Sustainability

Delivering impact through Shared Good Times

At Marston's, we believe great pubs bring people together and can be a positive force for change. This belief underpins our approach to sustainability, which is built around the four 'P's: Planet, People, Product and Policy. These pillars guide how we deliver meaningful impact across our business and in the communities we serve.

Our Impact report sets out the tangible progress we have made as a business over the past 12 months. From expanding solar energy generation across more of our pubs and growing our industry-leading rapid EV charging estate, to reducing food waste and strengthening our ED&I networks, we have focused on actions that have the greatest positive impact and reflect our purpose and that of our pub teams.

Our Impact report and the work on our four 'P's can be found on our website
www.marstonspubs.co.uk/responsibility

READ MORE ONLINE

Taskforce on Climate-related Financial Disclosures (TCFD)

We set out on the following pages our climate-related financial disclosures, which follow the guidance set out in the TCFD (June 2017) and the implementation advice (October 2021). Our reporting is aligned with the TCFD framework and structured around its four core pillars: Governance, Strategy, Risk Management, and Metrics and targets. Our disclosures reflect our commitment to achieving Net Zero by 2040 and managing climate-related risks and opportunities across our operations and supply chain.

Compliance statement

Marston's has complied with UKLR 6.6.6(8)R by including climate-related financial disclosures consistent with the TCFD recommendations, with the exception of the following omitted disclosures:

Strategy (Disclosure b – Financial impact): Due to limitations in reliable forward-looking data, particularly around weather projections, we have not fully quantified the financial impact of climate-related risks. We will continue to review this year-on-year and are developing enhanced modelling approaches to enable more comprehensive disclosures in future reports, when the data becomes more reliable.

Metrics and targets (Disclosure b – Scope 3 emissions): Scope 3 emissions are reported on a prior year basis (FY2024) due to the complexity and time required to obtain and assure data across our supply chain. We are investing in improved systems and working closely with suppliers to shorten this cycle, with the goal of reporting on a current-year basis in future.

Governance

The Board has ultimate responsibility for overseeing risk management across the Company (as set out on pages 20 to 25), and that includes climate-related risks and opportunities as part of its strategic remit. Climate considerations are embedded into discussions on strategy, risk management and capital allocation. The Board receives regular updates from the Sustainability Taskforce on progress towards Net Zero, key achievements and emerging challenges. These updates enable the Board to assess the appropriateness of our targets and the adequacy of management's plans to deliver them. The Audit Committee reviews material risks, including climate-related risks, and evaluates the effectiveness of associated controls and mitigations.

Our Sustainability Taskforce, co-chaired by the General Counsel & Company Secretary, comprises senior leaders from across the business representing our four sustainability pillars, which are each supported by specialist steering groups. The Taskforce meets at least quarterly and reports to the Executive Committee and the Board, ensuring climate-related issues are integrated into operational and strategic decision-making. Further details details can be found in our Impact Report.

Planet working group

The Planet working group, chaired by our Energy Manager, brings together operational teams responsible for delivering carbon reduction initiatives. Meeting quarterly, the group monitors progress towards our Net Zero goals and reports to the Sustainability Taskforce and Executive Committee. This ensures climate-related considerations inform annual budgets, major investments, divestments and strategic programmes.

Strategy

Climate-related risks and opportunities and their impact on our operations

Our commitment to operating safely and sustainably is a key enabler of our business strategy. Our 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. We need to reduce emissions and the impact upon nature. We have a clear, realistic pathway to Net Zero aligned with the refurbishment of our estate and our energy procurement strategy.

Moving to Net Zero is a considerable challenge. It largely relies on our suppliers moving their own operations away from a reliance on carbon fuels within a similar time frame, and configuring supplies to assist and sustain this position.

Taskforce on Climate-related Financial Disclosures (TCFD) continued

Strategy continued

Climate-related risks and opportunities and their impact on our operations continued

We have mapped our total emissions including our supply chain, which is responsible for over 76% of our emissions. This information helps us target goods we receive that are responsible for the highest emissions. Adapting our pubs to move away from gas to electricity is entirely feasible and can largely be achieved during the normal cycle of investment and refurbishment of our estate, particularly while modernising our kitchens. Our future procurement strategy includes, when economically practical, the purchasing of electricity generated from sustainable sources such as solar, wind and water, albeit only transitioning when the commercial conditions are right.

We have committed to reducing our food waste by 50% by 2030, compared to 2019. We have already achieved a 74% reduction by reducing menu options. Food waste is weighed when it is collected by our disposal supplier and is reused to generate energy.

We consider the environmental record of all major new suppliers and for food, this includes the number of miles that it travels from 'farm to fork'. Ethical information is also collected through our food information system 'Smart Supplier'. For other suppliers we use information from SEDEX, an online platform allowing businesses to share information confidentially about their ethical performance. Contingency plans are in place to manage supply chain disruptions should they arise from climate-related or other factors.

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

OTHER INITIATIVES CAN BE FOUND IN OUR IMPACT REPORT

marstonspubs.co.uk/responsibility

Scope and assumptions

Time horizon

We consider three time horizons: 1—5 years (short-term), 5—10 years (medium term) and greater than 10 years (long term) – to be relevant for our scenario analysis. Though many of the identified risks and opportunities cannot be siloed into specific time periods, our analysis is based on the assumption that climate-related issues often manifest over the medium to long-term

- The timeframe for short term risks (1–5 years) reflects that we generally know enough about them to structure our development plans and forecast the financial impact.
- The timeframe for medium term risks (5–10 years) captures those risks that have a reasonable likelihood to impact us in the future, though it is more difficult to quantify the impact.
- The timeframe for long term risks (10+ years) captures those risks that might be contingent upon factors in the earlier time frames or where there is a greater degree of uncertainty about when they will have an impact.

Scenario analysis

We have analysed three climate scenarios based on different increases in global temperatures (1.5°C, 1.5°C–3°C, and above 3°C). For each, we have considered physical risks, transition risks, resource risks and related opportunities, reflecting the estimated impact on our business of government action intended to limit emissions, as set out on the following page.

Scenario 1: Global temperature kept to below 1.5°C:

Potentially higher transition costs in the short term (1–5 years) amid:

- tighter government restrictions
- more orderly 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 suppliers increasing particularly our food and drink costs
- guest opinion divided regarding the measures taken to reduce climate change.

Scenario 2: Global temperature kept between 1.5°C and 3°C:

Potentially higher transition cost in the medium term (5–10 years) amid:

- more flood costs
- more water scarcity
- government action delayed but more aggressive in the longer term
- more technological opportunities
- global economic impacts.

Transitional risks, the same as the 1.5°C scenario, albeit delayed to within 5–10 years:

- risk that more flooding creates more repair costs and in certain locations property insurance becomes more expensive
- more 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 increases above 3°C:

Lower transition costs in the short term. Key issues include:

- government action delayed
- additional flooding
- more heatwaves
- increased cooling costs
- guest menu choices may change
- global economic impacts increased.

Transition risks, the 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.

Taskforce on Climate-related Financial Disclosures (TCFD) continued

Risk management

Processes for identifying and assessing climate-related risks

We assess climate-related risks using standardised criteria to evaluate their potential impact and likelihood. The Director of Risk has responsibility to oversee the climate risk register, which is designed to identify and manage the climate risks material to Marston's and monitor the application of controls to mitigate them. We hold formal meetings to assess and re-evaluate the risks as conditions change. These assessments consider whether an identified risk could have a material financial impact on the Company.

Our Risk Committee is kept informed about the movement of our material risks to the business; this includes any regulatory update resulting from legislative issues on climate change. We track and prepare for any such legislative changes.

The Executive Committee is informed about the movement of material risks by the General Counsel & Company Secretary, who attends meetings of both Committees. This includes an evaluation of whether any climate or environmental risks are currently material to the business in terms of financial impact and regulatory compliance.

Our internal audit work focuses on gathering sufficient assurance including our sustainability reporting and supporting evidence.

We carry out annual external valuations of our property portfolio. Pubs are 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 assessments consider all factors that could impact valuation and cause financial impairments, impacting the income statement and balance sheet. These include risks of flooding, increased costs of compliance (e.g. EPC certificates) and any other environmental-related factors that may arise.

Identified risks and mitigation

We assess the risks below in terms of their potential to cause significant 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 continually reassess our evaluation of such climate-related risks and opportunities disclosed in our TCFD report as the views of our stakeholders evolve over time. This is a qualitative assessment rather quantitative due to the limitation of data. If necessary, we will work to completely remove those risks completely that pose a threat to achieving our strategic objectives. If avoidance is impossible, we will seek to mitigate the risk. We consider that our approach to managing these risks through our strategy to combat climate change, and the implementation of identified mitigating factors, supports our strategic resilience to climate-related risks.

				Severity		
Risk	Type	Description/mitigation		Short term (1 – 5 years)	Medium term (5 – 10 years)	Long term (10+ years)
1. Flooding	Physical	An increase in rainfall, or intensity, could impact the severity of property damage. There is no trend currently to indicate whether this risk is either increasing or decreasing for our estate. This risk is mitigated by insuring our estate to cap the cost of flooding within any particular financial year.	**Minor** – no increased trend of flooding. Mitigated by insuring the cost.			✓
2. Water scarcity	Resource	Periods of drought could lead to water scarcity impacting the geographical areas in which our pubs are situated or impacting our supply chain. Marston's sites have little or no water storage so are reliant on the mains water to operate. Owning our own water licence gives greater control over data and billing, enabling a proactive approach to managing and conserving water.	**Minor** – no pubs have had to pause operations because of water scarcity.			✓
3. Extreme and changing weather patterns	Physical/ resource	Extreme weather may cause challenges for our supply chain, particularly the supply of certain food items. Changing weather patterns may also change the habits of our guests. Contingency plans to cover a break in supply help to mitigate this risk. The geographical spread of our pubs, and the diversity of different pub formats also contribute to reducing this risk.	**Minor** – no food or drink supply has been significantly disrupted because of extreme weather.	✓	✓	✓
4. Legislation and policy	Transitional	Increased risk of non-compliance from accelerated, or new, legislation to support the global climate agenda. Mitigated by proactively tracking the emergence of legislation and new regulation. Our transition plan for Net Zero and targeting progress helps us to adjust and comply in a well-planned manner.	**Moderate** – steps taken to achieve compliance with legislation and policy, particularly the preparation for transition to Net Zero.	✓	✓	✓
5. Consumer habits	Transitional	Consumer habits could be influenced to change towards more sustainable choices. We track guest insight data to monitor consumer habits and assess opportunities to adapt to provide valuable experiences. Our development of EV chargers at our pub sites is a good example of how opportunities arise to provide what our guests value in the context of sustainability.	**Minor** – further opportunities could exist in the future. Currently the development of the EV chargers is a good example.	✓	✓	✓
6. Technology	Transitional	The requirement to invest in sustainable technology and production could increase the input costs of our business, particularly in connection with energy and food procurement. Adopting new technologies to support our sustainability and transition to Net Zero could come with additional costs in the short term; however, they may lead to cost savings in the longer term, as well as increasing our appeal to guests, investors and financial institutions.	**Minor** – impact is likely to rise in the future as more technology becomes available to support the transition to Net Zero.	✓	✓	✓

Taskforce on Climate-related Financial Disclosures (TCFD) continued

Metrics and targets

We measure and report our greenhouse gas emissions in line with the GHG Protocol, ensuring consistency and transparency. We collect Scope 1 & 2 emissions data through ISTA, while Scope 3 emissions are supported by Zero Carbon Services.

Our climate targets reflect our commitment to long-term decarbonisation:

- Net Zero across Scopes 1, 2 and 3 by 2040, in line with the sector ambition set by the Zero Carbon Forum; and
- 50% reduction in food waste by 2030, compared to a 2019 baseline. This year over 2,672 tonnes of food waste has been saved, 74% achievement of our overall 2030 target, a further improvement to last year.

Our Net Zero strategy is designed to align with industry best practice and accelerate progress across our value chain. As we advance on this journey, we expect to adopt additional interim targets and performance indicators to track progress more effectively. These will be disclosed in future reports as they become operational.

Scope 1 & 2 GHG emissions

We have had a comprehensive strategy in operation for many years to collect data on site emissions and engineer solutions for their reduction. We conduct site surveys to identify technical and behavioural initiatives to reduce energy usage. We have targeted to achieve Net Zero by 2040. Our Scope 1 & 2 emissions reductions are focused on solutions in collaboration with our suppliers, through electric kitchen enabling works, installing building management systems and completion of energy audits. More detail can be found in our Impact Report on our progress on achieving Net Zero.

Supply chain and Scope 3 emissions

Our Scope 3 emissions are measured across all our activities, with a particular focus on food, which represents a significant part of our footprint. We are working to understand how menu design influences these emissions and to integrate this insight into our operating plans.

Through our Food Charter, we set clear environmental expectations for all suppliers, from on-boarding and reinforced through a risk-based audit programme. Compliance includes critical commitments such as zero deforestation.

To improve transparency, we collect environmental data via our Smart Supplier system and the SEDEX platform, enabling us to calculate and track both direct and indirect emissions. This data informs our carbon footprint analysis and helps identify hotspots for action.

We also maintain our zero waste to landfill position and target reductions in food waste packaging, which is detailed further in our Impact Report. Collaboration with suppliers is key to tackling residual stock and packaging challenges, while partnerships such as Too Good To Go ensure surplus food in many of our pubs is redistributed rather than wasted. Our longer-term strategy also includes the procurement of renewable energy, with a stated commitment to source and promote energy from renewable sources over the coming years.

Climate change viability statement

The full financial impact of climate change and the transition to Net Zero cannot yet be fully quantified; however, the cost elements associated with our transition plan are becoming clearer, and we hope to provide this in the future. For instance, we are phasing the conversion of our pubs from gas and oil to electric as part of routine equipment replacement, which we expect will help to spread related transition costs over time. We continue to assess the identified potential financial implications on an ongoing basis, particularly where specific risks or opportunities increase in likelihood.

At present, we do not consider climate-related risks to be material to the viability of our direct operations in the short to medium term. While risks and opportunities exist, as outlined in this report, they are not currently significant enough to threaten business continuity. With the actions we have already taken, and those we continue to implement to advance our ESG and Net Zero agenda, we believe we are well positioned to adapt to future challenges and capture identified opportunities. We will continue to review these risks annually and update our disclosures as data and modelling capabilities improve.

Greenhouse gas emissions by source

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

Of which:	2025	2024
Electricity and gas	**54, 136**	64,999
Petrol and diesel	**734**	885
Refrigerants – pubs	**4,930**	4,872
LPG	**1,697**	1,786
Oil	**261**	207
Total	**61, 758**	72,748

Greenhouse gas emissions intensity ratio

CO_2e tonnes per £100,000 turnover

Energy usage (MWhrs) (Scope 1 & 2 and Scope 3 relating to business mileage) (MWhrs)

Total Scope 3 emissions

(data for previous year 2024) CO_2e tonnes

Notes:

1. We report on all the measured emissions sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. The 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'.
2. Scope 1 & 2 data and Scope 3 business mileage data have been collected in respect of the year ended 30 June 2025. A third-party energy bureau (ISTA) identifies our energy usage per site each month and calculates 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.
3. Scope 3 data is collected for the previous financial year FY2024. Zero Carbon Services help calculate the Scope 3 emissions associated with the services and goods our industry receives factoring in the specific detail for our own suppliers, for instance where goods are sourced globally, using sector aligned methodology.
4. Gas consumption compared to last year reduced by 9%. Electricity consumption reduced by 12%. To reduce the energy consumed we focus each year on various initiatives.
5. Initiatives followed this year to reduce energy consumption can be found in our Impact Report, and include:
   - Energy-efficient catering equipment: fryers with oil filtration, high-efficiency chargrills, and hydrocarbon refrigerators.
   - Transition to electric: enabling works through capex and inspections to replace gas catering equipment over cycles.
   - Renewable energy: solar panels installed at selected sites.
   - Lighting efficiency: LED lighting throughout, with motion sensors in back-of-house areas.
   - Voltage optimisation implemented across sites.
   - Ongoing capex projects supporting sustainability initiatives.
6. The greenhouse gas emissions intensity ratio has moved by 1.21 this year reflecting a 15% reduction.
7. Emissions data is primarily meter-based with limited estimation.