food Information System, Smart Supplier, together with other ethical data such as employment conditions and safety. For other suppliers we use information from Sedex, an online platform where businesses share information about their ethical performance. We have contingency plans are in place to manage supply chain disruptions, such as product substitutions, should they arise from climate-related factors.

Food wastage

As outlined on page 18, we have committed to reducing our food waste by 50% by 2030, compared to our baseline year (2019). We have already achieved a 32% reduction by reducing menu options and through food waste initiatives.

Food waste is weighed when it is collected by our waste supplier and all food waste is reused to generate energy. More information can be found in our 2024 Impact Report available at **www.marstonspubs.co.uk**.

Waste

For the last five years, we have run a campaign with our pub teams to segregate waste so that it can be more efficiently recycled. Teams were incentivised to increase the proportion recycled. More details can be found in our 2024 Impact Report.

Energy usage

For several years we have conducted an energy and carbon employee engagement campaign called 'Going Green'. Features include weekly energy reporting incentives, training and guidance is provided to help further reduce energy and carbon emissions. We continue to look to reduce carbon emissions and energy consumption at our pubs, including building management systems, induction catering equipment and LED lighting.

Sustainability and investment

Our strategy for growing the business includes reducing our reliance on fossil fuels, and investing in assets that take advantage of renewable energy. This includes the modernisation and electrification of catering equipment and the installation of lower-carbon heating systems.

Climate-related risks and opportunities

The table on pages 25 to 29 shows the relevant physical and transitional climate-related risks and opportunities identified by the Company. It is not possible to reliably quantify the financial impact of these risks and opportunities at this point in time; however, such quantification will be considered on an ongoing basis as the risks or opportunities become clearer, and our TCFD reporting develops.

Risk assessment

The risks are assessed in terms of their potential impact on our business in either the short, medium, or long-term. We define material climate-related risks and opportunities as those that are sufficiently important to our investors and other stakeholders to warrant public reporting. We will continually reassess our evaluation of climate-related risks and opportunities disclosed in our TCFD report as the views of our stakeholders evolve.

We will, wherever possible, seek to remove those risks that pose a threat to achieving our strategic objectives. If avoidance is impossible, we will work to mitigate the risk. We consider that this approach supports our strategic resilience to climate-related risks.

With regard to the evaluation of risks and opportunities associated with climate change, more time will be required to report against the seven Climate-Related Metrics defined within the guidance for TCFD.

Timeframe

Most of the Group's climate-related risks have the potential to impact our business across all three timeframes: short (1–5 years), medium (5–10 years) and long-term (10+ years). Many of these risks cannot be siloed into specific time periods.

The timeframe for short-term risks (1–5 years) reflects the fact that we generally know enough about such risks to structure our development plans and forecast the financial impact. The timeframe for medium risks (5–10 years) captures those risks that are reasonably likely to affect us in the future, though it is more difficult to quantify their potential impact. The timeframe for long-term risks (10+ years) considers those risks that might be contingent upon factors in the earlier time frames or where there is a greater degree of uncertainty about when or if their impact will be felt.

Climate-Related metrics

As more information becomes available, we will look to link our risks to the Climate-Related Metrics defined in the TCFD guidance and the possible quantifications.

SUSTAINABILITY continued

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

RISK AND RISK MANAGEMENT

Risk assessment process

The risks of climate change are considered by management throughout the year, including consideration of their potential impact on our financial modelling and Net Zero delivery. Our Planet Steering Committee group meets to consider progress made to tackle climate change, to plan for the next steps and consider the relevant risks and opportunities. The risks are prioritised in terms of their net position after mitigation regarding likelihood and impact.

Risk	Classification	Impact on Marston's	Mitigation	Timeframe
FLOODING			**Linked metric: number of pubs flooded**	▶ ▶ ▶
An increase in rainfall, or the intensity of rainfall, could lead to an increase in the rate and severity of flooding. **Linked opportunity:** New technology. In recent years we have piloted early flood warning systems to monitor and provide alerts to changes to surface water and ordinary watercourses. Surface water flooding might otherwise go unnoticed, and an early alert provides additional time to react to protect the property.	**Physical risk**	• Properties in the estate susceptible to medium level of flood risk (see Flooding risk deep dive on page 31) • Temporary loss of trade for a flooded site • Costs of repair not covered by insurance • Increase in insurance premiums • Reduced disposal proceeds for sites negatively impacted by flood risk devaluation	We have higher levels of flood defence in our high-risk pubs. All our properties are insured for damage caused by flooding and storms above a £1 million deductible, with an aggregated claims limit of £2.5 million, above which the insurer would compensate all aggregated loss. Marston's owns and operates a captive insurance company registered in Guernsey. The captive covers £750,000 of each loss up to the aggregated claims limit. Cellar pumps are deployed in our high-risk pubs and bars, such as Pitcher and Piano in York, to allow continued trading when local water levels are rising. Investment in riverbanks and river walls by the Environment Agency has increased the protection of our riverside pubs, such as The Swan Hotel in Upton upon Severn. Disposal of higher risk properties to reduce medium to long-term risk.	

The timeframe used equates to: ▶ ▷ ▷ Short ▷ ▶ ▷ Medium ▷ ▷ ▶ Long ▶ ▶ ▶ Short, medium and long term

SUSTAINABILITY continued

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Risk	Classification	Impact on Marston's	Mitigation	Timeframe
WATER SCARCITY			**No linked metric at present**	▶ ▷ ▷
Periods of drought could lead to water scarcity and event-driven, or extreme weather may cause challenges and disruption in our supply chain. All our sites use water distributed by water wholesalers through their regional networks. Marston's sites have little or no water storage on site so are reliant on mains water supply to operate.	**Physical risk**	• Localised droughts affecting water supply to our pubs • Increased cost of water supply • Supply chain disruptions could lead to increased costs and a reduction in margins	Minimising the impacts of climate change through carbon reduction and offsetting. We reduced water consumption through employee training, leak detection and implementation of lower water consumption processes and installation of equipment. Operation of our water self-supply licence, 'Marston's Water', provides a water retail services. This model gives greater control of billing and data, enabling a proactive approach to managing and conserving water. We are working on data sets that will help us identify properties at a higher risk of water scarcity and formulate a strategy to address the risk of water scarcity in high use areas in the future.	
EXTREME AND CHANGING WEATHER PATTERNS			**No linked metric at present**	▶ ▶ ▶
Extreme weather may cause challenges and disruption in our supply chain. Changing weather patterns – for example longer, sustained periods of hotter or wetter weather – may change consumer habits. **Linked opportunity:** Development of outside areas to take advantage of warmer weather. Commercial advantage in having a relatively high proportion of the pub estate with gardens.	**Physical risk**	• Supply chain disruptions could lead to increased costs and a reduction in margins • Dry and warm weather has a positive impact on revenue and profitability across our pub estate, with a larger impact on pubs with dedicated outdoor space. The converse is true for periods of wet weather	Supply chain disruptions are mitigated through seeking new suppliers and/or ensuring contingency plans are in place. Marston's has a diverse pub estate, which positions the business well for periods of both wet and warmer weather.	

The timeframe used equates to: ▶ ▷ ▷ Short ▷ ▶ ▷ Medium ▷ ▷ ▶ Long ▶ ▶ ▶ Short, medium and long term

SUSTAINABILITY continued

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Risk	Classification	Impact on Marston's	Mitigation	Timeframe
PENSION SCHEME: VALUE OF INVESTMENTS			**No linked metric at present**	▶▶▶
Long-term sustainability issues, including climate-related risks and opportunities, require consideration to maintain the valuation of pension scheme investments.	**Transitional risk**	The absence of good stewardship around sustainability matters could have a material impact on the investment risk and return outcomes of the pension scheme investments	Investment Managers have full discretion when evaluating ESG or sustainability issues, including climate change considerations. The Pension Scheme Trustees use ESG ratings provided by the Scheme's investment consultant when appointing and monitoring investment managers.	
LEGISLATION AND POLICY			**No linked metric at present**	▷▷▶
Increased risk of non-compliance from accelerated, or new, legislation to support the global climate change agenda.	**Transitional risk**	• Increased costs to adapt and comply with new regulations, e.g. requirements to bring properties in line with EPC Band B criteria • Higher compliance costs or increased insurance premiums on carbon use • Increasing costs and/or decreasing revenue due to taxation on the sale of beef and dairy and Increased carbon taxation on GHG emissions	We are compliant with the existing EPC legislation and will evaluate any additional expenditure required across the estate to bring all properties to Band B if the future legislation is passed. Decisions would need to be made as to the viability of specific properties; disposal of properties where cost of compliance is prohibitive and would likely be impacted by devaluation. Our plan for Net Zero may help to anticipate some climate change-related regulation and puts us in a good position to be able to adjust and comply in a considered, well-planned manner.	

The timeframe used equates to: ▶▷▷ Short ▷▶▷ Medium ▷▷▶ Long ▶▶▶ Short, medium and long term

SUSTAINABILITY continued

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Risk	Classification	Impact on Marston's	Mitigation	Timeframe
CONSUMER HABITS			**Linked metric: food waste reduction**	▶▶▶
A change in consumer habits through guest sentiment and the prioritisation of sustainable choices. **Linked opportunities:** • New technology • Marston's has the largest rapid EV charging network in the industry • Increase market share by attracting guests who share a concern for the environment, and who feel Marston's is contributing actively to meeting the climate change challenge • Increased sourcing of local food, capturing guests' interest in the distance 'from farm to fork' and supporting local producers with a lower carbon footprint • Increased energy efficiency and reduced usage	**Transitional risk**	Where consumer preference and demand shift towards more sustainable choices, we would see more demand for food and drink options perceived as responsible or environmentally friendly. This may include guests seeking pubs with local meat and produce suppliers, wines that have not been transported across the globe and vegan/ vegetarian options. Guest sentiment regarding climate change could move demand to pubs which are supportive of investing in new technology to reduce emissions. Adapting to any changing consumer habits is an opportunity for growth. Failure to adapt could see a reduction in market share.	Marston's utilises guest insight data to track changes, monitor consumer habits and assess opportunities and risks from changing habits. Our sustainability strategy and progress made to date, such as reduction in waste and a rapid EV charging network, put us in a strong position. More details of all our initiatives can be found in our Impact Report: **www.marstonspubs.co.uk**.	

The timeframe used equates to: ▶▷▷ Short ▷▶▷ Medium ▷▷▶ Long ▶▶▶ Short, medium and long term

SUSTAINABILITY continued

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Risk	Classification	Impact on Marston's	Mitigation	Timeframe
TECHNOLOGY			**Linked metrics: CO_2 emissions and food waste reduction**	▶▶▶
As UK and global businesses invest in sustainable technology and production, input costs to our business, including energy and food procurement, could increase. **Linked opportunity:** Installation and operation of Build Management Systems to monitor and automate heating levels in pubs to reduce energy usage and save costs. The automation of when lights in our pubs come on and off to reduce energy usage.	**Transitional risk**	• Global and national action to reduce emissions will likely increase costs of raw materials, production and distribution, increasing costs throughout supply chains • The cost of energy will be impacted by the changes required to move away from fossil fuels and towards sustainable energy sources • As we proceed to Net Zero, operating costs could increase in the short term, but making these adjustments sooner will mean the Group is in a competitive position for the future and should reduce its long-term costs	Transitioning the business to increased levels of renewable energy, which could include possible power purchase agreements with renewable generators to increase hedging periods. Catering equipment is sourced to increase efficiencies, including fryers that filter oil to increase oil life and high efficiency chargrills. For future catering and heating systems, we will look to include electrical and low-carbon technology. This will include upgrades to electricity supplies to facilitate the transition to fully electric and low carbon. All purchased cabinet refrigerators are high-efficiency hydrocarbon units and LED lighting is installed in all internal areas. Adopting new technologies comes with additional costs in the short term; however, it may lead to overall cost savings in the longer term as well as bringing environmental and sustainability benefits, making us more appealing to guests, investors and financial institutions.	

The timeframe used equates to: ▶▷▷ Short ▷▶▷ Medium ▷▷▶ Long ▶▶▶ Short, medium and long term

SUSTAINABILITY continued

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

RISK SCENARIO ANALYSIS

Global temperature scenario modelling

We have considered the following impacts based on scenarios involving different increases in global temperatures. We intend to disclose more information on quantifying these scenarios as more information becomes available, and to link the scenarios to impacts from the specific risks for our business, such as flooding.

The first two scenarios assume that early interventions by government will cost the businesses more to transition in the short to medium term, while the third scenario assumes a less orderly transition from carbon-based fuels resulting in far greater environmental damage, more onerous legislative measures, and a delay resulting in global temperatures rising above 3%.

The considerations are as follows:

Scenario 1 – Global temperature increase kept below 2°C

- Potentially higher transition costs in the short term (1–5 years)
- Tighter government restrictions for a more orderly climate transition

Transitional risks within this scenario:

- Compliance with government legislation adding to additional operating and reporting costs
- Additional energy costs associated with carbon fuels
- Additional cost of compliance and energy costs borne by our suppliers increasing particularly food and drink costs for Marston's
- Guest opinion divided regarding the measures taken to reduce climate change.

Scenario 2 – Global temperature increase kept between 2°C to 3°C

- Potentially higher transition cost in the medium term (5–10 years)
- Increased water scarcity
- Government action delayed but more aggressive in the longer term
- More technological opportunities
- Global economic impacts.

Transition risks, the same as the 2°C scenario, albeit delayed to within 5–10 years:

- A risk that more flooding creates additional repairs costs and, in certain locations, property insurance becomes more expensive
- Increase in extreme weather either hot, cold or wet could be difficult to predict and might impact guest behaviour in a negative way including reduced or shortened visits
- Globally, production and transportation costs could increase in order to absorb transition costs as countries ramp up their response to climate change

Scenario 3 – Global temperature kept above 3°C

- Lower transition costs in the short term
- Government action delayed
- Additional or increased flooding, and heatwaves
- Increased cooling costs
- Guest menu choices may change
- Global economic impacts increased

Transition risks, same as the previous scenarios albeit relatively delayed further to 10 years or beyond:

- Increased risk of flooding or fire causing damage to properties
- Risk that government legislation, albeit delayed, is more draconian and imposes a swifter transition that results in higher costs
- Guests might be more tolerant to changes brought in by the business, accepting that urgent action is required

Flooding/water scarcity risk scenario modelling

The risk of our pubs being impacted by other factors associated with climate change for instance, wildfire is not thought to be high enough to warrant modelling.

Environmental predictions about climate change within the UK and global warming are speculative, reliant upon a range of scientific models not specifically developed for forecasting potential impacts on individual properties.

Attempting to scenario plan what might happen to each of our individual pubs is not economically practical.

At best it could only be done on a small sample of pubs and the results extrapolated across the estate. However, such a method does not justify itself given the speculative nature of the data.

As an alternative we have considered which of our properties are in low, medium or high-risk areas for flooding as defined by the Met Office. It is reasonable to assume that more properties will move to the higher risk end of this spectrum if the global temperature continues to rise. However, what the potential increase in damage to our own pubs is uncertain.

Currently on average over the last 10 years significant flood damage (greater than £10,000 per site) only occurs on average one-two times a year. At present, flooding in our estate does not follow any discernible trend which could support any empirical calculation of what the level of damage might be in the future.

We assess climate-related water scarcity risk down to a site level. This allows us to identify and classify the risk of properties affected by water scarcity dependent on defined climate scenarios.

SUSTAINABILITY continued

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Flooding risk deep dive

Over the past 10 years there has been no discernible trend of increased flooding at our properties.

Financial year	Number of floods	Largest loss (pub damage) £('000)	Total loss (pub damage) £('000)
2024	–	–	–
2023	–	–	–
2022	1	73	73
2021	3	773	866
2020	6	103	311
2019	1	133	133
2018	–	–	–
2017	1	37	37
2016	5	197	533
2015	–	–	–
Total	**17**		**1,953**

Note: 'Floods' includes all flood damage notified to insurers. It excludes minor flood related damage not notified to our insurers.

The number of floods we have experienced over the last 10 years does not indicate that the frequency of flooding has increased; however, 10 years of data may not be long enough to capture the broader trend of flooding.

In the last 20 years, a small number of our pubs have been impacted by flooding incidents. These have included:

Financial year	Number of pubs flooded	Town	Loss £('000)
2016	4	Cockermouth, Cumbria	504
2013	1	St Asaph, Denbighshire	939

We have assessed our surface water and river and sea flood risks according to the Environmental Agency data available on **www.gov.uk**. Surface water flooding, sometimes known as flash flooding, happens when heavy rainfall cannot drain away. It is difficult to predict the risk accurately as it depends on rainfall volume and location (for example such flooding has been known to occur up hills and away from rivers and other bodies of water) and is more widespread urban areas with harder surfaces like concrete. River and sea risk considers flood defences.

The assessed risks are not property specific. Instead, the data is designed to give an indication of risks in geographical areas. The risks are defined as:

- **Very low risk:** each year this area has a chance of flooding of less than 0.1%.
- **Low risk:** each year this area has a chance of flooding of between 0.1% and 1%.
- **Medium risk:** each year this area has a chance of flooding of between 1% and 3.3%.
- **High risk:** each year this area has a chance of flooding of greater than 3.3%.
- **Acute risk:** site is at risk of annual flooding which is likely to cause disruption to trading or significant damage to the property.

Flood risk – number of sites per risk rating

	Surface water risk	River and sea risk
Acute risk[1]	2	0
High risk[2]	231	29
Medium risk[2]	206	57
Low risk[2]	343	81
Very low risk[2]	557	1,172
	1,339	1,339

1. As assessed internally.
2. According to the Environmental Agency data set.

The table above includes all sites where there is available data.

The Group has moved to annual external valuations of its property portfolio. Pubs are now valued on a rotational basis, with approximately one third inspected each year. The first external valuation on this basis was undertaken in July 2022. The valuations consider all factors that could impact valuation and cause financial impairments, impacting the income statement and balance sheet. These will include risks of flooding, increased costs of compliance and any other environmental-related factors that may arise.

SUSTAINABILITY continued

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Climate-related viability statement

The full financial impact of climate change and Net Zero cannot presently be quantified though we hope to provide this in future years as the costs and opportunities become more certain.

It is, however, feasible to convert our pubs over to all-electric from gas and oil during the normal cycle of equipment replacement, thereby reducing the additional cost of the transition to Net Zero.

As a UK pub operator, we do not consider that our direct operations are subject to high climate-related risk in the short to medium term. Whilst we do have risks and opportunities, as outlined in this report, the risks are not material enough to impact our viability. With the actions we have already taken and continue to take in moving our ESG and Net Zero agenda forward, we consider that we are well-placed to deal with any new challenges as they arise, seize new opportunities, and adapt as appropriate.

We will continue assessing these risks each year to consider any changes and whether they have a material impact upon our business forecasting.

Climate change opportunities

All businesses around the globe will need to adapt to the changing climate; the more successful businesses will at the same time seize the opportunities that come with that adaptation.

For commercial reasons we cannot provide figures at this time, however, each of the following initiatives collectively contributed a significant amount towards our gross profit this year, in no particular order:

- EV chargers in our pub car parks
- Solar panels at our Pub Support Centre and 19 of our pubs
- Cooking oil collections from the pubs
- Clothes banks

Environmental data

We work with a third-party energy bureau (ISTA) to identify our energy usage per site each month, in order to calculate the total Scope 1 & 2 emissions across our estate. ISTA collects electricity and gas meter readings from our sites, working alongside our Energy Manager to estimate readings where none are available and investigate unusual recordings.

For FY2023 where possible, we have calculated the Scope 3 emissions for energy consumed by our supply chain. To achieve this we have worked with Zero Carbon Services to identify the emissions associated with purchased goods and the services included, factoring in specific categoristics of our own suppliers, for instance where goods are sourced globally.

We have been able to calculate our total emissions, and the Scope 3 emissions for food and drink supplies.

Our emissions have been assessed in accordance with the 'GHG Protocol Corporate Accounting and Reporting Standard' and in line with Defra's 'Environmental reporting guidelines: including Streamlined Energy and Carbon Reporting Requirements'.

SUSTAINABILITY continued

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

METRICS AND TARGET

Owning our own water licence allows us to more accurately track usage, identify leaks and build in greater efficiency.

Water saved per day

by identifying and repairing water consumption issues

	2024	2023
Pints per day saved	**366,961**	302,575

Food production is carbon intensive and food waste compounds the issue. Throughout our operations, we have established processes to minimise food waste emanating from our pub kitchens, while ongoing initiatives continue to support our food waste reduction efforts. For example, our food development team has removed items from the menu that had high wastage. We successfully collaborate with 'Too Good to Go' to save excess food from going to waste. Food waste is taken from our pubs to anaerobic digesters, where it is used to produce biogas and fertiliser.

Food waste

	2019 (Base year)	2024	2023
Food waste (tonnes)	4,247	**2,872**	3,266

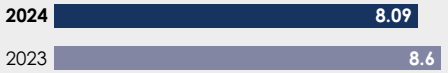
Greenhouse gas emissions by source

(Scope 1 & 2, Scope 3 relating to business mileage) CO_2e tonnes

Of which:	2024	2023
Electricity & gas	**64,999**	66,576
Petrol & diesel	**883**	1,200
Refrigerants – pubs	**4,872**	4,972
LPG	**1,786**	2,067
Oil	**207**	200
Total	**72,747**	75,014

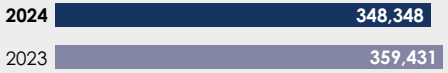
Greenhouse gas emissions intensity ratio

CO_2e tonnes per £100,000 turnover



Energy usage (mwhr)

(Scope 1 and 2 &, 3 relating to business mileage)



Total Scope 3 emissions (CO_2e tonnes)

(data only collected for FY2023)

Notes:

1. We report on all the measured emissions sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.
2. Scope 1 & 2 data and scope 3 business mileage data has been collected is in respect of the year ended 30 June 2024, in accordance with the Streamlined Energy and Carbon Reporting regulation.
3. Gas consumption decreased by 4% compared to last year. Electricity consumption was unchanged. To reduce the energy consumed we focus each year on various initiatives.
4. Our catering equipment is sourced to increase efficiencies including fryers that filter oil to increase oil life, and high-efficiency chargrills. All of Marston's cabinet refrigerators purchased are high-efficiency hydrocarbon units. We install LED lighting in all the internal areas and in our back of house areas use integrated movement sensors, reducing the operational hours of lighting. We also fit voltage optimisations. Greenhouse gas emissions intensity ratio has decreased this year, reflecting the total decrease in energy consumed this year of 3%. This reduction is partly as a result of the mild winter this year but also because of the initiatives we have taken to increase energy efficiency. Over recent years CAPEX works have presented an opportunity to reduce energy usage and lower carbon emissions and operating costs. The standard measures included in refurbishment works are LED lighting insulation and draught proofing, heating and hot water controls and cellar fresh air cooling and management systems.

SUSTAINABILITY continued

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

TARGETS

Our Net Zero strategy has been developed in alignment with the Zero Carbon Forum to push the sector to reach Net Zero by 2040. Progress against our roadmap to Net Zero was reported for the first time within our 2022 Annual Report and Accounts.

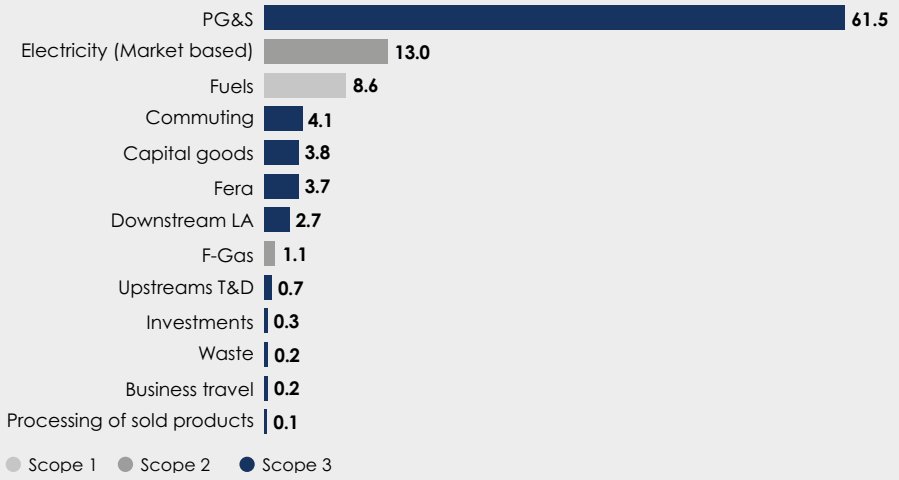
This year, working with Zero Carbon Services, we are further refining our transition plan toward Net Zero with the objective of submitting it to the Science Based Target initiative or similar standard for approval. This supports our aim of continuing to work collaboratively with the UK hospitality industry as a whole to decarbonise and build a sustainable business model.

As we proceed with the transition to Net Zero it's likely we will adopt additional targets to track progress. We intend to report on these targets as they become operational in future years.

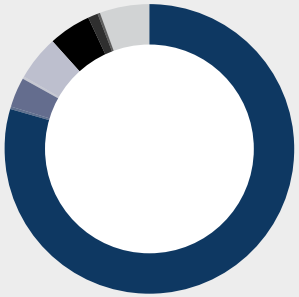
Our targets for reducing emissions are the same as our plan to achieve Net Zero:

- Reduce food waste by 50% by 2030 (measured against 2019 as a baseline)
- Reach Net Zero by 2040. 2023 is an appropriate baseline given changes to the business in recent earlier years
- Cooking oil reclaim rate 60%
- To reduce the volume of water we consume across our estate every year

Market based emissions by GHG category (%)
(Scope 1 & 2 and Scope 3 TCO_2e) (FY2023)



Scope 3 emissions by GHG category (%) (FY2023)



PG&S	79.7	FERA	4.8
Process of sold products	0.1	Upstream T&D	0.9
Downstream LA	3.5	Waste	0.3
Investments	0.3	Business travel	0.2
Capital goods	4.9	Commuting	5.3