

Becoming the most responsible pet care business in the world

Pets at Home Group Plc
Social Value Report 2021



Our vision is to become the most responsible pet care business in the world.

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Find out more:
<https://investors.petsathome.com>

For a better life together; happy and healthy pets and their people.

About this report

This is our second stand alone social value report and the first since we have finalised our new social value strategy, Our Better World Pledge. In this report we will outline the process that we used to develop the strategy including our materiality assessment and engagement with stakeholders, the strategic framework with its high level goals and ten initial targets and the governance that we have established to ensure the delivery of the strategy over the long term. We are proud to include some of the many examples of how the strategy is brought to life across the Group in our pets, people and planet sections.

This report was published in June 2021 and covers our financial year March 2020 to March 2021. It provides additional information to supplement the Pets at Home Group 2021 annual report and accounts. It is intended to provide a longer read which we hope will be helpful and relevant to specialists interested in ESG matters.

- ➔ UN SDGs mapping, Page 8
- ➔ TCFD section, Page 40
- ➔ SASB reference table, Page 52

In this report we reference the United Nations Sustainable development goals (SDGs), the Sustainability Accounting Standards Board (SASB) and the Task Force for Climate-related Financial Disclosures (TCFD). More details on our policies can be found on our corporate website.

SUSTAINABLE DEVELOPMENT GOALS






➔ Materiality and governance, Page 6

A year in review



3 goals

-  By 2030 positively impact the life of every pet in the UK
→ Page 16
-  By 2030 enhance the lives of one million people through our shared love of pets
→ Page 26
-  By 2040 become net zero
→ Page 36

20 actions

10 initial targets

Welcome to our 2021 Social Value Report, our first since the launch of Our Better World Pledge – an ambitious commitment to become the most responsible pet care business in the world. We are proud of the achievements we have made, but our new strategy will accelerate and focus our efforts in the three areas that mean the most to us: our pets, our people and our planet.

Our Better World Pledge

Over the past twelve months we have drawn together our experts from across the business, together with input from our external partners, to develop our new social value strategy which was formally approved and adopted by the business in October 2020.

Our strategy has been named Our Better World Pledge, quite simply as we believe that through the decisions we make and the action we take now, we can make a real difference to further improve the lives of pets across the UK; enhance the experience of our talented colleagues, the customers that we serve and the communities we operate in; and protect the world for our shared benefit in the years to come.

Each of the three pillars – pets, people and planet – has an ambitious, long term goal. These goals are supported by 10 discrete targets that will drive our performance forward over the next few years, along with 20 clearly defined and agreed actions. We will add to these over time as we develop more initiatives and work towards our ultimate aims. We are proud of the progress we have already made, which is summarised on page 12.

Extending our reach

We know that our impacts extend much further than the entrance to our stores or vet practices, so one of the most significant changes to our approach has been the recognition and inclusion of our value chain impacts.

A particular area of focus this year has been on our broader environmental impact. As such, we have conducted a detailed piece of work to map and quantify our scope 3 emissions, so we can fully understand how the manufacture, use and disposal of our products contributes to climate change and to help us pinpoint where our intervention can make the most difference. We have also piloted an innovative project to offer our customers the opportunity to recycle flexible plastics – which includes our popular pet food pouches – which are not normally part of kerbside recycling collections.

Much of our effort this year has been in response to the pandemic. Amongst many other activities, we have supported the rescue sector who have been dramatically impacted with plummeting income with an emergency grant programme fund of over £1m and a “share the love” payment of £2k to each of our 278 local charity of the year partners.

The challenges of living and working during the pandemic has also been hard for many of our colleagues and their families. As a result, our colleague hardship fund was topped up by an additional £1m and the 12 months eligibility criteria was removed. Over 550 colleagues were awarded grants through the fund during the year, and significant wellbeing resources were created including newsletters and support mechanisms such as caring support leave, family support leave and company funded voluntary furlough.

Collaborating with others

To achieve the high level of ambition set out in our new strategy requires us to work with others to share knowledge, resources and experience. For example, we have partnered with the Prince’s Trust to develop a work experience scheme for young people; we have signed up to the British Retail Consortium’s Climate Action Roadmap to help collectively deliver the industry’s net zero ambition.

As part of our ongoing relationship with the Woodland Trust, we have also developed and launched a Pet Memory scheme. The scheme enables us to recognise and celebrate the life of the loved pets that our vet practices have had the pleasure to look after, while also supporting the work of the Trust to create, protect and restore woodland across the UK. We have also dedicated over 15,000 trees, one for every colleague across the Group as part of our 30th birthday celebrations. These will be located in Woodland Trust woodlands across the country.

Looking ahead

Pets at Home has been in business for 30 years, and our colleagues can be proud of what we have achieved together over that time. This report summarises our progress, but our work is far from over and we have raised the bar again with Our Better World Pledge strategy.

Louise Stonier

Chief People and Culture Officer

→ Our business impacts, Page 38

“The launch of Our Better World Pledge is a significant milestone for the Group, it demonstrates our commitment to continue to create value for our stakeholders and positively impact pet welfare, support our colleagues and communities where we operate and to make a significant contribution.”

£6m+

raised for pet charities

-9.1%

reduction in CO₂e vs FY20

100%

renewable electricity sourced for the main group electricity contract

84%

colleague engagement score

Our Better World Pledge



This year has been unprecedented for Pets at Home, one in which we have faced challenges and uncertainties, but also one in which our business has thrived as customers have recognised the value, comfort and companionship of their pets during this challenging time and engaged with our pet care ecosystem.

Throughout the pandemic we have continued to be guided by our values to put our colleagues, customers and communities first. As we have done this, and witnessed their struggles and the difficulties they have faced, it has become even clearer to me that in becoming the best pet care business in the world we are achieving more than simply meeting our commercial goals, we are doing this in a way that places the care, health and welfare of pets at the front and centre of all we do; we are recognising the value, diversity and contribution of our colleagues and customers; and we are reducing harmful greenhouse gas emissions and minimising our impact on the environment around us.

The challenges we, and society at large, face are significant, and if we do not act today then they will become insurmountable tomorrow, putting at risk our ability to grow and succeed. To that end, the launch of Our Better World Pledge marks a significant milestone for our business, crystallising much of the work we have been doing for some time, while strengthening our resolve and committing us to ambitious long term goals.

We make decisions guided by our values every day for example, by repaying £28.9m in business rates relief and we chose not to participate in the Government’s Job Retention Scheme. I am also particularly proud of our work this year on diversity and inclusion, as we have narrowed our mean gender pay gap and launched four colleague diversity networks. We’ve also joined the Business Disability Forum, the Disability confident scheme, Stonewall and have become signatories to the Valuable 500, the British Retail Consortium diversity commitment and the Business in the Community Race at Work Charter.

In the longer term, we will need to think very differently about how we run our business. It will require us to change and innovate, whether this is around the type of products we sell, how we reduce our operational impact or make sure we attract the best talent. We don’t have all the answers now, particularly as we look two decades or more ahead. Some things we can do alone, but we will also need to partner with those that have the expertise, skills and reach to make a difference. And we will need to collaborate with our peers to address our shared challenges, such as reducing greenhouse gas emissions in the supply chain.

In this report, I am proud to share some of our achievements so far, along with our plans and goals for the future. As we embark on this new strategy, I recognise the path ahead is long and, in places, unclear, but I can also say with resolute certainty that to be the best pet care business in the world, we must also be the most responsible one. Our Better World Pledge will create a better world for pets and the people who love them, which is an integral part of our long term commercial strategy, and represents a promise to which the Board and I are firmly committed. I look forward to being able to report again on our progress next year.

Peter Pritchard

Group Chief Executive Officer

→ Our journey to create Our Better World Pledge, Page 4

Creating our Better World Pledge

Our strategy has been developed for the long term, the process that we followed was thorough and inclusive. It took a year to complete and included how we would ensure its ongoing success by embedding it into our business and enabling regular reviews and updates.

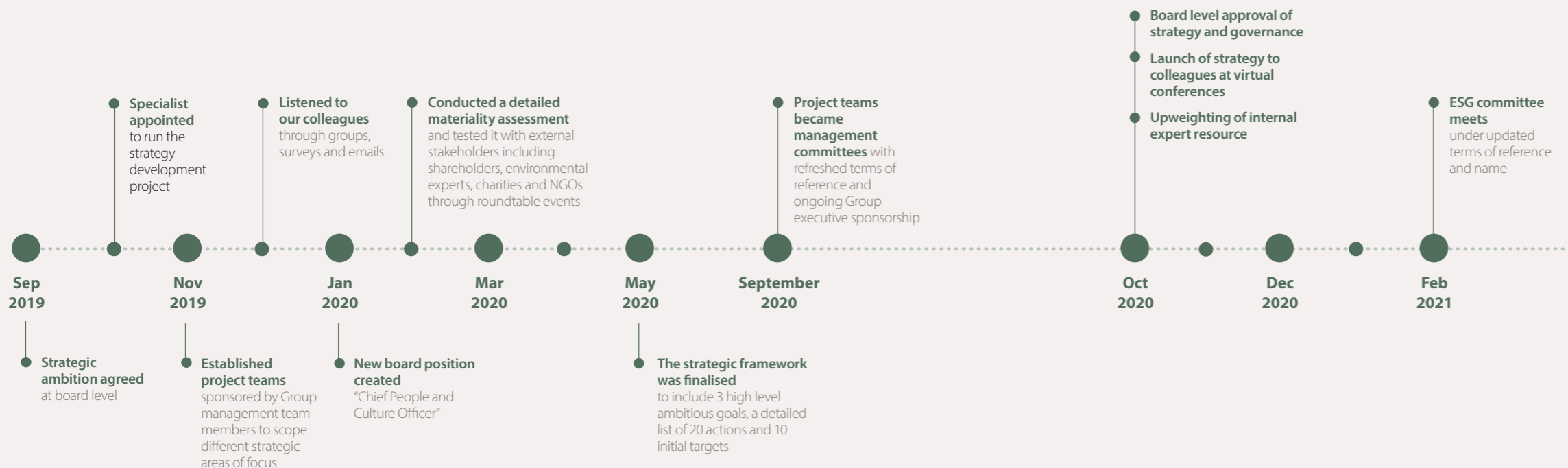


The ambition agreed by the Executive Management Team in September 2019 has provided a point of reference during the strategy creation and enabled disruptive and long term thinking.

“We care deeply about the role that we play in society and we want to share the value that we create as a business. Therefore, the Executive Management Team, in consultation with key stakeholders, will write and embed into the way we operate a 10 year promise that makes at least 10 quantifiable commitments across the three pillars of pet, people and planet.”

Developing our strategy, guided by our purpose

The strategy has been built on strong foundations of putting pets first, giving back to the communities in which we operate, investing in our colleagues and respecting our environment. While the strategy was developed we continued to identify quick wins and launch new initiatives that would form part of our new strategic framework.



→ See page 6 for details of our Governance and Materiality Assessment

We have continued to be recognised externally during the year



Retail week 2020 winner: store of the year and speciality retailer of the year



Marie curie fundraising excellence awards: cause related marketing partner of the year



Institute of student employers (ISE) 2020 awards winner best graduate onboarding and induction activities programme



Financial Times 2020 diversity leaders special report ranked 51 out of 850 European companies (from 101 in 2019)



Data IQ awards, Vlad Jiman from Pets at Home winner of the new talent award



Transformation of the year award at the plc awards



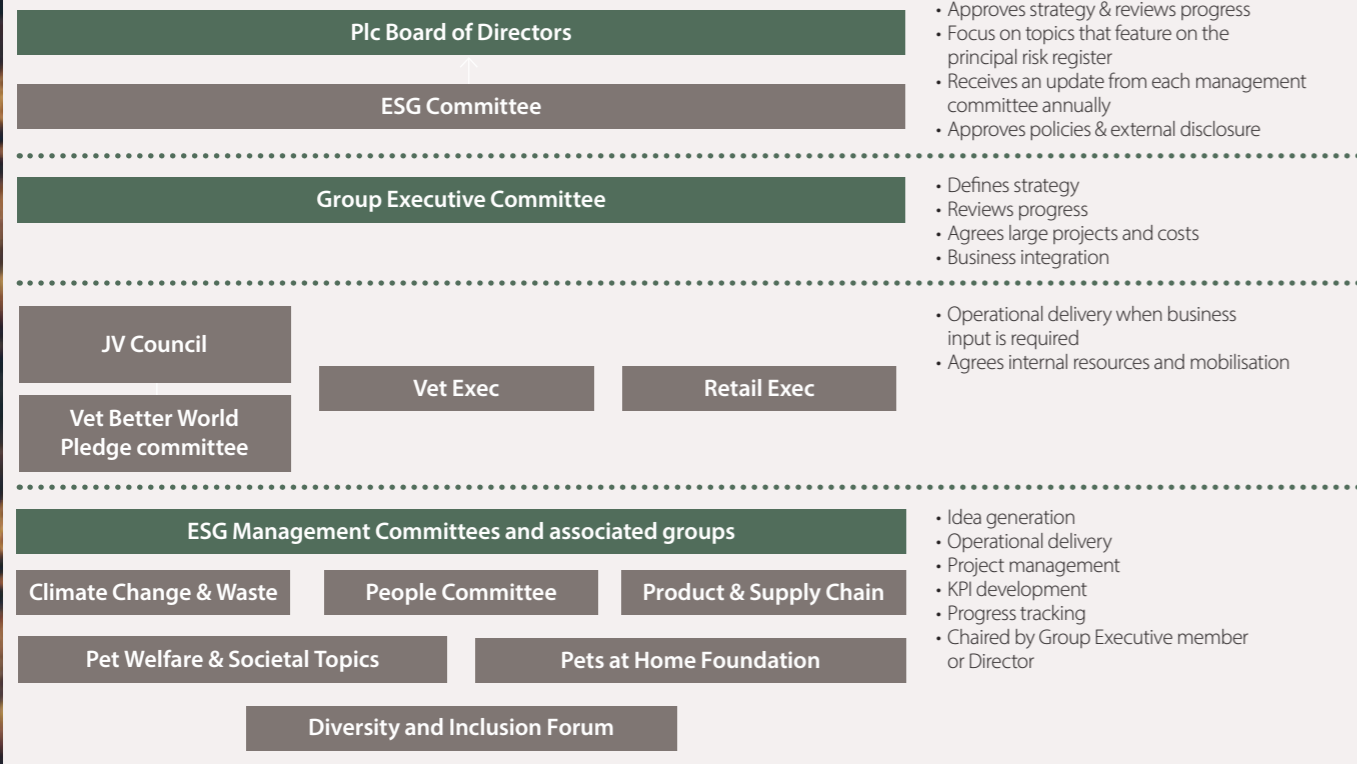
World Retail awards winner 2020 retail employer initiative of the year for our mental health focus



Retail week 2021 finalist for 7 categories

Acting responsibly and sustainably is at the heart of our business

ESG Governance strengthened in line with the ambition of our strategy



Materiality

Initial assessment

A detailed materiality assessment was conducted as part of the development of Our Better World Pledge strategy. This was an inclusive process involving engagement with our colleagues and with external stakeholders, including our shareholders. Through this consultation 20 high level topics were identified that the strategy went on to address.

These have been mapped against the ten principal risks and reviewed using the company wide risk and assurance approach to ensure clarity on governance and consistent scoring assessment

April 2021 update

As part of the governance review of Our Better World Pledge strategy a high level plan has been developed for the four ESG committee meetings that are diarised to take place across the year. In the meeting that takes place in spring a review of the materiality assessment is planned on an annual basis, this then enables the results of this review to be fed into the annual strategy review cycle in the autumn.

As a result of the review in April 2021, the ranking of a number of the topics was increased as a consequence of an overall increase in ESG focus during the pandemic and due to other external events. In particular climate action, diversity and inclusion and data privacy, security and ethics have been increased in terms of their overall ranking. The topic of "biodiversity" has been expanded to "nature based impacts" to ensure that it captures the full extent of environmental issues that we need to consider such as clean air, soil health and ocean pollution.

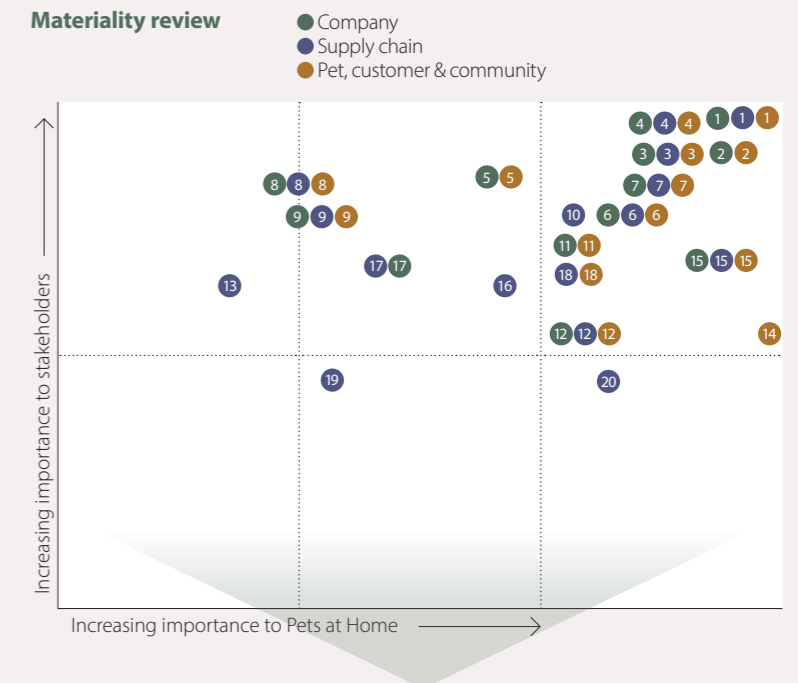
Governance

Part of the strategy development involved an in depth review of ESG governance. The project groups that were established as interim governance, to input into the development of the strategy, were renamed as management committees and have been meeting on a regular basis since September 2020 with refreshed terms of reference. Each of these is chaired by a Group executive team member or Director. The mobilisation of the strategy into the Vet Group is being managed by the Vet Group Better World Pledge committee. This has been meeting on a monthly basis since November 2020 and is chaired by one of the Regional Directors. A Diversity and Inclusion Forum has been established during the year. It is chaired by Peter Pritchard, CEO and membership includes four other Group executive members. From May 2021 it has also been attended by Sharon Flood, non executive Director, in her capacity as colleague representative on the board.

The Group executive committee and ESG committee receive a progress update from each committee at every meeting and there is an in depth "deep dive" scheduled from each committee across the year to enable more detailed review.

➔ See page 50 for ESG committee report

Materiality review



Alignment of sustainability material topics to principal risks

Sustainability Material Topic	Principal Risk	Main Governance Forum	Change yr / yr
1 Pets' physical and emotional health	1	ESG Committee	
2 Pets' role in society	ESG	Pet welfare Committee	
3 Health and wellbeing	4	People Committee	
4 Climate action	10	Climate change & waste Committee	⬆
5 Social mobility and inequality	4	Diversity and Inclusion Forum	
6 Diversity and inclusion	4	Diversity and inclusion Forum	⬆
7 Nature based impacts	ESG	Climate change & waste Committee	
8 Waste	ESG	Climate change & waste Committee	
9 Resource consumption & circularity	ESG	Product & supply chain Committee	
10 Sustainability of product packaging	6	Product & supply chain Committee	
11 Data privacy, security and ethics	5	Data Committee	⬆
12 Purpose led business & careers	4	People Committee	⬆
13 Supply chain transparency	6	Product & supply chain Committee	⬆
14 Community contribution	ESG	Pets at Home Foundation	
15 Ethical business practices	6,8,9	Group Executive Committee	
16 Sustainable product raw materials	ESG	Product & supply chain Committee	⬆
17 Labour practices and Human Rights	6,9	Product & supply chain Committee	⬆
18 Sustainability of pet ownership	ESG	Product & supply chain Committee	⬆
19 Environmental impacts of product production	10	Product & supply chain Committee	⬆
20 Animal welfare impacts of product production	6	Product & supply chain Committee	

➔ Read more in our Annual Report and Accounts

Our Better World Pledge strategy in summary

Our purpose:

For a better life together: Creating a better world for pets and the people who love them

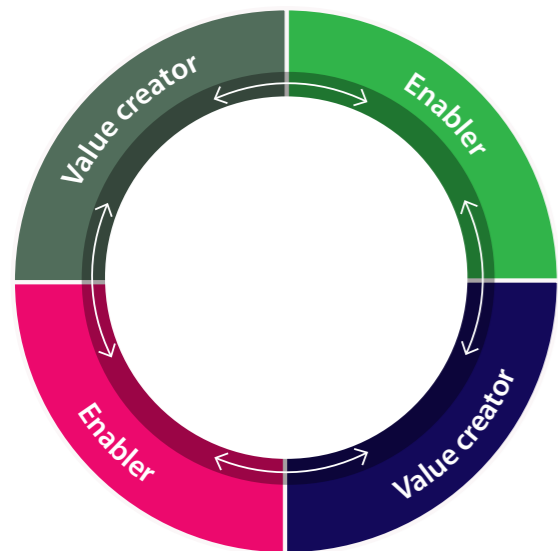
Our vision:

To become the most responsible pet care business in the world

Our business strategy:

Bring the pet experience to life

Use our data to better serve customers



Set our people free to serve

50% of sales from pet care services

Our 3 Social Value pillars and goals:

Pets

By 2030 positively impact the life of every pet in the UK

People

By 2030 enhance the lives of one million people through our shared love of pets

Planet

By 2040 become net zero

Our 10 initial targets:

- By 2025 set the standards for the safety and quality of pet care products
- By 2030 increase the impact of grants, donations and skill sharing to the rescue sector
- By 2030 educate 2m children in responsible pet ownership
- By 2030 improve the health of the nation's pets by focusing on nutrition and health plans

- By 2025 be the leading employer of pet care experts
- By 2025 create opportunities for 5000 people who face barriers to employment to experience work with us
- By 2030 increase the number and diversity of people who can benefit from time with pets

- By 2025 be leading the way in sustainable pet care products
- By 2030 maximise the value of our waste by adopting circular economy principles
- By 2030 become net zero carbon operationally (scope 1 & 2) and by 2040 aim to have a net zero carbon value chain (scope 3) using a science based initiative approved methodology

UN SDGs



Links to business strategy

- Bring the pet experience to life
- Use our data to better serve customers
- 50% of sales from pet care services

Read more [→ Page 16](#)

- Set our people free to serve
- Bring the pet experience to life
- Use our data to better serve customers

Read more [→ Page 26](#)

- Bring the pet experience to life
- Use our data to better serve customers

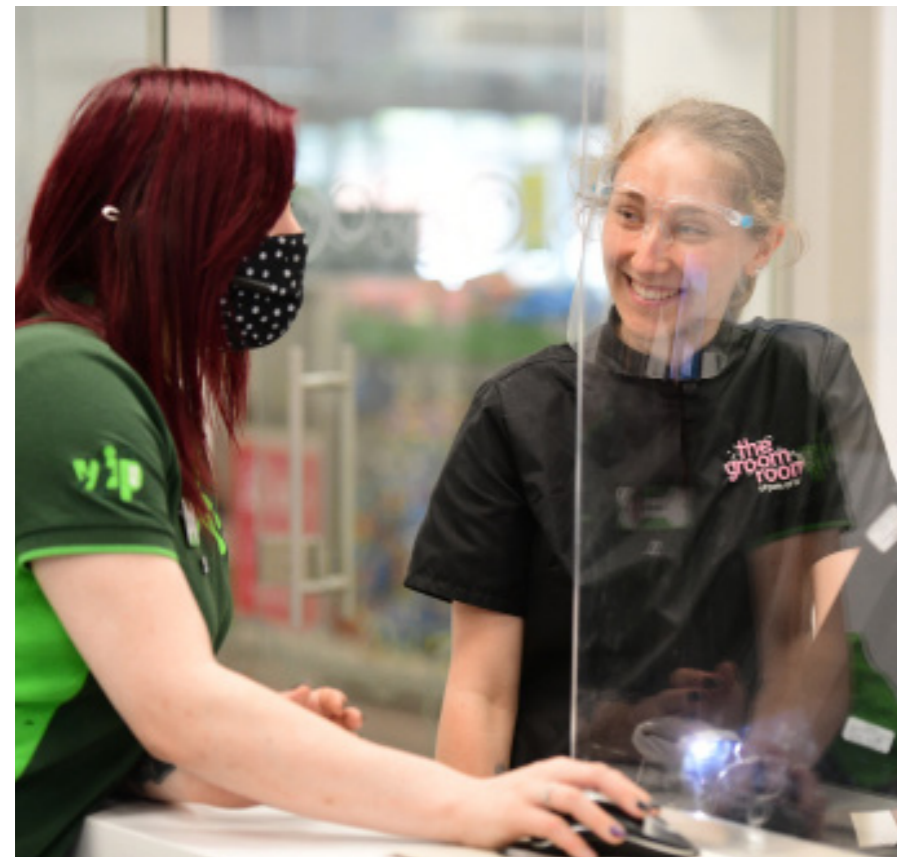
Read more [→ Page 36](#)

Value creation

At Pets at Home our purpose, vision, culture, behaviours and values underpin everything that we do. They guide our relationships with our stakeholders inside and outside our business boundaries, and strengthen our pet care ecosystem.

Our sustainable pet care ecosystem

Sustainability encompasses not only our relationship with our environment but also how we engage with stakeholders to take account of different views and perspectives to strengthen our pet care ecosystem. These relationships have been formed over many years and we are proud that this has always been part of our DNA. Our stakeholder engagement strategy is considered whilst being dynamic to adapt to new situations. This has been particularly important during the pandemic when we were required to work closely with stakeholders to adapt our ways of working in order to keep colleagues and customers safe, and continue to feed the nation's pets and provide essential veterinary care.



Colleagues and Veterinary Partners

We aim to be the leading employer of pet care experts. This means attracting and retaining colleagues that can provide our customers with everything that they need to be the best pet owner they can be. Our colleagues enable us to become the best pet care business in the world. We provide fulfilling pet care careers where we invest in our colleagues' and our veterinary clinicians' training and development while supporting their overall health and well being. We engage our colleagues in the long term success of our business through our reward strategy. We have an award winning Veterinary Graduates programme and have committed to invest in the "mental health first aider" training of a colleague at every Vet Practice during FY22.

➔ See page 26 for our people strategy

Customers and community groups

Customers

There are approximately 6.2m active members of our loyalty club, VIP, which represents over 70% of our retail revenue. This gives us a unique opportunity to communicate directly through a variety of medium including direct mail, email and via the VIP App. This communication enables us to share helpful content on pet care in addition to offers and discounts. We are here to help our customers be the best pet owner that they can and services like our kitten and puppy club, our subscription platforms and our health plans are developed to help make pet ownership affordable, convenient and rewarding.

Community groups

Our Group charity, The Pets at Home Foundation, is positioned to support pets in need through our support of pet rescues and to enable the more people to benefit from a relationship with pets through a change to The Foundation's objects to enable it to support pet/people charities like Dogs 4 Good. We have a strong relationship with the small rescue sector, the majority of our stores have a local rescue as their nominated store charity and we have a long term relationship with the ACDH (Association of cats and dogs homes) who arranged two virtual roundtable events with small rescues in December 2020. Additionally we regularly engage with the large national rescues including a strategic engagement meeting in May 2021. These relationships enables us to ensure that the funds we raise are used to the greatest impact.

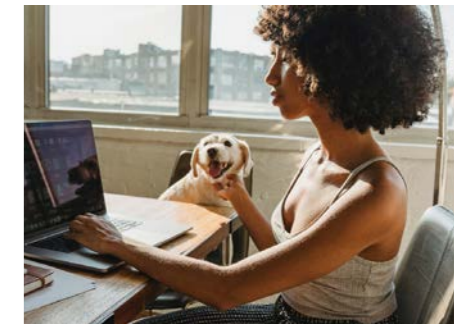


Partners

Suppliers and industry bodies

The Vet Group maintains close relationships with key industry bodies such as the RCVS (Royal College of Veterinary Surgeons) and BVA (British Veterinary Association) through membership of the major employers group. We are members of the British Retail Consortium (BRC) and have contributed to various initiatives and working groups.

We have strong, stable long term relationships with our supplier base of 400 suppliers and engage with them on a regular basis. We ensure that our long term strategy is shared to enable suppliers to invest appropriately in their businesses.



Pets

Pets are at the heart of everything we do and our shared love of pets unites us with our customers, colleagues and other stakeholder groups. Our number one value is "Pets Come First" and this is our first consideration when we develop products and services, when we train our colleagues and when we make decisions about the pets in our care. One of Our Better World Pledge goals is to positively impact the life of every pet in the UK by 2030, so we look to identify how we can take a leadership position to improve pet welfare through enabling change across the pet care industry and veterinary profession. Our group charity, The Pets at Home Foundation, is the largest grant giver to animal rescues in the UK, we are there for pets when they need us the most.

➔ See page 16 for our pet strategy



Shareholders

The group is in a strong financial position with returns potential. The markets that we operate in are resilient and have growth potential. We have a unique proposition of pet care solutions which differentiates us from our competitors. Our strong governance and commitment to sustainability through Our Better World Pledge strategy ensures that the success of our business benefits all of our stakeholders. The business is positioned to deliver sustainable profit and free cashflow growth in the long term.




➔ See our Annual Report for our investment case

Our performance highlights

Our performance in the first year of Our Better World Pledge strategy demonstrates the success of our sustainable pet care ecosystem that creates value for pets, people and planet.

We are particularly proud to be able to continue to grow our business while reducing our operational carbon, to raise money for pets when they need us most and to invest in our people.

Link to ESG strategic pillars:

-  **Pets**
-  **People**
-  **Planet**

→ Our Better World Pledge strategy, Page 8

-39%

Reduction in absolute CO₂e emissions (scope 1 & 2) vs FY16



Decoupling growth from carbon impact

FY21 24,953 tonnes CO₂e vs 41,178 in FY16, while increasing sales turnover by 47%

And delivering a -9.1% reduction in CO₂e FY21 vs FY20 while growing sales by 7.9%

-58.6%

In market based scope 1 and scope 2 CO₂e emissions vs FY16



Reducing our net operational CO₂e emissions

FY21 17,064 tonnes CO₂e market-based vs FY16 41,178.

Additionally FY21 2,600 tonnes of carbon mitigation purchased to enable buildings to be carbon neutral in relation to energy use

100%

Renewable electricity sourced for the main Group electricity contract



Committing to renewables

96% of our Group electricity use is from renewable sources

79%

Of own brand packaging is recyclable, recycled or compostable



Helping our customers be sustainable

And we are rolling out the pet pouch recycling scheme launched in November 2020 to more stores in FY22

98.3%

Of waste diverted from landfill



Minimise operational waste

And all of our animal bedding is backhauled for recycling



84%

Colleague engagement score in FY21 We C.A.R.E. colleague engagement survey



Colleague engagement
85% retail, 82% Vet Group

£15.8

Colleague bonus in recognition of their tireless efforts throughout the year



Reward strategy engaging colleagues in the long term success of our business

Colleagues were recognised for their efforts throughout the year with a record £15.8m bonus, which includes a one-off £1.9m "Thank you" bonus for frontline colleagues

178

Promoted to grooming stylist in FY21



Building pet care expertise

1400 hours of training required to become a fully trained stylist, covering 9 modules of learning and skills

5,000+

Colleagues became new shareholders or had their shareholding enhanced in July 2020



Reward strategy engaging colleagues in the long term success of our business

Restricted stock plan granted since 2017. In June 2020 we granted an additional 2.1m shares to 9,300 colleagues.

over £6m

Raised by VIP Lifelines and the Pets at Home Foundation



Being there for pets when they need our help

And over £50m raised since 2006

over 1m

Subscription customer across the Group



Making pet care accessible and convenient

An increase of over 20% yr / yr

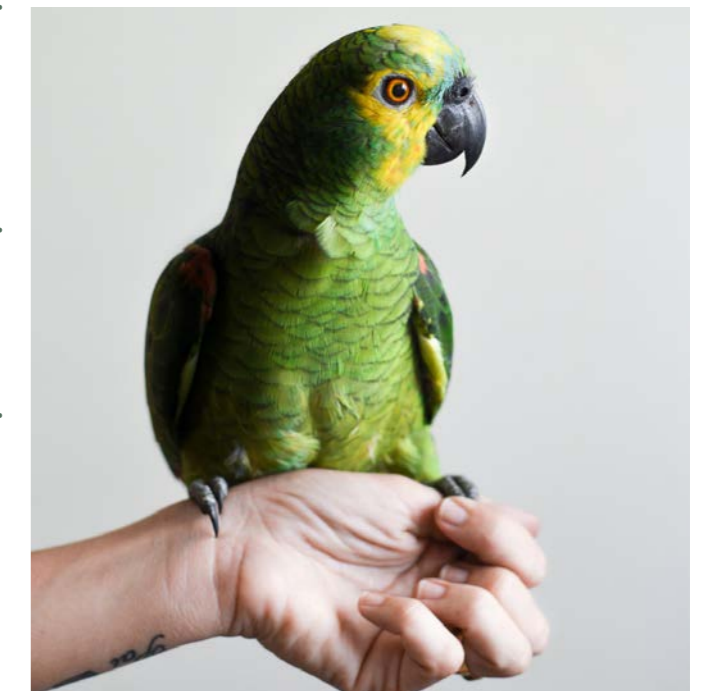
over 57k

Downloads of our Virtual Pet Pals Easter 2021 resources



Educating the pet owners of the future about responsible pet ownership

Over 400k children have attended our educational Pet Pals sessions since 2015



COVID-19 response

The Pets at Home Group is seen as a key service provider to keep our nation's pets fed and cared for. This has required us to follow all government guidance and introduce a number of additional controls to protect our colleagues and customers in all areas of the Group.

The Group reacted early in the pandemic and set up working groups to start considering the impact on the Group. This resulted in the introduction of protocols, which set out the Government's advice and additional changes the Group would be implementing as well as acting as a key question and answer document for all our colleagues.

Pre the COVID-19 pandemic impacting the UK, the Group was involved with sourcing the relevant PPE and supporting our colleagues in Asia. To help keep our colleagues and customers safe, COVID-19 Risk Assessments were undertaken at all our stores/ Practices, Distribution centres and Support offices and we have introduced a number of controls across all Group premises. These include:

- Sourcing and procuring supplies of face masks, hand sanitiser and wipes
- Managing the numbers of people shopping at any one time
- Use of a Greeter at the front entrance
- Perspex sneeze screens at our till points and reception desks and mobile consultation units introduced
- Introduced a call and collect service and priority opening for NHS and the elderly & vulnerable
- Limited Vet Group services offering
- Additional cleaning in our stores and practices
- Temporary closure of our Groom Rooms in line with government restrictions
- Monitoring of the Government's guidance and of devolved Nations
- Updating our Risk Assessments in line with guidance changes
- Advising colleagues and work groups on compliance issues

In our Support Office, with the exception of a number of business critical colleagues, all other office and field base colleagues are working from home. All Support Office buildings have had socially distanced working and desk booking systems introduced. Canteens and meeting rooms have been reconfigured to ensure social distancing and all colleagues were required to complete a returning to Support Office training session before returning.

In our Distribution Centres – we have made over 140 process changes across our sites. No visitors are currently going to our DCs unless it is deemed business critical. We have introduced pedestrian one way systems, additional rest areas, and further controls on external drivers. Our canteens offer take away service only and COVID-19 Marshalls have been introduced to undertake random temperature checks and enforce social distancing. Our BCPs (business continuity plans) plans were also updated to ensure plans were in place to react to any outbreaks or site closures.

Compliance checks are made to ensure social distancing measures are working and our colleagues and customers are adhering to the guidance.

Putting pets first

Being there for the nation's pets

Being designated as an essential retailer meant that we were able to continue to feed the nation's pets and provide essential veterinary care throughout the pandemic. After lockdown 1 we were able to resume welfare grooms and we reduced the price of this service by an average of £7 dependent on dog breed and size.

- "Share the love" £2000 donation to 278 charity of the year rescues on Valentine's day February 2021, totalling £556k



1,000

Over 1000 pallets of pet food and bedding donated to rescues and food banks

£1.3m

Emergency grant programme allocated to nominated charities

Our customers

Ensuring the safety of our customers

Providing a safe shopping environment for our customers and following all of the government guidance has been a priority from the outset of the pandemic. We accelerated planned initiatives like click and collect and deliver to car to offer our customers more alternatives to in store shopping.

- Safe distance marker, masks, sanitisers, control of numbers, Perspex screens
- Click and collect launched in all stores
- Home delivery
- Following RCVS guidelines to enable safe veterinary consults and prescribing

157

Deliver to car service available in 157 store

£45

Increased contactless payment limit

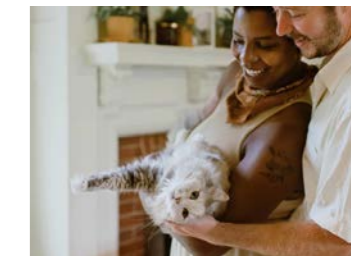


Community impact

Continuing to lead with integrity

From the outset we recognised the need to support our communities, wider industry and to play our part in the wider economy and society. We recognise that the pandemic has disproportionately impacted the employment prospects of young people so we have partnered with the Prince's Trust to support us in developing a work experience scheme for young people using the Government Kickstart scheme.

- £100k donation to CaRe20 (BRC and Retail Trust campaign to support retail colleagues in partnership)
- Announced our partnership with the Prince's Trust and welcomed our first Kickstart colleagues in March 2021
- We did not participate in the Government's Job Retention Scheme for Group employed colleagues who took voluntary furlough or shielded



10%

Discount for NHS

£28.9m

Repaid £28.9m in business rates relief

Our colleagues

Going above and beyond for our colleagues

Going above and beyond for our colleagues was values led from the start. We focused on colleagues' physical safety and also their emotional wellbeing during the pandemic.

Shielding Colleagues

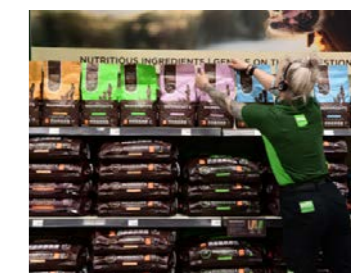
- Extended category to exceed government guidelines
- Included clinically vulnerable colleagues, pregnant and 70+
- Offered full pay

Colleagues with caring responsibilities

- Offered company funded flexible furlough
- Reduced hours
- Flexible working patterns
- Family support leave introduced

Support Office Colleagues

- Wellbeing days given
- Home working introduced with flexible working
- Voluntary company funded furlough offered.
- Development resources and volunteer guides issued to support colleagues who took company funded furlough
- Homeworking grant offered



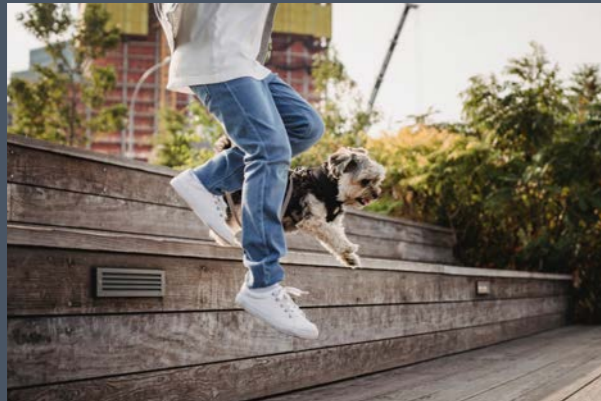
£1.9m

Thank you bonus to frontline colleagues April 2020

£50

Voucher for every colleague to buy their family Christmas dinner, and again for their Easter lunch

Goal: By 2030 positively impact the life of every pet in the UK



Our goals and approach

Our stores and vet practices remained open throughout the three lockdowns to feed the nation's pets and provide essential veterinary care. We have created new ways to serve our customers while keeping everyone safe such as click and collect nationwide, deliver to car, remote consulting and socially distanced welfare grooms. We have also supported the rescue sector who have been dramatically impacted with plummeting income with an emergency grant programme. Pets come first is our number one value at Pets at Home. Every colleague in the Group has a part to play to ensure that we deliver on this value every day. Our love and understanding of pets has led us to develop our long term goal to positively impact the life of every pet in the UK by 2030 which covers not only the pets in our care, the pets of owners that use our products and services but also the pets that we can help through our charity work and through leading change in society and the wider pet care and veterinary industry.

Performance highlights

140+

vet graduates, 83 joining this year, continued their training modules many utilising virtual webinars

over 1,450

physical pet welfare audits conducted in our stores in FY21

57k

downloads of virtual Easter Pet Pals, educating children about responsible pet ownership

160k+

welfare grooms given, with the price reduced by an average of £7, depending on size and breed of dog

£6m+

raised for pet charities through the Pets at Home Foundation and VIP Lifelines bringing the total to over £50m since 2006

750+

local and national pet rescues supported in FY21 through VIP lifelines

200

animal rescues supported with emergency grants totalling over £900k

278

rescues received a "share the love" award of £2k on Valentine's day 2021

1000+

pallets of pet food and bedding donated

449

rehoming and adoption centres. The majority of Pets at Home stores have a small animal rehoming and adoption centre funded by the Pets at Home Foundation

Our focus areas

Pets in our care ensuring the health and welfare of pets in our care on their journey to a new home

Read more
→ Page 18

Pet care expertise the level of pet care expertise and experience we leverage across the Group

Read more
→ Page 20

A unique proposition of products and services we provide in our pet care ecosystem

Read more
→ Page 24

Pet Charity the charity work that we support for pets when they need our help

Read more
→ Page 24

Pets

The value that pets bring to our lives has never been more apparent. Many people have become new pet owners during the pandemic and have spent more time at home and with their pets. During the last year we have remained as focused as ever on looking after the pets in our care to the very highest standards.



Our actions

We have a series of actions that we have committed to as part of Our Better World Pledge to deliver this goal:

- 1 Empowering all of our people to be advocates and ambassadors for pets every day.
- 2 Adopting and contributing to the development of the latest clinical guidance on veterinary matters within our framework of clinical freedom.
- 3 Promote the quality and safety of pet care products.
- 4 Supporting people to be the best pet owners that they can be through our products, services and advice and educate children and young people.
- 5 Help provide a network of support for pets through our adoption centres and the wider rescue sector.
- 6 Work to ensure access to veterinary care for every pet.

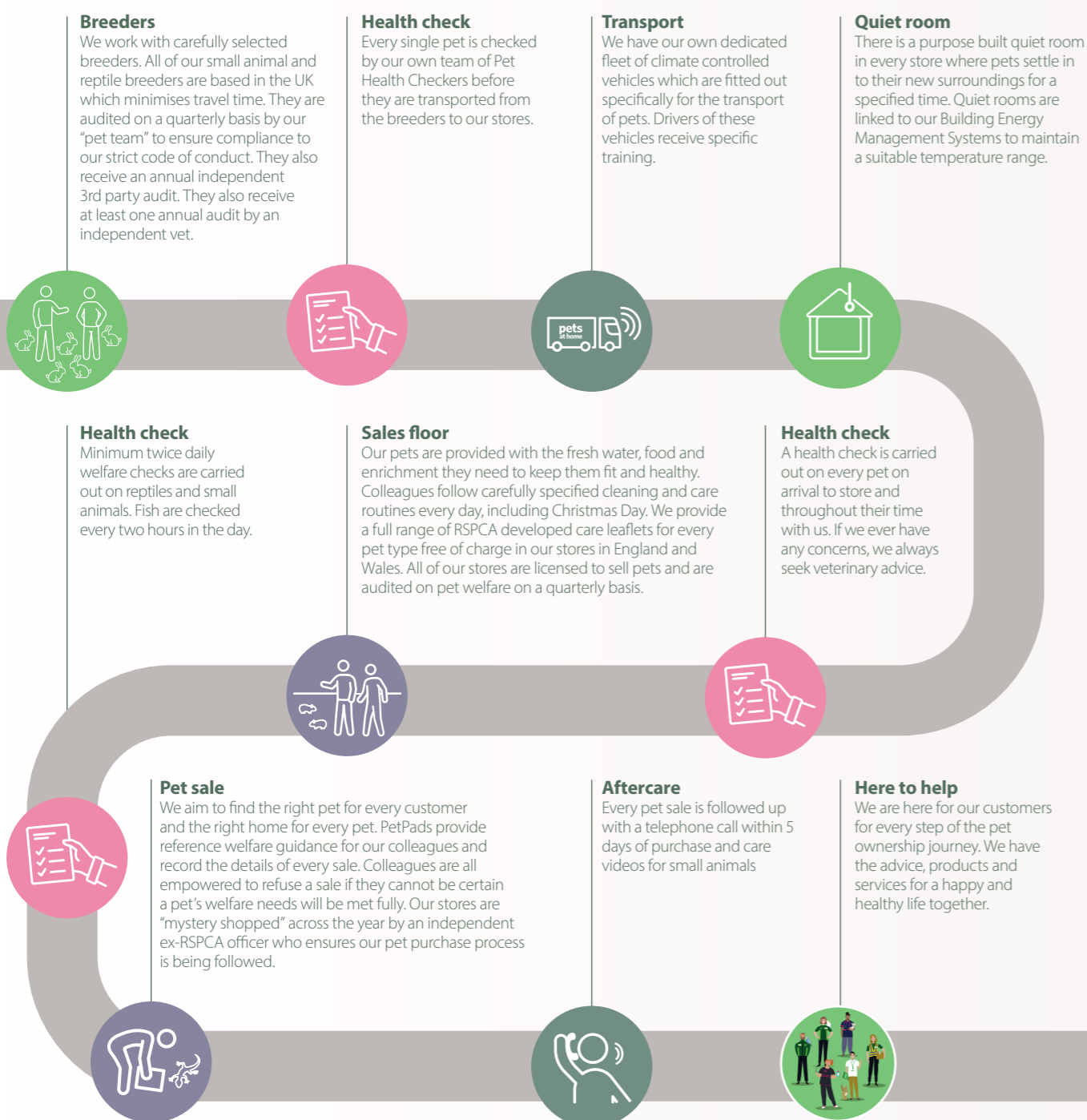
→ Our key performance metrics, see page 44

Pets in our care

We have an experienced veterinary surgeon as our "Head of Pets" in the retail business. She leads our Pet Team who are responsible for setting the standards and auditing against them quarterly at our stores and breeders. Additionally our breeders receive annual audits by two independent vets and "mystery shops" are conducted by an ex-RSPCA officer across our stores.

We only work with breeders who fulfil the five freedoms laid down in the Animal Welfare Act of 2006 and our code of practice. We continually challenge and revise the codes of practice that we have in place for all of our pet breeders to ensure that they reflect the very highest standards. This year we have updated the code of practice for our fish suppliers and reptile breeder.

Pets come first – a safe and healthy journey to a happy home



Keeping pets healthy and safe



Our pet experts
We have a dedicated team of experts, led by an experienced veterinary surgeon, who ensure that we adopt the highest possible welfare standards and that these are implemented consistently at our breeders and in every store.



Products & services
We provide everything our customers are likely to need to ensure their pets remain happy, healthy and safe through their life.



Pet charity
For pets that cannot stay with their owner for whatever reason, we aim to provide a second chance of happiness. 449 of our stores have an adoption centre, accepting small animals. Our charities have raised over £50m since 2006 for pet charities.



Case study: Rabbits
This year, recognising the complexities of rabbit ownership, we have reduced the number of stores that sell rabbits to the 267 that have a veterinary practice in the same location. This builds on earlier decisions that we made to not sell rabbits over Easter and to only sell rabbit food in nuggets rather than muesli to prevent nutritionally damaging self selection.



Case study: Fish
During transport to our stores we choose to have less fish per volume of water than allowed to improve the environment and reduce stress levels for the fish despite the extra cost involved. In store, the health of our fish is checked every 2 hours during trading times. Our customers must have a tank ready and set up for at least 24 hours before introducing fish to it. We provide free unlimited water testing to any fish owner which isn't tied to a sale.



Case study: Reptiles
All of our reptiles are UK captive bred by one expert breeder we have been working with for over 10 years. We focus our expertise in 66 stores to provide the best possible advice and service to customers considering owning a reptile. The temperature and feeding records are maintained to monitor the environment and welfare in store and also help to ensure consistent welfare routines can be maintained in a new home. Our customers must have a vivarium set up which has been stabilised at least overnight before introducing a new reptile.

Pet care expertise

Right across our business, our colleagues share a passion for pets and are experts in their respective fields, making them a trusted source of help and advice for pet owners throughout the lifetime of their pets.

Stores and grooming salons

It is very important to us that the pets in our stores are well looked after, happy and healthy. We invest heavily in colleague training to ensure that pets receive the best care during their time with us.

Store colleagues

The new Pet Care Development Programme has been created and will be launched during 2021. This provides 50 hours of specialist training for new retail colleagues at Pets at Home. In addition, for colleagues that have already completed their new starter training a varied suite of training is available on a quarterly basis to ensure all colleagues are equipped with the latest expert pet information.

→ For more information about our Store colleague training see page 34



452

Stores



316

Groom Rooms



254

stores with a vet and a grooming salon



Grooming

We set the standards in this unregulated industry and provide leading levels of training and a welfare focused environment. All of our salons are fully air conditioned for the comfort of our dogs and they are provided with high end equipment. We manage the sharpening of our blades and maintenance of our equipment through our expert in-house team located in our distribution centre. This enables us to be confident of maintaining our high standards.

All our grooming salon colleagues undergo extensive training with over 1400 hours of training required to be able to complete our 9 assessment stages on the "prep it", "clip it" and "snip it" programme before they are able to fully groom a dog. In addition many of our colleagues continue to our advanced training which is aligned to the City and Guilds levels 1 & 2 and advanced City and Guilds. Our grooming training is industry leading and also includes breed standard grooms. Colleagues learn about first aid and dog behaviour as part of their grooming training so they are able to handle dogs sensitively during their groom, minimising any anxiety, and colleagues also take time to inspect coat and skin health, recording any concerns they may have and drawing the owner's attention to them. We encourage all our salon colleagues to use their full discretion to seek treatment from a vet if they believe it is the right thing to do. During the last year during the pandemic we have continued to train our colleagues and focussed on providing our essential welfare grooms, and to support pets and their owners during this challenging year we reduced the price by an average of £7 depending on the dog size and breed type.

Vet practices

We are incredibly proud of our Joint Venture vet businesses, Vets4Pets and Companion Care, and the talented vets and veterinary nurses who own and run these practices. Our nationwide network of small animal veterinary practices mostly operate under the Vets4Pets brand and in conjunction with our Joint Venture Partners, providing the opportunity for entrepreneurial vets to own their own business. This Joint venture arrangement offers clinical and operational freedom to veterinary surgeons supported by our business expertise. We also operate a number of company managed veterinary practices which are owned in full by us. Our clinical services team of veterinary surgeons provide support to help our Joint Venture Partners improve clinical standards and services to clients.

During the year our priority has been keeping our colleagues and customers safe while continuing to provide essential veterinary care during the pandemic. We have followed the Government and Royal College of Veterinary Surgeons (RCVS) guidelines to enable socially distanced appointments to take place. We began remote consultations and prescribing in line with the RCVS guidelines.

Excellent progress has been made in the veterinary business, with over three quarters of practices now enrolled with the RCVS Practice Standards Scheme and an increasing number of practices achieving further awards within the scheme. During the year the auditing aspect of this programme was paused because of the issues connected with physical visits during the pandemic.

We have lead the way in clinical practice with ground breaking initiatives such as our quality improvement programme called QI2020. QI2020 provides granular detail about practice clinical standards, enabling clinical services support to be tailored and targeted to provide maximum benefits.

→ For information about our Veterinary Graduate programme see page 35



395

Joint venture veterinary practices

46

Company managed veterinary practices



Education

At Pets at Home we bring animal welfare to life by using our store network, at the heart of communities, to engage with children (and their parents and carers) about how to look after pets through knowledge, empathy and kindness. During FY21 our face to face sessions were paused due to the pandemic. We are delighted to have launched digital pet pals sessions and during Easter 2021 we have had over 57,000 downloads of these resources.

Supporting the Scout Association

We are really proud to work with the Scout Association, a national charity helping 400,000 young people across the UK to build skills for life. Our partnership involves sponsoring the "Animal Friend" Beaver activity badge and the "Animal Carer" Cub Scouts activity badge. During FY21 these sessions moved to an on line resource that leaders were able to download from the scouting website.

We are looking forward to welcoming children back into our stores for our education sessions as soon as it is safe to do so.

11 years

of supporting the scout association



A unique proposition of products and services

We provide everything our customers need to ensure a happy and healthy pet and pet owner relationship.

Making a lifetime of care affordable and convenient

By providing a variety of pet care services to our customers we are able to cater for their pet care needs in ways that the majority of our competitors cannot. In addition to our First Opinion veterinary practices our various subscription services represent another key element of our offering across which we now provide products and services to over one million customers including our “subscribe and save” cat and dog monthly flea and worm platform, our “Easy Repeat” food subscription service and various health plans offered by our First Opinion practices including our flagship “Complete Care”.



>1m

Subscription customers

21%

growth in the number of subscription customers



Our extensive product ranges

Products that put pets first

We benefit from a high level (39%) of private labels across our food and accessory ranges, this means that we are able to develop unique and exclusive products for our customers and their pets with pet welfare at the heart of our developments.

Locking safety clips have been applied to all Wainwrights & 3 Peaks products from June 2020, offering additional security and peace of mind for all dog owners. A similar locking mechanic is being applied to all Pets at Home dog leads going forward over the next 12 months.

Food products have been updated with pet welfare in mind. A launch of new AVA breed specific cat food to tailor foods for specific breed requirements launches in 2021. We have improved palatability in Wainwrights dry food by improving the recipe, with 8 out of 10 dogs preferring the new recipe. Within our treats section rawhide alternative treats are being launched to offer customers a choice should they wish to not buy rawhide, along with increasing our natural range of dog treats.

In our accessories range, we have launched cat fountains to help with hydration and a range of raised feeding bowls to support pet posture and feeding bowls for specific needs e.g. specially shaped bowls for Spaniels ensuring their ears don't go into their food whilst eating.

In May 2020 we launched a Pets at Home in car safety collection which included new safety car harness, seat belt tether & booster seat and backseat bumper cover. These are in line with the UK law that all dogs need to be safely restrained when travelling in a vehicle (for the pets, drivers and passengers safety).

The “Cool Club” collection had a range expansion– supporting the importance of keeping dogs cool & hydrated whilst in the sun / heat. This included cooling mats & vests, UV shelter tent, 3 Peaks cooling vest & bandana.

Technical and ethical compliance

All of our own brand pet food has been tested to required industry standards set by the European Petfood Federation (FEDIAF). We also independently assess these test results with our suppliers on a scheduled basis to ensure compliance.

There are no formal regulations specific to pet care accessories so we have developed our own testing protocols for each product category. Where there is relevant legislation such as toys then the relevant regulation is applied. We also independently test all product categories using 3rd party testing houses, and we are constantly looking at ways to improve our products based on customer feedback and product surveillance.

We have a highly experienced team of technical managers who manage all of this work and ensure our protocols are kept under regular review up to date and monitor product feedback from our customers and colleagues, including the Pet Team.

We are the only UK pet retailer to have invested in a dedicated sourcing office in Asia with a team of trained technologists who work to ensure the quality of our products and the ethical and environmental standards at our suppliers. In addition to audits from our own technical teams, factories are also required to provide independent 3rd party ethical audits.

Pet Charity

We are proud to operate at the heart of communities across the UK, supporting pets and the people who love them. Our support for our pet communities is organised around two main programmes: our charitable foundation which was renamed the Pets at Home Foundation in April 2021 and our customer loyalty community programme, VIP Lifelines. This has been a really difficult year for pet rescues, fundraising opportunities have significantly reduced or disappeared completely while the rescues have continued to pay bills and support animals in their care and in their communities. We have held a series of round table events with smaller rescues and have met with the larger charities to understand the impact of the pandemic on pet welfare in the short to longer term and where we are best placed to help. Although the level of relinquishments into rescues has significantly reduced during the pandemic it is expected this could return to pre pandemic levels as restrictions are gradually lifted across the UK. Our role as the largest grant giver to animal rescues in the UK remains as important as ever and we will stay close to how we can best support the sector. The area of education has been identified as a growing opportunity for us and we are exploring how we can widen our education programmes to include cats and dogs in addition to fish, reptiles and small animals.

The Pets at Home Foundation

Support Adoption for Pets has been renamed to "The Pets at Home Foundation". The Foundation has extended its objects so it continues to support pet rescue and rehoming but it will now also support charities that help people through the love of pets. This builds on the strong relationships that Pets at Home already has with charities like Dogs 4 Good and Pets as Therapy who have been receiving our single use carrier bag sales proceeds since October 2015. The Foundation has raised over £40m since it was established in 2006. The Foundation is run by a small team of experts including a registered veterinary nurse, a fundraising manager and a number of colleagues with expertise in assessing and supporting the small rescues and charities that we work with.

How The Pets at Home Foundation raises money

There were 338 relationships between Pets at Home stores and local animal pet rescue and rehoming organisations. These relationships allow rescues to highlight the work they undertake within their local community and raise much needed funds for the pets within their care. Despite the pandemic our national fundraising events and virtual events continued throughout the year, and have been supported generously by our colleagues and customers who have raised over £4 million in FY21.



Our rainbow collar charms raised over £48k for the NHS charities together COVID-19 appeal

The impact of the Foundation

The money raised has been used to issue emergency grants during FY21 as the priority of the rescue sector has been the immediate financial impact of the pandemic on fundraising efforts. During the year an emergency fund of £1m was allocated using money raised by the Foundation and by the VIP Lifelines scheme to support rescues impacted by the coronavirus crisis. Throughout the year the Foundation has supported 200 rescues through emergency grant funding and grant programme with over £900k.

At the end of the year on Valentine's Day 2021 we launched "Share the Love campaign" which awarded 278 rescues with a grant of £2000 each to share our appreciation and love to our Charity of the Year partners up and down the country who have been struggling with their finances during the year.

The charity also runs a network of small animal adoption centres in most of our Pets at Home stores. The adoption centres accept rabbits, guinea pigs, gerbils and other similar small pets. All of our rabbits leave our centres to their loving homes with a free health check, free vaccination and free neutering voucher.

The adoption centres received additional financial support from Pets at Home through the provision of free bedding, estimated at over £443k last year at retail selling prices, and colleague time to provide care to the animals estimated at over £343k per annum.

We are proud that this activity makes The Pets at Home Foundation the largest supporter of animal rescues in the UK.



How VIP Lifelines supports charities

When VIP loyalty club members spend in a store, Groom Room or Vets4Pets practice they earn Lifelines, a unique type of loyalty point. Each quarter we convert Lifelines into vouchers for animal charities which they can spend in our stores or grooming salons.

Customers can choose their favourite charity to support with their Lifelines from ten national charities or a charity registered locally to them. Every point earned has an impact – unredeemed points or those accrued without a chosen beneficiary charity are then used for further good causes where specific donations can be made that are important to our customers. This year, £2.9m has been raised by VIP members which makes a total of over £14.9m since the VIP club launched in November 2012.

The impact of Lifelines

This year 752 local and national charities across the country have received funds that have helped charities buy essentials from our stores to feed their pets and keep them healthy and comfortable whilst they await their forever home.



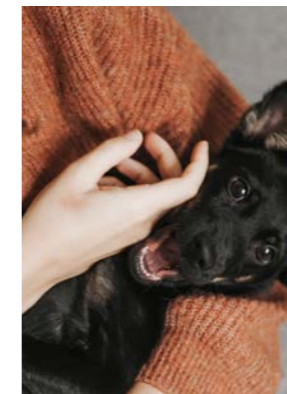
10
National charities supported with vouchers worth £1.2m

15,000
dogs being cared for by the Dogs Trust fed with Pets at Home dog food

742
Local charities supported with vouchers worth £1.7m

Case study: Street Vet

Since 2018 we have been partnering with Street Vet, a charity where veterinary professionals come together in key UK cities to volunteer, providing essential veterinary care for the pets of homeless people. A number of our practices have volunteered their veterinary premises to be the Street Vet base within the town they operate in and many of our vets and nurses across the country volunteer with this charity, giving their veterinary skills for free. Street Vet benefits from lifeline vouchers and a grant of £10k towards vet bills from our practices.



Case study: Marie Curie and The Royal British Legion

We have donated £208k to the Royal British Legion and £15k to Marie Curie from our Poppy and Daffodil appeals this year. We are delighted that our partnership with Marie Curie was recognised in their fundraising excellence awards winning the category of cause related partner of the year.



Looking ahead

Pets in our care

We have reviewed our store and Groom Room pet welfare audits this year and made updates to reflect the latest welfare knowledge. The audit reporting has also changed to better reflect improvement opportunities for stores, highlighting where support is needed while at the same time raising the bar and rewarding good performance.

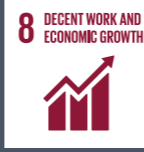
Expertise

During FY22 all of our colleague pet training will be updated including dog and cat nutrition. The training content has been written and approved by a panel of vets and vet nutritionists to ensure pet welfare is at the heart. This training continues to strengthen our store colleagues knowledge to offer the best and most up-to-date dog and cat nutritional advice. Our nutrition consults are designed to suit each pet and owner's individual circumstances.

Charities

The Pets at Home Foundation has extended its objects to enable it's grant giving criteria to be extended to include charities that help people through the relationship with pets. This builds on the support that we have been giving to charities like Dogs 4 Good and Pets as Therapy over the last few years.

Goal: By 2030 enhance the lives of 1 million people through our shared love of pets



Performance highlights

In this unprecedented year the safety and wellbeing of our colleagues and customers came first while we continued to invest in the development and reward of our colleagues.

→ Read more, our COVID response, Page 10

Daily COVID Briefings

Daily briefings were led by the CEO or member of the Executive Management team were held from 17th March to 5th June 2020

£1m

top up payment for our Colleague Hardship fund

2,500

members of the Pets at Home well being social media group

4

colleague networks launched as part of the new diversity and inclusion strategy

84%

overall engagement in the annual colleague "We C.A.R.E." survey which focused on diversity and inclusion and wellbeing

Prince's Trust partnership launched to support "Kick Start" work placement programme



9,300

colleagues received a free stock award in June 2020 when 2.1m shares were granted

8

action areas contained in our new colleague and leadership capability framework

£15.8m

Bonus for colleagues, including a £1.9m "Thank you" payment for frontline colleagues

£50 voucher

For every retail, distribution and support office colleague at Christmas and Easter to pay for the family meal, totalling £800k

Our goals and approach

People sit at the heart of Our Better World Pledge strategy, whether that is people that work for the Group; our customers or the communities that we operate in across the UK. It is the relationship of people with pets that creates the unique bond that unites us all. Our ambitious goal is to positively impact the lives of 1 million people by 2030 through our shared love of pets. We believe that pets bring such joy to our lives that this is possible. We are committed to bring the joy of pets to more people and to use the opportunities that we have to reach more people through being part of our pet ecosystem.

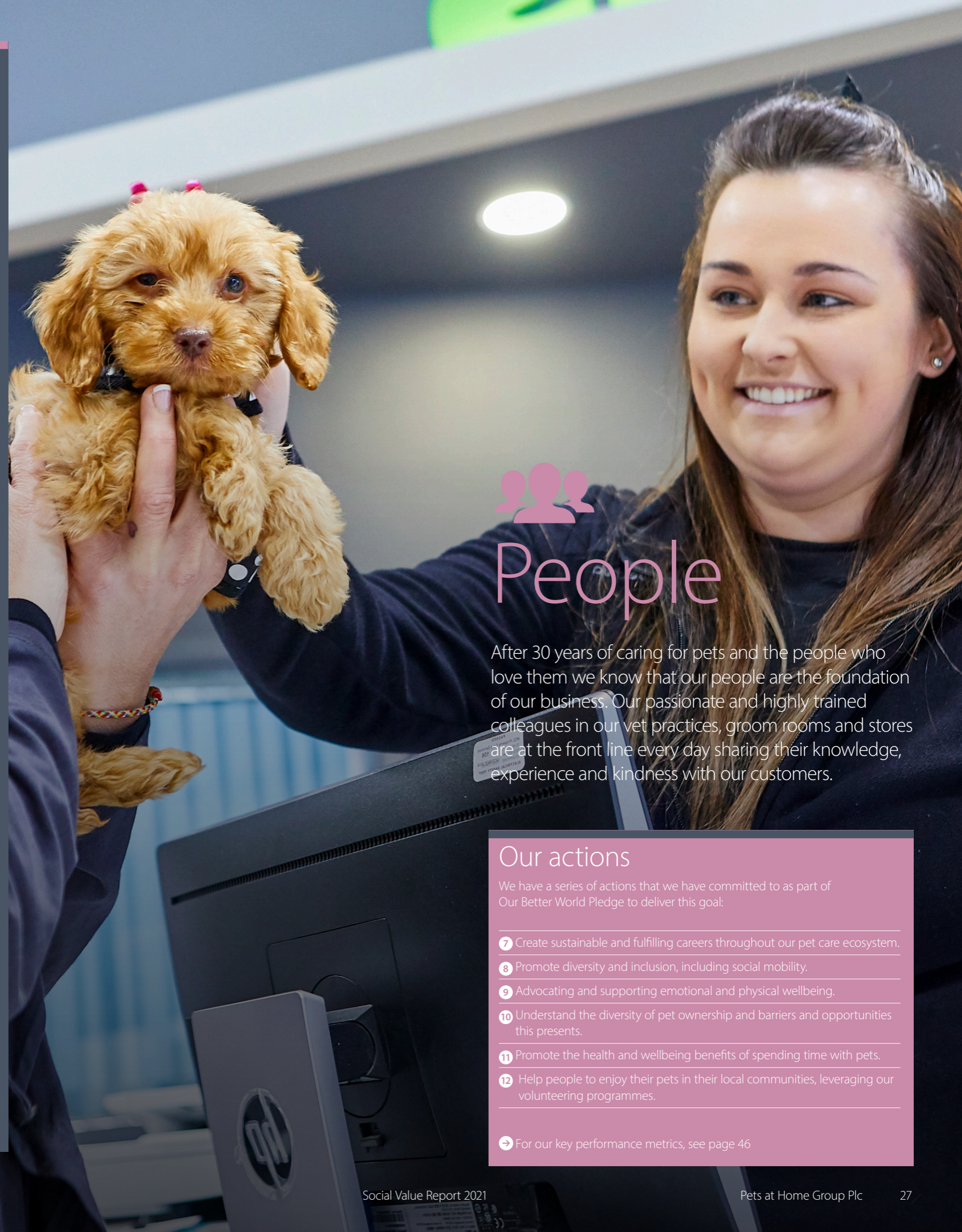
Our focus areas

Our values and culture Our unique culture differentiates our colleague and customer experience [Read more](#) → Page 28

Wellbeing Advocating and supporting emotional and physical wellbeing [Read more](#) → Page 30

Diversity and inclusion Everyone to be welcome and feel part of the group [Read more](#) → Page 32

Learning & development Building pet expertise to empower our people to be ambassadors for pets everyday [Read more](#) → Page 34



People

After 30 years of caring for pets and the people who love them we know that our people are the foundation of our business. Our passionate and highly trained colleagues in our vet practices, groom rooms and stores are at the front line every day sharing their knowledge, experience and kindness with our customers.

Our actions

We have a series of actions that we have committed to as part of Our Better World Pledge to deliver this goal:

- 7 Create sustainable and fulfilling careers throughout our pet care ecosystem.
- 8 Promote diversity and inclusion, including social mobility.
- 9 Advocating and supporting emotional and physical wellbeing.
- 10 Understand the diversity of pet ownership and barriers and opportunities this presents.
- 11 Promote the health and wellbeing benefits of spending time with pets.
- 12 Help people to enjoy their pets in their local communities, leveraging our volunteering programmes.

→ For our key performance metrics, see page 46

Our values and culture



As we progress to achieve our vision of becoming 'the best pet care business in the world', we recognise that our culture is the enabler to delivering our strategy. Focusing on our colleagues and our culture has never been more critical as it has been over the past year while we worked to continue on our transformation journey. For us it is all about kindness: to each other, our Partners, communities, the environment, customers and pets. Kindness builds trust and creates an emotional connection to who we are and what we do.

"The culture at Pets at Home just sets it apart from anywhere else that I have worked before. From the first contact at application stage, through to on-boarding and support you receive from your manager and team, it really is better at Pets!"

Our values

Our values are what make us different from other organisations. They are unique to us and they reflect our very special culture. They give us clarity about what we do here. We recognised that although our values have been tweaked over the years, they have fundamentally remained the same and as a Group we still passionately believe that our values reflect our business.

OUR VALUES



Our behaviours

Our behaviours underpin and bring to life our values. They run throughout our business from recruitment, through to on-boarding, through our learning and development programmes, our performance management and reward frameworks and our talent and succession.

- #1 be courageous
- #2 be honest
- #3 be respectful
- #4 be inspiring
- #5 be supportive

In December 2021 we launched the colleague and leadership capability framework to complement our values and behaviours:

- Engage with our purpose
- Deliver our strategy
- Create our pet experience
- Collaborate with teams
- Shape our future
- Trust colleagues to own it
- Use insights wisely
- Challenge with empathy

Listening to colleagues

Listening is very much part of our DNA and we adopt an "always listening" approach, it is a very important part of our culture that everyone's contribution is welcome and valued. There are many mechanisms available to colleagues to ensure that there is an accessible route for any idea or concern.

We have run our second Group wide listening survey which we call "We C.A.R.E.". Following feedback from our colleagues, the theme of this year's survey has been wellbeing and diversity and inclusion. The insights from this survey have informed our strategies in these areas. The Remuneration Committee chair, Sharon Flood, was appointed as colleague representative in July 2020, replacing Paul Moody. In this capacity she has attended store listening sessions in September and October. Owing to travel restrictions during the pandemic there have been less opportunities in the year for store and vet practice visits. The Chairman was able to make some visits during September when restrictions allowed.

Our response to the coronavirus crisis demonstrates our commitment to listening and communicating to our colleagues. Daily week day video updates from the CEO or a member of the Executive Management Team started on 17th March to supplement the written protocols; Directors have buddied with an area to ensure that every Store Manager received a weekly call; the social network platform SAP JAM was used to create networks of colleagues such as homeworkers; a wellbeing survey was sent to colleagues at the beginning of May to understand colleague concerns and how we can provide further support.



Colleague Data			
	Combined Group	Pets at Home retail	Vet Group
Engagement			
% engaged	84%	85%	82%
Turnover data			
Total turnover %	25%	23%	28%
Unplanned turnover %	22%	20%	25%



Colleague wellbeing

During the year we have developed our colleague wellbeing strategy. The strategy builds on the strong foundations from the last few years, when the Group began its wellbeing journey with an initial focus on mental health. The new strategy covers all the components of our wellbeing: emotional wellbeing, physical wellbeing, financial wellbeing and nutritional wellbeing. It also recognises that wellbeing is one element of the overall colleague experience and there is a high level of interdependency between wellbeing, our culture, listening to our colleagues and engagement.

Pets at Home became signatories to the "Time to Change" pledge in 2019 and committed to deliver the six standards of mental health at work, building on our successful partnership with the charity Mind. The resources and support that Mind have given us have been invaluable in supporting our colleagues and building our strategy. In FY20, the Vet Group has selected Vet Life as their charity of the year. Vet Life is a charity that provides emotional, financial and mental health support to those that work in the veterinary profession.

In April 2020 we established a wellbeing social media group that now has over 2,500 members. Our internal platforms include specific wellbeing pages where we are providing colleagues with resources to support their wellbeing, focusing on different topics across the year. Our new social media and collaborative working tool, SAP Jam, contains a wealth of information and resources across all of our wellbeing focus areas and has been updated throughout the year.



over 2,500 members of our Pets at Home wellbeing social media group

£30k donated to Vetlife as part of our 30th Birthday celebrations May 2021

Our Wellbeing Commitments

Wellbeing matters – and we all have a role to play in taking care of our own wellbeing – and the wellbeing of others

Wellbeing has always been at the core of our business.

That's why we're introducing our Wellbeing Commitments. Rather than something new, they simply describe us at our best! They are a reminder of what we're all about and the part we all play in creating a culture with wellbeing at its heart.

Our wellbeing commitments celebrate:

- Our focus as an employer on embedding a culture where wellbeing matters
- Our expectations of our managers in leading their teams
- Our challenge to each and every colleague to own their own wellbeing and support the wellbeing of others

As an employer, we commit to:

- Providing access to confidential expert wellbeing support and advice if you need it
- Offering training and development to encourage you to develop positive wellbeing habits
- Developing policies which enable you to balance your own wellbeing with the needs of the business
- Nurturing a culture where wellbeing can thrive and discrimination, bullying and harassment in all its forms is never tolerated
- Celebrating a culture where you can bring your true self to work

As a manager, I commit to:

- Agreeing ways of working and ground rules which balance wellbeing with performance
- Prioritising time for regular catch ups with you which extend beyond work priorities and include supporting your wellbeing, career and personal development
- Creating a sense of purpose, belonging and fun through my everyday actions
- Treating you as an individual and never one of the crowd
- Fostering a positive inclusive team culture, and creating a safe space where colleagues are encouraged to speak up about how they are feeling

As a colleague, I commit to:

- Having the courage to speak up about how I'm feeling
- Owning my wellbeing, and showing up with a positive mind-set
- Owning my development: actively participating in the training and development opportunities available to me that can support my wellbeing
- Keeping up to date with wellbeing communications and initiatives and what's happening across the group



Health and safety

We continue to benchmark Group accident rates. We record all incidents (including non-work related injuries) and report all accidents in accordance with the Reporting of Injuries, Diseases and Dangerous Occurrence Regulations (RIDDOR). We record all incidents where we are aware the customer intends to go to hospital as RIDDOR reportable. This does result in some over reporting of RIDDORs.

During the financial year, total accidents across the Group decreased; colleague accident rate decreased by 3.16 from 10.29 to 7.13 accidents per 1,000 colleagues, and a decrease in customer accidents from 1.30 to 0.47 per 100,000 transactions. The number of RIDDOR accidents decreased 0.19 to 0.16 in our stores, practices and Specialist Referral centres. In our Distribution Centres, there was a decrease of 0.11 accidents per 100,000 hours worked, and RIDDOR accidents decreased by 0.01 per 100,000 hours worked.

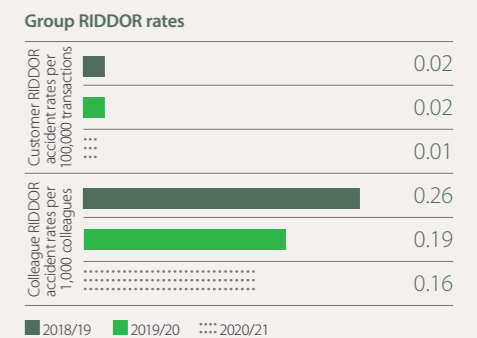
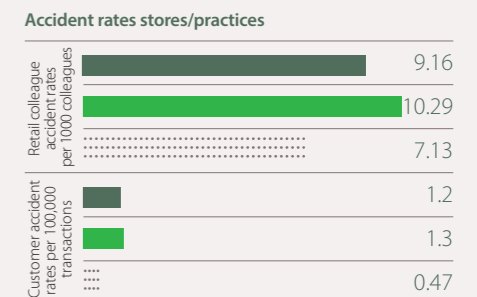
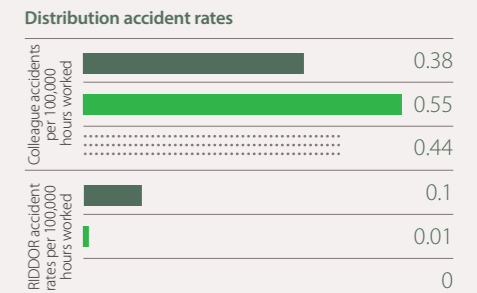
There have been no Health and Safety Enforcement Notices served on any part the Group.

Our goal is to make the Pets at Home Group a healthier and safer place for everyone. We therefore expect our colleagues to manage all aspects of our business safely. We continue to promote Health and Safety, and a "Stay Safe" culture throughout the group to all colleagues.

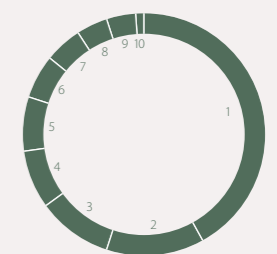
Lucy Williams, our Group Legal Director Officer, chairs the Group Health and Safety Committee with representatives from each business unit. The Group Health and Safety Committee meets four times per year and discusses various Health and Safety issues as well as undertaking deep dive projects. Throughout the year, the Distribution Centres also host their own Health and Safety Committees,

Our Health and Safety training modules have launched across the Group, with Stay Safe, Get a Grip, Slips, trips and falls available to all colleagues and a new Fire Module next to be released.

➔ For a detailed overview of our coronavirus response see page 14



Accident causations



1. Animal bite	42%
2. Slipped, tripped or fell on the same level	13%
3. Hit by moving, flying or falling object	10%
4. Animal scratch	8%
5. Injured while using knives, scissors, needles or surgical equipment	7%
6. Hit something fixed or stationary	6%
7. Injured due to handling, lifting or carrying	5%
8. Exposed to or in contact with a harmful substance	4%
9. Cut or scratch due to sharp object	4%
10. Fell from a height	1%

Diversity and inclusion

This year we have built upon our commitment to developing an inclusive culture with the creation of a new strategy and vision supported by our new CEO-led Diversity and Inclusion leadership forum. Diversity and inclusion was the focus of our We C.A.R.E survey in 2020 and alongside a number of listening groups held with colleagues we identified that overwhelmingly our colleagues care deeply about it, and are keen to take an active role as we progress further. Through the questions asked we created an inclusion index, scoring 83% which will be our benchmark for our activities as we move forwards.

The views of our colleagues have and will continue to inform our objectives and approach. Our vision is that everyone is welcome and feels part of our group and our strategy is deliberately broad encompassing all our colleagues, our JVPs and our customers. We aim to be thought leaders who use our insight to bring the pet experience to life for everyone. We focus on breaking down barriers to attract and develop diverse talent and creating a culture that enables our people to be the best that they can be. Our approach is made up of three actions; increasing awareness and education, inspiring engagement and enhancing our policies and data.

This year we have launched four new colleague network groups, each with an executive sponsor. These networks cover gender, disability, LGBTQ+ and multi-cultural (covering race and ethnicity). Our colleague groups play an active part in informing and contributing to our activities, strengthening the voice of our colleagues, and collaborating together to inspire engagement from people across our business.

We have developed a new e-learning diversity and inclusion training which we began rolling out to all our colleagues in summer 2021. Diversity and inclusion has already been embedded into our capability framework and we will be looking to build on this over the coming year with a more detailed education programme.

Diversity and inclusion now features more frequently in both our internal and public communications, helping to increase our colleagues' awareness of what we are doing and why. We also aim to demonstrate that diversity and inclusion is an everyday part of what we do and encourage all our colleagues to contribute.

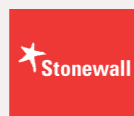
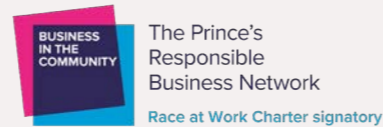
We are delighted to have formed a partnership with the Prince's Trust during the year. The charity will be supporting us to welcome colleagues into the Group on work placements as part of the Government's Kickstart scheme. Our first Kickstart colleagues joined our support office in March 2021. We have plans in place to offer placements in our stores and our grooming salons starting in the summer.



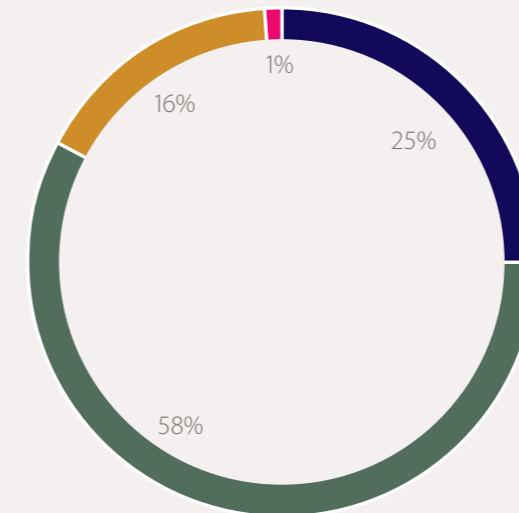
We have made a number of external commitments, including to the Race at Work Charter, the Valuable 500 and the British Retail Consortium's Diversity and Inclusion Charter. These frameworks help to focus what we do and provide access to a network of other signatories. Sharing experience and knowledge around diversity and inclusion within the retail sector and beyond is a key part of our approach. We are developing networks through our membership of the Business Disability Forum, and Stonewall and we also regularly participate in Retail Week's diversity and inclusion steering group, sharing experience and knowledge with other retailers.

We have once again partnered with Retail Week's Be Inspired campaign and 6 colleagues have joined their Senior Leadership Academy this year.

→ For our key performance metrics see page 46.



People data

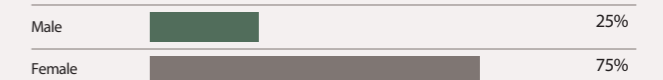


Colleagues aged under 25 years old	25%
Colleagues aged 25 to 44 years old	58%
Colleagues aged 45 to 64 years old	16%
Colleagues aged 65 and over	1%

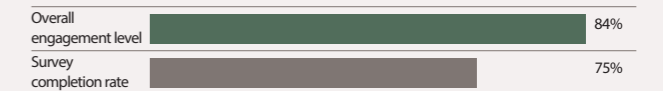
55%
Pets at Home store managers have over 10 years' experience

75%
colleague retention

Gender diversity all colleagues



Colleague engagement



Colleague Diversity data

Gender	Combined Group	Pets at Home retail	Vet Group
% of women on plc board	37%	n/a	n/a
% of ethnic minorities on plc board	13%	n/a	n/a
% of women on Executive Team	30%	n/a	n/a
% of roles held by women total business	75%	67%	88%
% of senior management roles held by women	41%	43%	33%
% of store managers women	n/a	42%	n/a
% of JVP women	n/a	n/a	56%
Age	Combined Group	Pets at Home retail	Vet Group
% Colleagues aged under 25 years old	25%	31%	14%
% Colleagues aged 25 to 34 years old	39%	37%	43%
% Colleagues aged 35 to 44 years old	19%	16%	24%
% Colleagues aged 45 to 54 years old	11%	10%	13%
% Colleagues aged 55 to 64 years old	5%	5%	5%
% Colleagues aged 65 and over	1%	1%	1%
Experience	Combined Group	Pets at Home retail	Vet Group
% Colleagues with under 2 years' service	40%	41%	39%
% Colleagues between 2 and 5 years' service	28%	25%	33%
% Colleagues between 5 and 10 years' service	20%	19%	22%
% Colleagues over 10 years' service	12%	16%	6%
% of store managers over 10 years' service	n/a	55%	n/a
% of JVPs over 10 years' service	n/a	n/a	29%

Learning and development

Training

The launch of Success Factors in May 2021 is a significant step in our Learning strategy as it enables our colleagues to have single system access to their learning and will provide availability to a library of content.

During FY21 45 webinars have been hosted to support colleague development, these are particularly focussed on our support office colleagues. They have covered topics such as mindfulness, well being and managing change.

This year we have focussed on developing career pathways for colleagues. The "Fearless Manager" programme is focused on preparing deputy managers to become our store managers of the future. There are 72 colleagues in 3 cohorts of this programme at present. An equivalent programme is about to kick off in our distribution centres. These management development programmes have used the new leadership capability framework to help colleagues shape their personal development programmes.

All colleagues across the group complete mandatory training which is a requirement for them to be eligible for bonus payments. There are over 10 modules, covering topics such as health and safety, GDPR, IT security, anti-bullying and modern slavery that are completed by everyone across the group.

➔ For more information about our grooming training, see Page 20.



Grooming expertise

In addition to our industry leading extensive training programme with 1400 hours of training and 9 assessment levels to reach stylist we are passionate about supporting apprenticeship programme. We have continued to act as the main employer lead as part of the Trailblazer group for the level 2 Dog Grooming standard which is currently going through the approval process with the Institute for Apprenticeships and Technical Education (ifATE). This will enable a pipeline of Dog Grooming talent by the end of FY22.

We are delighted that we have recently started 60 Salon Managers on the Level 2 City and Guilds qualifications.

➔ For more information about our grooming training, see Page 20.

Vet graduates

Our graduate programme is a 2 year programme which supports graduates on the transition from university to practice. It provides both clinical and non-clinical continuous professional development (CPD) as well as a multi layered support structure. During FY21 during the pandemic, we are proud that we did not cancel any CPD and transitioned our programmes to virtual formats so that graduates continued with their development. We continue to support at least 80 new graduates joining us on an annual basis, the majority from our JV practices. We have launched our "Graduate Next Steps" alumni fund with 10 successful applicants receiving a £1k grant towards ongoing personal development. The graduate programme won an award with the institute of student employers of best graduate on boarding and induction activities.



Performance management

In terms of performance management a new dynamic approach was introduced during FY21. Called "Great Conversations", the process involved quarterly check in meetings between colleagues and their manager. This regular update has been particularly important during the pandemic as priorities changed at short notice. Wellbeing formed part of everyone's check in meeting in a year when taking ownership of our wellbeing and having the opportunity to discuss it has been important for everyone. The check ins enable our new leadership capability framework to be used on a regular basis.

4

check in sessions held during the year between colleagues and their manager

Wellbeing

Was introduced as an element of every colleague's quarterly check in with their line manager



Looking ahead

Wellbeing

We have committed to fund the training of 500 vet colleagues to become mental health first aiders in FY22. This means that every practice will have someone with the skills to support and signpost colleagues who are dealing with mental health issues. Mental health is a significant issue in the veterinary profession so we want to support our group owned and joint venture practices. The mental health first aider training programme will run from March 2021 to November 2021.

Diversity and inclusion

We are looking forward to rolling out our diversity and inclusion e learning and the implementation of Success Factors which will enable us to collect diversity data and build our understanding of diversity amongst our colleagues.

Volunteering

We will be relaunching our volunteering programme as "Our Better World Pledge Days". These days will enable our colleagues to support pets, people or environmental activity in their local communities.

Goal: By 2040 become net zero



Performance highlights



Signatories and active members



Science Based Targets initiative committed

BEMs

Building energy management systems installed at Support Offices in FY21



added to the United Nations Framework Convention on Climate Change Race to Zero campaign

-9.1%

reduction in CO₂e yr / yr, while growing sales by 7.9%

Recycling

Pet pouch recycling piloted in 20 stores, rolling out from June 2021

79%

of our own brand packaging is recyclable

100%

animal bedding backhauled to our distribution centres for recycling

98.3%

Operational Waste diverted from landfill

100%

Main group renewable contract since 2017 96% renewable use in FY21

Our goals and approach

Our approach is to set the bar high. We have environmental goals that we know are challenging and that will require us to change the way we work, as well as the way we think about the impacts of products and services that we offer to our customers. We will use less energy and resources, generate less waste and packaging, while offering more sustainable ways to care for our pets.

This year has marked a key step in our journey, as we have made some substantial and ambitious commitments to improve our environmental sustainability. This brings together and builds on the good work we have been doing for years, taking our approach to the next level. This is a commitment to which we expect and encourage our stakeholders to hold us to account.

Most significantly, we are taking steps to transition our business to embrace a low carbon future and decouple our future growth from climate impacts. Our main Group electricity contract is 100% renewable. By 2030, we will be net-zero emissions across our own operations and will have made significant efforts to reduce the emissions across our value chain, in those areas that we believe we can make the most difference. By 2040 we have committed to be net zero across our value chain too.

To achieve this, we must recognise the importance of partnership and collaboration. We will achieve progress faster if we can learn from each other, and together influence change where we need it to happen. We have committed to the Science Based Target Initiative's 'Race to Zero' and the British Retail Consortium's net-zero roadmap.

In other areas, we are working with the Woodland Trust to promote biodiversity through the protection, creation and restoration of 20,000 acres of British woodland, and we are working with our veterinary partners to develop a framework that will enable them to be more sustainable. We will also partner with our suppliers to create better, more sustainable products, using raw materials from sustainable sources, and all our customer packaging will be 100% recyclable, recycled or compostable by 2025.

Our focus areas

Our business impacts The operational environmental impact of our stores, groom rooms, vet practices and logistics operations [Read more](#) [→ Page 38](#)

Our value chain impacts The environmental impacts of our full value chain products being made, used and disposed of [Read more](#) [→ Page 42](#)

Planet

Our world faces an environmental crisis. The climate emergency, rising biodiversity loss, and the ongoing degradation of our natural environment are negatively impacting the sustainability of our planet's ecosystem. Growing our business at their expense is unacceptable, so we are working hard to increase our efforts to prevent this.

Our actions

We have a series of actions that we have committed to as part of Our Better World Pledge to deliver this goal:

- 13 Innovate to provide sustainable product choices encompassing raw materials and packaging.
- 14 Identify opportunities to enhance biodiversity, for example by supporting woodland programmes.
- 15 Further reduce our direct environmental impact, continuing to purchase renewables, adopting low carbon and clean air transportation and reducing our waste and water use.
- 16 Uphold Human Rights.
- 17 Develop a science based carbon target and work across our supply chain to achieve it.
- 18 Innovate to support circular economy principles and minimise waste in our value chain.
- 19 Understanding and pioneering lower carbon pet diets, including consideration of alternative proteins.
- 20 Develop a framework for a sustainable vet practice (environmentally and socially).

[→ For our key performance metrics, see page 48](#)

Our business impacts

Our day to day operations use energy and generate waste. We are introducing new programmes and ways of working that improve our efficiency and reduce our use of precious resources.

Using less energy

We use energy across our business to heat, light and power our stores, distribution centres and offices, as well as fuel our distribution and car fleets. For many years, we have had programmes in place to improve our electricity and fuel efficiency, and we have continued to invest during this year.

During FY21 we have removed 11 gas metres from our estate and installed a Building Energy Management System in our 3 support offices in Handforth. As a result of this and our previous BEMs and LED installation programmes we have reduced electricity use by -1.4% and our use of natural gas by -10.0% compared to the previous year.

Driving fewer kilometres, more efficiently

Our distribution network has become more efficient too, as we invest in more newer vehicles and use better planning tools to schedule and map our routes. In 2021, we have travelled 113.7km per 1,000 cases, compared to 123.4km in the previous years. This is an improvement of 4%.

The improvement in efficiency has meant that we have travelled 2.96km per litre compared to 2.83km in the previous year. This performance also includes our backhauling operations where we collect goods from our suppliers on the way back from store deliveries, to save suppliers then making the delivery journeys themselves. While we know this adds to the distance that we drive, we also know that by doing this we will be reducing the overall distance that one of our products travels before it reaches our stores.

Reducing our greenhouse gas emissions

During 2021, we have continued to reduce our carbon footprint while increasing our sales.

Our absolute operational greenhouse gas emissions have reduced by -9.1% to 29,651 thousand tonnes, compared to 32,612 in 2019/20. This is a particularly good result given that we have grown our Group revenue by 7.9%.

Since 2017 we have purchased renewable electricity through our main Group contracts to power the majority of our stores, veterinary practices, distribution centres and support offices. As electricity accounts for 45.9% of our overall energy use, this continued investment enables us to operate in a very low carbon way already and means that our net scope 2 carbon emissions are small at 1,030 thousand tonnes. We are firmly committed to maintaining this approach, while also driving down energy use to ensure we manage any risk of not being able to fulfil our demand. We also make checks to ensure that the electricity we buy is from a certified and verifiable source.

This year we have included anaesthetic gas and fugitive emissions in our scope 1 reporting and we have re stated FY20. Since 2017 our main Group electricity contracts have been renewable and we have mitigated residual buildings carbon to ensure that our buildings have been carbon neutral in relation to energy use.

Decoupling carbon emissions from business growth

We have been reducing our carbon emissions while continuing to grow our business. In the last 6 years since 2015/16 we have grown our sales by 47% while reducing our scope 1 and 2 emissions by 39%. This means that our scope 1 and 2 carbon intensity has more than halved. The investment in an LED lighting installation programme, BEMS, fuel and driver efficiency programmes have driven this reduction.

Scope 1 and 2 carbon emissions 6 year performance

		Tonnes CO ₂ e emissions						FY21 vs FY16
		FY16	FY17	FY18	FY19	FY20	FY21	
Emissions	Scope 1	9,498	9,619	9,649	8,431	12,085	11,337	19%
	Scope 2 (location based)	31,680	28,840	21,584	17,066	15,133	13,616	-57%
	Total	41,178	38,459	31,233	25,497	27,218	24,953	-39%
	% change		-7%	-19%	-18%	7%	-8%	
Group revenue	£'000,000	779	834	899	961	1,059	1,143	47%
	% change		7.1%	7.8%	6.9%	10.2%	7.9%	
	Normalisation/Intensity	52.9	46.1	34.7	26.5	25.7	21.8	-59%
	% change		-13%	-25%	-24%	-3%	-15%	

Normalisation: Intensity has been calculated using Group revenue and location based scope 1 and 2 emissions. It will differ to the intensity calculation in the carbon emissions by Scope 2020/21 table which includes our reported scope 3 emissions.
Exclusions: Anaesthetics and Fugitive emissions are included in years FY20 and FY21 only.

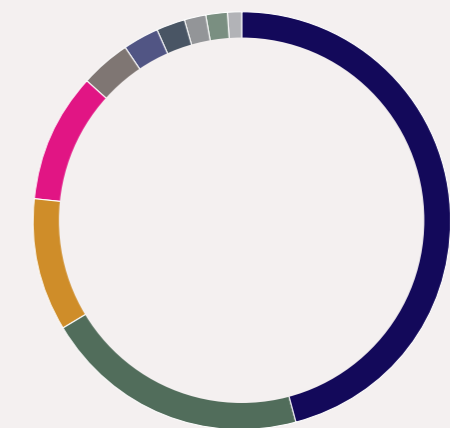
Our scope 1 emissions were 11,337 and have reduced by 6.2% compared to the previous year. These emissions include a small amount of natural gas used to heat our business, but is dominated by the fuel used to run our distribution fleet and company cars. Diesel used by our haulage fleet which represents 54% of Scope 1 emissions and 20.6% of total emissions.

Eliminating these scope 1 emissions remains the most significant challenge we face in terms of achieving our aim of becoming a net zero emissions business by 2030. For that reason, we are closely monitoring the development of new technologies that will reduce the emissions associated with distributing our products. During the year we have moved our company car fleet list to hybrid and electric options.

Due to more robust data collection, this year we have included anaesthetic gas and fugitive emissions in our scope 1 reporting for the first time. To enable a year on year comparison, we have also included anaesthetic gas and fugitive gas emissions in Scope 1 for FY20. We are unable to source accurate data earlier than this point, hence the increase in emissions between FY19 and FY20 in the 6 year performance table. Anaesthetic gas will be a significant emission source at 26% of scope 1 emissions.

As part of our carbon footprint, we also report on emissions from our use of third party logistics, personal travel and electricity distribution and transmission losses. In total our reported scope 3 emissions have reduced by 697 tonnes or 12.9% compared to last year.

Carbon emissions breakdown by source 2020/21



	Tonnes CO ₂ e	%	Scope
Electricity	13,616	45.9%	2
Diesel (core fleet)	6,096	20.6%	1
Diesel (3rd party)	3,022	10.2%	3
Anaesthetic gas	2,985	10.1%	1
Electricity T&D losses	1,170	3.9%	3
Fugitive gas	831	2.8%	1
Gas	665	2.2%	1
Business Travel (3rd party)	505	1.7%	3
Business Travel (company fleet)	456	1.5%	1
Red Diesel	304	1.0%	1

Carbon emissions summary by Scope 2020/21

	Tonnes CO ₂ e emissions		
	2019/20 (scope 2 location-based)	2020/21 (scope 2 location-based)	2020/21 (scope 2 market-based)
Scope 1	12,085	11,337	11,337
Scope 2	15,133	13,616	1,030
Scope 3	5,394	4,697	4,697
Total	32,612	29,651	17,064
Inclusion of 2,600 tonnes of carbon mitigation		27,051	14,464
Scope 1 and Scope 2 kWh	94,638,109	90,422,984	
Normalisation of CO ₂ e to £m revenue	30.82	25.96	

- Methodology:** We have applied UK SECR and WBCSD/WRI Greenhouse Gas Protocol Corporate Standard as our methodology. We have used emission factors from UK Government Conversion Factors and IEA for international sites.
- Methodology:** An operational control approach has been used for the organisational boundary. This is the same as last year 2019/20.
- Additional inclusions:** We have included the emissions from our stand-alone vet practices and referral centres. The impact of these is de minimis.
- Exclusions:** Only anaesthetics sourced from preferred Pets at Home suppliers has been included in the calculation.
- Exclusions:** A small number of train and air journeys were not reported, as no carbon intensity data was available, this is de minimis.
- Estimation:** Where this year's data was not available 1.8% of sites used last year's consumption data.
- Independent verification:** Our 2020/21 Scope 1, 2 and 3 emissions are verified to a limited level of assurance by Ernst and Young LLP using the ISAE3000(revised) and ISAE3410 standards, Please refer to page 52 of the social value report for their assurance statement.
- Normalisation:** We have chosen to report gross Scope 1, 2 and 3 emissions tonnes of CO₂e per £m revenue as this is a common metric used in corporate greenhouse gas reporting.
- Market-based criteria:** Since October 2017 we have procured 100% renewable electricity backed by REGOs and assessed for conformance with GHG Protocol Scope 2 Quality Criteria. An emission factor of zero has therefore been applied since that date to calculate our Scope 2 market-based figure, whilst a location-based factor was used to calculate Scope 3 emissions from transmission and distribution losses. A small amount of electricity has been purchased outside of the Group renewable energy contract and this is included in the market based calculation.
- Carbon mitigation:** Pets at Home Ltd is donating £65,000 to the Woodland Trust (a company limited by guarantee (Company Number: 1982873 and a registered charity, Charity Number England and Wales: No. 294344, Scotland No. SC038885 whose registered office is at Kempton Way, Grantham, Lincolnshire NG31 6LL) to absorb 2,600 tonnes of carbon dioxide (equivalent to our use of fugitive gas, natural gas in our buildings and electricity procured outside of the Group renewable contract), through the planting of 11,093 trees, helping with our strategy to reduce our business carbon footprint.
- UK proportions:** Pets at Home operations are UK based except for a small office in Hong Kong. Therefore less than 0.1% of total scope 1 and 2 emissions and kWh usage was from outside of the UK.

Our business impacts continued

Managing our climate risks

Over the past twelve months, we have been working with our functional teams to strengthen the process of risk identification and evaluation relating to climate change. These have involved detailed discussions and workshops with our risk management teams, as well as those within finance, legal, HR and commercial functions.

Thematic area	Key metrics	Disclosure
Governance → Page 68	Net Zero Carbon value chain by 2040 target agreed	<ul style="list-style-type: none"> The Board has full responsibility for climate-related issues, which it manages through universal attendance at our ESG committee. The ESG Committee meets at least three times a year and is supported by management committees that oversee different areas of the agenda, such as energy, climate, waste, products and supply chain. This year the Board reviewed our Scope 3 carbon emissions footprint and following that, as part of Our Better World Pledge, approved a target which commits Pets at Home to be Net-Zero across our value chain by 2040. For the year ahead, the Group executive management team will participate in one of our regular 'Teach Ins' on the topic of 'climate and the environment' which will focus on the inter-related impacts of climate, biodiversity and pollution.
Strategy → Page 70	Climate action, as part of Our Better World Pledge, is one of eight priority strategic initiatives	<ul style="list-style-type: none"> The Board assesses climate-related risks and opportunities on our strategy and business model over short, medium and long-term time horizons. The business has prioritised eight key strategic initiatives and climate action, as part of Our Better World Pledge, is one of these. Our key climate risk relates to assessing and reducing the environmental impact across our direct operations and value chain. Failure to do so could negatively impact the Group's reputation and strategic plan. Physical risks include extreme weather events affecting demand, sales, our operations and supply chains. Beyond these, our exposure to transition risks relate to potential market shifts and more stringent environmental regulation affecting the cost of production and operational flexibility. These same market shifts also bring potential opportunities for new products and services. For the year ahead, we will conduct and report on potential future climate scenarios and their likely impact on our business.
Risk management → Page 69	Sustainability and climate change are classified as a principal risk	<ul style="list-style-type: none"> The identification and management of climate-related risks and opportunities are included within our established risk management process, as described on page 54 of our Annual Report. Sustainability and Climate Change forms one of our principal risks. Each principal risk is owned by a member of the Executive Management Team. In addition, principal and strategic risks are reviewed by the Board. Internal Audit informs the Board, the Executive Management Team and the Audit and Risk Committee on how effectively risks are being managed. During the year we updated our climate change risk assessment as part of our commitment to align our reporting and disclosures to both TCFD and CDP.
Metrics and targets → Page 48	Letter of commitment sent to Science based target initiative (sbti)	<ul style="list-style-type: none"> We are taking steps to transition our business to embrace a low carbon future and decouple our future growth from climate impacts. Our main Group electricity contract is 100% renewable and our electricity use was 96% renewable in FY21. This year we have committed that by 2030 we will achieve net-zero emissions operationally (scope 1 & 2) and by 2040 achieve net-zero emissions across our value chain (scope 3), using a science based initiative approved methodology. We are signatories to the BRC Climate Action Roadmap committing to working with other retailers, their suppliers, government, and other stakeholders, and to support customers to collectively deliver the industry's net-zero ambition. Our climate change metrics and targets are disclosed in page 48 of our Social Value report and are available on our website.

We have committed to implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and continue to integrate them into our reporting. This is summarised in the table below:

Generating less waste, and recycling more

This year we have mapped all our waste streams across the Group to enable us to optimise the reduction and treatment of our waste materials. This has enabled us to disclose our total waste tonnage for the first time and to provide a baseline from which we can target future reductions.

We have recorded 11,758 tonnes of waste. 98.3% of this is diverted from landfill and 73% is recycled or recovered.

While some waste from stores is recycled through local waste management contractors, there are three key waste streams that we consider either to be significant in terms of volumes generated or particularly unique for the business. These are animal bedding, plastic shrink wraps and cardboard packaging used to protect and transport our products.

For plastic and cardboard, we have implemented processes that collect this waste from our stores and then backhaul it to our distribution centres for central processing. This enables us to have a more controlled and coordinated approach. This centralisation also means that we can focus our investment on equipment to sort and bulk together waste sent for recycling, giving it the best chance to come back as something new.

Waste tonnage reporting FY21

Waste Type	Tonnage	Proportion of total waste
Cardboard & paper	4,346	37.0%
General waste	3,509	29.8%
Animal bedding & wood	1,299	11.0%
Clinical & related wastes	1,257	10.7%
Mixed recycling	569	4.8%
Plastics	552	4.7%
Construction & projects	182	1.5%
Other	44	0.4%
Total	11,758	

Exclusions: Some small waste areas have been excluded due to data availability. These include the small number of practices utilising waste providers outside of group waste contracts and 2 landlord-managed sites.

98.3%
of waste diverted from landfill

100%
animal bedding from our stores is recycled

We'll make sure the woods are there when you need them...

We all need trees. Woods connect us with nature, give us space to relax and escape and boost our health and wellbeing. In memory of your beloved friend, a donation is being made to the Woodland Trust, the UK's largest woodland conservation charity, to help plant trees and protect woodland – creating havens for wildlife and people. Thanks to this support, our woods will be there for you when you need them – somewhere to smile, cry and remember. You can find out more about the work of the Woodland Trust at woodlandtrust.org.uk



Case study: Woodland Trust partnership

The Woodland Trust are the UK's largest woodland conservation charity. We began working with the Woodland Trust in FY20 when we joined the Forest Carbon scheme to mitigate our residual buildings energy carbon.

During the year we have extended our partnership with two exciting new initiatives.

To celebrate our 30th birthday we will be dedicating a tree for every colleague working in the Group today. That will be over 15,000 trees planted in woodlands across the UK in all four

countries. Each of the 21 groves will have a beautiful bench installed for colleagues and walkers to enjoy the woodlands for many years to come.

Secondly, we have developed and launched our Pet Memory Scheme. The scheme enables our vet practices to make a donation to celebrate the life of the loved pets that they have the pleasure to look after. The vets are able to extend their sympathy at the time of bereavement with a beautiful in sympathy card in partnership with the Woodland Trust.

"The Woodland Trust is delighted to have developed this scheme, which is the first one of its kind for the Trust. It will be really important as it will have a positive impact supporting our work to create, protect and restore woodland right across the UK. We are looking forward to working together with the Vet Group to make a difference to our woodland and the wildlife that they support"

David Moorcroft CEO Woodland Trust

Our value chain impacts

We realise that the reach of our business extends far beyond our store fronts and receptions of our vet practices. The products we sell and the services we provide have an impact that we must consider and manage. This year we have started to extend our approach to move beyond our business boundaries to consider the environmental impact across the full value chain.

Prioritising emissions reduction in our value chain

This year we have undertaken some significant work to fully map and quantify our scope 3 emissions, well beyond the extent of our previously reported emissions. We did this so that we could fully understand how the manufacture, use and disposal of our products contributes to climate change, and more importantly to help us pinpoint where our intervention can make the most difference. Like other leading retail business, these emissions accounts for over 90% of our footprint, so understating these hotspots and taking action is very important if we are serious in our commitment to tackle climate change.

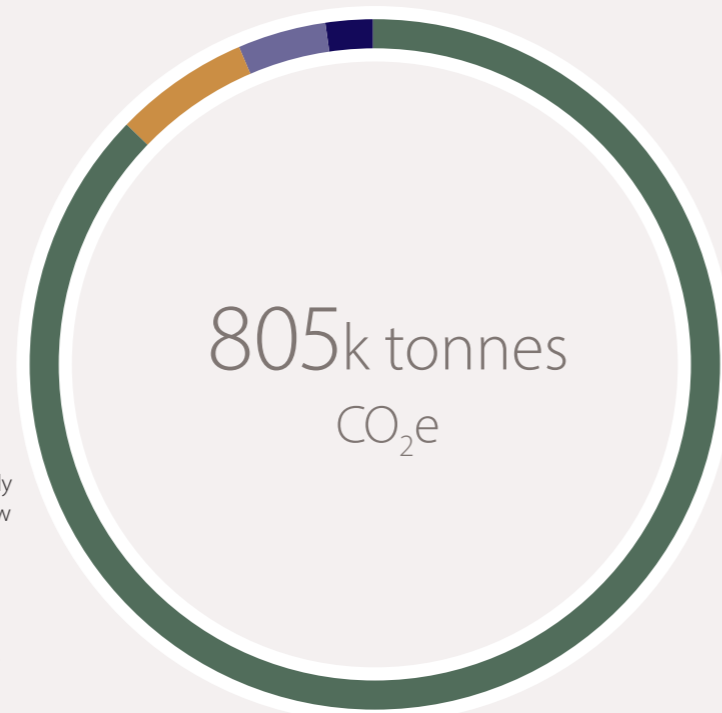
Our scope 3 assessment has given us the insight to prepare a target aligned to our operational focused net zero target for the business. To that end we have committed to the science based target initiative to achieve net zero carbon emissions across our value chain by 2040, in order to limit global warming to 1.5c above pre-industrial times by 2050.

Collaborating on climate action

We are currently developing plans to work in partnership with key own brand suppliers to reduce emissions. One particular area of focus will be on developing more sustainable pet food products, looking at for example, how these products are formulated, manufactured and packaged. We look forward to reporting in more detail on these projects next year.

We will also be exploring targeted opportunities to work with other suppliers to increase their awareness of climate change and to encourage them to be more energy efficient.

Aligned to our new target, and the broader approach we have introduced this year, we have also become signatories to the BRC Climate roadmap. This commits Pets at Home to work with other retailers, their suppliers, government, and other stakeholders, and to support customers to collectively deliver the industry's net zero ambition. This is something we are proud to be part of and we are looking forward to taking an active role in this initiative.



● Food and accessory products	700
● Goods not for resale	51
● Veterinary products	38
● Other	16



Generating less customer packaging

Packaging on our products provides a vital function in terms of protection and providing information to our customers, but we acknowledge that in most instances when packaging is removed it simply becomes waste. For many years, we have encouraged customers to recycle packaging where they can, for example through kerbside collection, and to make sure the materials we use are recyclable.

Last year the proportion of recycled materials used was just under 80%. This is good, but we want to go further and so have set ourselves a new target to ensure that 100% of our packaging will be recyclable, contain recycled content, re-useable or compostable by 2025.

To help us do this we have appointed a dedicated Packaging Technologist and partnered with a specialist packaging technology company who is helping us to implement a dynamic database to accurately report on our packaging materials and performance against our targets and pledges. We have made a start and it's already beginning to highlight opportunities, meaning that some previously non-recyclable packaging items have been changed to be fully recyclable at the kerbside.

79%

of own brand product packaging is recyclable

Recycling

Pet pouch recycling piloted in 20 stores rolling out from June 2021



Case study: Tackling troublesome packaging

We think innovation is key and we are creating strong strategic links both with our existing supply base and external market leaders to collaborate and drive new packaging solutions into the business.

This year we have piloted a project in over 20 of our stores and vet practices to offer our customers the opportunity to recycle flexible plastics – including our popular pet food pouches, which are not normally part of kerbside recycling collections. To date, the pilot scheme has proved a success with our customers, as a result we will be starting the national roll out in the summer of 2021.

Ensuring sustainable raw materials

We know that it is becoming increasingly important for our customers to know where the products they buy come from and how they are sourced. This year we have strengthened our existing approach to introduce a range of new policies to broaden our already high standards in this area. This includes materials like timber, palm oil and soya.

As a result, we have made a commitment that all priority raw materials will be from sustainable sources by 2025. From this we will also develop and publish a Responsible Sourcing handbook for our suppliers, detailing our policies and guidelines relating to environmental and social impacts. This will include all of our existing policies in addition to our new policies on human rights, raw materials and packaging.

We have developed detailed raw material guidance which we will launch to our buying and technical teams and our suppliers during FY21.

Looking ahead

Our business impacts

- We will continue to look for ways to reduce our environmental impact and will be conducting a sustainability review to identify our next opportunities across our buildings estate. This will include the installation of electric vehicle chargers at our support offices as we decarbonise our fleet and more of our colleagues choose lower carbon cars.

Our value chain impacts

- We will develop a long term climate action plan that creates short term milestones to achieve our net zero targets. Part of this will involve how we work with our suppliers to reduce their scope 1 and 2 emissions and how we reduce the embedded carbon within our products that we have identified in our scope 3 assessment.



Advocates and ambassadors for pets

Setting the highest standards of care for our pets

Our performance

- We have led the way with the standards that we set for pets in our care
- We have long standing relationships with a selection of breeders who share our values.
- All of our small animal and reptile breeders are based in the UK
- Our internal "Pet Team" conduct quarterly audits against our code of practice and they also receive at least one annual audit by an independent vet
- All of our small animals are transported in air conditioned temperature controlled vans
- On arrival at our stores all pets spend time in a quiet room to acclimatise to their new environment
- Our pets that are sold from our stores have a 6 week health promise

In FY21 we have updated our code of practice for our fish suppliers and reptile breeder

Long term targets and ambitions

In FY21 we have reviewed our Store and Groom Room pet welfare audits and made updates to reflect the latest welfare knowledge. The audit report has also changed to better reflect improvement opportunities for stores, highlighting where support is needed while at the same time raising the bar and rewarding good performance

1

Empowering our colleagues to be ambassadors for pets every day

Our performance

- Once in our stores we have our dedicated team of colleagues to look after our pets. Our colleagues are there to help our customers choose the right pet for them and then support them during that pet ownership journey
- Checks are carried out on our pets on a regular basis throughout the day and every two hours for fish
- There isn't a budget for veterinary care for our pets, pets come first
- The Pet Pad helps our colleagues to get the right match of pet to owner through a selection of carefully developed questions
- Our colleagues are empowered to refuse the sale of a pet
- We have a pet promise helpline set up so that any colleague can report confidentially any concerns that they have about pet welfare in their stores
- Our stores are audited by our internal "pet team" on a quarterly basis and additionally an ex-RSPCA Officer conducts mystery shops across the year
- We have small animal adoption centres in the majority of our stores, funded by the Pets at Home Foundation, and we accept all small animals for adoption

In FY21, despite the pandemic we maintained our high standards. During Q1, during the first lockdown we audited 78% of stores because of restrictions on travel in force at that time. In Q2 and Q3 physical audits were completed in all stores. In Q4 we conducted virtual (45%) and physical (55%) audits of all stores

Long term targets and ambitions

- Nothing is more important to us than providing the highest standards of care for our pets. Our number one value is "Pets Come First" and this empowers colleagues to be ambassadors for pets in their actions and decisions. We continuously review our procedures, to identify any areas that we can improve

1

Pet care education

Educating people & pet owners of the future about responsible pet ownership

Our performance

- Pet Pals workshops have been running in our stores since 2008 and have welcomed over 400k children since 2015.
- During FY21 face to face events were paused. We launched a virtual Pet Pal in March 2021 and over 57k people downloaded resources

Long term targets and ambitions

Our virtual workshops will complement the face to face sessions that we look forward to being able to start again once Government guidelines permit. In addition we will be broadening the animals that our sessions cover to include cats and dogs in addition to small animals fish and reptiles.

By 2030 educate 2m children in responsible pet ownership

4

Access to veterinary care

Work to ensure access to veterinary care for every pet

Our performance

- During the pandemic, in line with RCVS guidelines, remote consultations helped ensure the delivery of essential treatment
- The Group's health plans and insurance services are designed to make it more affordable for our clients to be able to afford the costs of veterinary care for their pet. Over 1m pets are in our subscription plans across the Group
- A number of our practices support the charity Street Vet and the VIP lifelines scheme continued to support Street Vet with Lifelines and subsidised veterinary care
- The Vet Connection, which was acquired in December 2020, conducts approximately 90,000 remote consultations a year

Long term targets and ambitions

- Continuing to make veterinary care accessible through health plans and insurance provision and our support of the pet charity sector
- Remaining up to date with the latest prescribing guidelines to enable safe and convenient access to veterinary care

6

Actions

- Empowering all of our people to be advocates and ambassadors for pets every day.
- Adopting and contributing to the development of the latest clinical guidance on veterinary matters within our framework of clinical freedom.
- Promote the quality and safety of pet care products.

- Supporting people to be the best pet owners that they can be through our products, services and advice and educate children and young people.
- Help provide a network of support for pets through our adoption centres and the wider rescue sector.
- Work to ensure access to veterinary care for every pet.

Pet care products and services

Making it convenient and affordable for pet owners to care for their pet's welfare needs through our services

Our performance

We have developed a number of subscription models and health plans that help our customers spread the cost of pet care and ensure preventative treatments are not missed. Our loyalty scheme VIP builds customer loyalty (and raises money for pet charities through its unique points scheme called Lifelines) and our puppy and kitten club welcomes pet owners at the start of their journey. These all create a virtuous circle of loyalty and pet welfare support.

- Easy repeat offers the lowest cost option and free delivery for pet food and pet care essentials
- Subscribe and save makes preventative health care easy
- Over 1m pets in one of our subscription plans
- Over 6.2m active VIP members
- +61% growth in kitten and puppy club members year / year

Long term targets and ambitions

We will continue to develop solutions that make healthcare easy and affordable.

By 2030 improve the health of the nation's pets by focusing on nutrition and health plans

4

Delivering the highest standard of pet welfare through our product offering

Our performance

Within both our food and accessory ranges we benefit from a high level of private labels, this means that we are able to develop unique and exclusive products for our customers and their pets with pet welfare at the heart of our developments

All of our own brand pet food has been tested to required industry standards set by the European Pet Food Industry. We also independently assess these test results with our suppliers on a scheduled basis to ensure compliance

There are no formal regulations specific to pet care accessories so we have developed our own testing protocols for each product category. Where there is relevant legislation such as toys then the relevant regulation is applied. We also independently test all product categories using 3rd party testing houses.

Long term targets and ambitions

We will identify and act on opportunities to impact pet welfare leveraging our reach through our product offer and our voice. For example:

- In FY22 from our Halloween collections onwards we will be introducing fire retardancy testing for all of our seasonal dress up outfits.
- During FY22 we will also be introducing locking mechanisms on all of our own brand leads as a standard feature

By 2025 set the quality and standards of pet care

4

3

Access to veterinary care

Adopting and contributing to the development of the latest clinical guidance on veterinary matters within our framework of clinical freedom

Our performance

- 66% practices accredited to RCVS practice standards scheme a further 16% enrolled, progress has been difficult this year with the RCVS suspending assessments for most of the year
- Vet4Pets launched an in house quality improvement framework in 2020, called Q12020. The pandemic has meant assessments have been paused but 194 practices had complete the self assessment process which enables feedback and support to be developed by the clinical teams
- Vets4Pets established a quality assurance programme called ACE (aspiring to clinical excellence) in the summer of 2017. Since then over 440 practices have been visited, further visits are on a risk based approach

Long term targets and ambitions

- Achieve over 80% of practices accredited to the RCVS practice standards scheme
- Working in conjunction with the VetCompass research team at the Royal Veterinary College, Vets4Pets have secured a PetPlan PetSavers research grant to undertake an antimicrobial stewardship intervention study which will be peer reviewed and published externally

2

Pet charity

Being there for pets when they need our help

Our performance

- Over £50m raised by VIP lifelines and The Pets at Home Foundation since 2006
- Pets at Home Foundation is the largest grant giver to the rescue sector in the UK and runs the UK's biggest network of adoption centres for small animals
- Strong established relationships with small and large pet rescue charities.
- FY21 was another strong year for fundraising despite the pandemic with over £6m raised by the Pets at Home Foundation and VIP Lifelines
- VIP lifeline vouchers continued to be issued to over 750 rescues
- The grant programme was paused to be replaced by an emergency COVID grant programme for the whole of FY21 to help charities cover essential costs to remain viable as their income plummeted
- Extensive engagement throughout the year with large and small charities through meetings and roundtables to emerge with a refreshed strategy to focus on maximising our impact on pet welfare as lockdown restrictions ease
- In FY21 The Group donated over 1000 pallets of stock to rescues and foodbanks and over £340k in time and costs

Long term targets and ambitions

By 2030 increase the impact of grants, donation and skill sharing to the rescue sector

5

 People

Sustainable and fulfilling careers

Building pet expertise to empower our people to be ambassadors for pets every day 7

Our performance

- We have always led the industry with our colleague training programmes, our STEPS retail training programme has been completely overhauled during FY21 to be replaced with the pet care development programme. Each new starter will have 50 hours of dedicated training time
- Our grooming training is industry leading in this unregulated market. Our colleagues complete over 1400 hours of training in order to complete our 9 levels of assessment to be a fully qualified stylist. During FY21 we continued to train particularly focussing on first aid and behaviour to support our welfare grooming programme
- 55% of store managers and 29% of JVPs have over 10 years experience. An increase from 53% and 17% last year
- Colleague turnover 25% Group combined; 23% Pets at Home retail; 28% Vet Group
- Overall Colleague engagement level in 2021 annual survey 84%, retail division 85%, Vet Group 82%

Long term targets and ambitions

By 2025 be the leading employer for pet care experts

- Increase the quality and quantity of training delivered per colleague
- Retain engaged pet care experts in the Group

A reward structure that engages colleagues in the long term success of our business 7

Our performance

- National Living Wage (NLW): In March 2021 we increased our entry level rates by 4% to a minimum f £9.06, 15p above the current NLW of £8.91
- Hourly paid retail and grooming colleagues can reach the Real Living Wage (RLW) on completion of the first stage of training which takes 6 months
- Colleague share ownership: Our first restricted stock plan (RSP) vested in July 2020, which resulted in enhancing or creating new shareholders in over 5000 of our colleagues. We also granted a further 2.1m shares to over 9,300 colleagues via the RSP in July 2020
- New colleague self serve benefits platform developed to launched in early FY22

Long term targets and ambitions

- Continue to invest in our colleague reward and measure continued progress on:
 - the average % above the NLW paid to hourly based colleagues
 - % of hourly based colleagues reaching the RLW

Volunteering programmes

Help people to enjoy pets in their local communities, leveraging our volunteering programmes 12

Our performance

- All colleagues are eligible to receive a day's paid volunteering leave
- The uptake of this is not consistently recorded and it is not heavily promoted or facilitated

Long term targets and ambitions

- The management of volunteering will move to the community impact team and it will be relaunched as "Our Better World Pledge" days later in FY22
- An impact measurement mechanism will be developed along with a guidance pack and some initial programmes

Diversity of pet ownership

Understand the diversity of pet ownership and the barriers and opportunities that this presents 10

Our performance

- The Diversity of pet ownership in the UK isn't deeply understood in the pet care or pet charity sector industries, although there is building interest in developing this understanding
- A better understanding of whether there are parts of society that are under represented in terms of pet ownership and the reasons for this could enable action to be taken to ensure that the value that pets bring is appreciated more widely and pets are better understood (and therefore their welfare protected)

Long term targets and ambitions

Start work of understanding the diversity of pet ownership in the UK in order to help more people understand pets and achieve our long term target

By 2030 increase the number and diversity of people who can benefit from time with pets

Actions

- 7 Create sustainable and fulfilling careers throughout our pet care ecosystem
- 8 Promote diversity and inclusion, including social mobility.
- 9 Advocating and supporting emotional and physical wellbeing.

10 Understand the diversity of pet ownership and barriers and opportunities this presentable.

11 Promote the health and wellbeing benefits of spending time with pets.

12 Help people to enjoy their pets in their local communities, leveraging our volunteering programmes.

Diversity and inclusion

Everyone to be welcome and feel part of the Group 7 8

Our performance

Significant progress in the year establishing the D&I strategy & governance

- 83% Inclusion score from annual colleague engagement survey
- 4 executive sponsored colleague diversity networks established during the year
- 41% of women in senior positions; 37% of women on the board; 75% of women all colleagues
- 13% of ethnic groups on the board; 3.7% of ethnic groups all colleagues (based on voluntary disclosure as part of colleague annual survey)
- Extended our external network with membership of Stonewall; The Business Disability Forum;
- External commitments made to the BITC Race at Work Charter, the BRC Diversity & Inclusion Charter, the Valuable 500
- Partnership with the Prince's Trust launched to support the Kickstart programme. 5 colleagues started in March 2021 at the beginning of an ambitious strategy with 80 retail placements planned for FY22 and grooming placements in development

Long term targets and ambitions

Deliver our D&I strategy with an initial focus on launching foundation e learning across the business, building our ability to dynamically capture diversity measurements through Success Factors; reviewing existing policies and recruitment processes through a D&I lens and extending the reach and impact of the colleague networks. By increasing the diversity of our business we will support increasing the diversity of pet ownership and our long term target:

By 2030 increase the number and diversity of people who can benefit from time with pets

Roll out our Kickstart programme and other social mobility initiatives to achieve our long term target

By 2025 create opportunities for 5000 people who face barriers to employment to experience work with us

Report on placements provided and job outcomes at 12 months after completion

Wellbeing

Advocating and supporting emotional and physical wellbeing 7 9

Our performance

- Signatories to Time to Change in 2018 and long term partner with MIND and supporter of VetLife in 2020
- Dedicated wellbeing colleague introduced in 2020
- Wellbeing social media page established with over 2,500 members
- £1m added to our colleague hardship fund. In April 2020 over 550 colleagues have received support through the fund in the first 12 months
- Extensive wellbeing support through newsletters and on our colleague sites covering financial, physical and emotional well beings
- Colleague engagement survey included detailed questions on wellbeing to enable the creation of an overall wellbeing score of 58% (very high in comparison to external benchmarks)

Long term targets and ambitions

- Ongoing commitment to support our colleagues' wellbeing
- Modern Ways of Working project established to transition the business to a 'new normal' as restrictions ease to enable colleagues to balance home and work life and to be at their most effective
- Committed to fund the colleague hardship fund with £500k p/a going forward
- Pets at Home Group has committed to fund the mental health first aider training of one colleague in every vet practice during FY22

Wellbeing benefits of spending time with pets

Promote the health and wellbeing benefits of spending time with pets 11

Our performance

- Long term relationship with charities like Dogs 4 Good and Pets as Therapy
- Over £340k of single carrier bags proceeds donated to Dogs 4 Good and Pets as Therapy since 2015

Long term targets and ambitions

The Pets at Home Foundation has broadened its objectives to enable it to support charities that help people to benefit from time with pets which along with our plans on diversity will contribute to our target:

By 2030 increase the number and diversity of people who can benefit from time with pets



Sustainable pet care products

Innovate to provide sustainable product choices encompassing raw materials and packaging 13 17

Our performance

- 79% of our own brand packaging is recyclable based on our 2020 census. A new strategic packaging partner has been appointed and a new database is being created to enable measurement of sustainability performance as well as regulatory requirements. New packaging expert appointed in FY21.
- In November 2020 a flexible plastics recycling trial was launched in 20 stores and 3 vet practices targeting pet food pouches which is the largest category of non recyclable via kerbside collection packaging format in our own brand products
- Raw materials roadmap has been developed, policies and training being put in place ready for supplier workshops during FY22. Measurement capability being built into new CBX database
- New product briefs have included the new packaging and raw material requirements

Long term targets and ambitions

By 2025 be leading the way in sustainable pet care products

Our supporting targets to deliver this:

By 2025 all our packaging will be recycled, recyclable or compostable

Extend the flexible plastic recycling points to all store locations by 2023

By 2025 our priority raw materials will be sustainable (soya, palm, timber, textiles)

Nature based impacts

Identify opportunities to enhance biodiversity, for example supporting woodland programmes 14 17

Our performance

- Carbon mitigation programme moved to the Woodland Trust in 2020.
- Pet memory scheme developed in partnership with the Woodland Trust. We will be donating in memory of the lives of loved pets and this will enable UK native woodland to be created, restored and protected providing a haven for wildlife and people

Long term targets and ambitions

The Woodland Trust partnership is aiming to create, protect and restore 20,000 acres of UK native woodland by 2030 and locking up to 5,000 tonnes of carbon each year

Operational environmental impact

Further reduce our direct environmental impact, continuing to purchase renewables, adopting low carbon and clean air transportation and reducing our waste and water use 15 17 18

Our performance

- Between FY16 and FY21 turnover has grown by 47%, absolute emissions (scope 1 & 2) have reduced by 39% and emissions intensity (co2e per £t/o) has reduced from 52.9 to 21.8
- BEMs and LEDs have been introduced into the majority of Group owned locations
- Company car fleet list has been updated in FY21 to low carbon options
- The main Group electricity contract has been renewable since 2017. In FY21 96% of Group electricity use was renewable
- 98.3% of waste is diverted from landfill

Long term targets and ambitions

Environmental considerations included in all of our business cases and decision making

Integrate sustainability into plans for our new distribution centre

Test and roll out some ambitious buildings sustainability initiatives for vets, stores and groomers

Build a complete picture of all of the waste streams and volumes across the group and optimise recycling routes

Build a complete picture of water meters and usage across the group and identify reduction opportunities

By 2030 become net zero carbon operationally (scope 1 and 2)

Uphold human rights

Understand human rights risks in our business and ensure due diligence processes to mitigate risk to the rights' holder 16

Our performance

- Ethical audit programme in place for own and exclusive brand product sourced via our Hong Kong office
- Independent assessment conducted on the Group's salient human rights risks in FY21
- New ethical trade expert appointed and due to start in FY22

Long term targets and ambitions

Delivery of the recommended actions from the recent human rights risk assessment including moving beyond tier 1 to tier 2 transparency and assembling all relevant policies into a single supplier responsible sourcing handbook.

Actions

- 13** Innovate to provide sustainable product choices encompassing raw materials and packaging.
- 14** Identify opportunities to enhance biodiversity, for example by supporting woodland programmes.
- 15** Further reduce our direct environmental impact, continuing to purchase renewables, adopting low carbon and clean air transportation and reducing our waste and water use.

16 Uphold Human Rights.

17 Develop a science-based carbon target and work across our supply chain to achieve it.

18 Innovate to support circular economy principles and minimise waste in our value chain.

19 Understanding and pioneering lower carbon pet diets, including consideration of alternative proteins.

20 Develop a framework for a sustainable vet practice (environmentally and societally).

Scope 3

Develop a science based carbon target and work across our supply chain to achieve it 13 14 15 17 18 19 20

Our performance

- Completed an assessment of scope 3 emissions during FY21
- Developed a science based carbon reduction target and commitment letter submitted to the SBTi (science based target initiative)
- Signatories to the BRC climate roadmap

Long term targets and ambitions

By 2040 have a net zero carbon value chain (scope 1,2 &3) using a science based methodology

Scope 3 target will be developed into shorter term milestones that will target supplier engagement and carbon removal

Circular economy

Innovate to support circular economy principles and minimise waste in our value chain 15 17 18

Our performance

- Compared to human food, levels of waste from pet foods are very low, pet food can also enable full animal utilisation by using part of the animal that has less value in the human diet
- The main area of opportunity for circularity is pet accessories

Long term targets and ambitions

By 2030 maximise the value of waste in our value chain by adopting circular economy principles

Identify recycling or reuse opportunities for non food products

Future pet food

Understanding and pioneering lower carbon pet diets, including consideration of alternative proteins 17 18 19

Our performance

- Scope 3 assessment included high level analysis of carbon impact of different protein ingredients and manufacturing process. Pet food is a complex area as a large proportion of the meat protein ingredients are a by-product from the human food chain and so dependent on that value chain. Nutritional considerations are also important from a pet welfare perspective

Long term targets and ambitions

Future pet food project to be established in FY22 which will form part of the scope 3 work

Vet practice framework

Develop a framework for a sustainable vet practice 17 20

Our performance

- Governance forum established for the Vet Group which includes Joint Venture Partners, vet nurses and practice managers which includes within its scope reviews of different available environmental (and social) frameworks to support vet practices on their sustainability journey

Long term targets and ambitions

To create a flexible framework that supports our practices to become sustainable including tackling vet specific areas like clinical waste and anaesthetic gases

ESG Committee Report

Susan Dawson
Chair of the ESG
Committee



The Committee oversees the governance of becoming the most responsible pet care business in the world. In my third year as Chair I am delighted to see the progress that we have made in creating a new social value strategy, Our Better World Pledge, which builds on the strong foundations that have been built over many years of hard work across the business.

Our strategic approach to ESG is organised around three pillars of Pets, People and Planet where the Group has material impact and creates value. We believe these pillars are the right way through which to approach our responsibilities and align with our Group vision, to become the best pet care business in the world and the social value vision to become the most responsible pet care business in the world.

Recognising that the Group participates in a broad range of activities and services involving pets, their welfare remains a central part of the Committee's focus and a standing item on every Committee meeting agenda. The Committee regularly reviews the Group's policies and procedures in relation to pet welfare in its retail business and supply chain, and the development of its clinical governance framework in the veterinary services business.

The Committee's focus on people has included an update on our human rights approach and the initiation of an independent review into our salient human rights risk across the Group. This important piece of work will enable an updated strategy to be developed in FY22.

This year has seen the Committee increase its focus on our environmental impact. The Group has always had strong governance over our direct operational impacts, introducing a 100% renewable electricity purchasing commitment for our main Group contracts from 2017, achieving very low levels of waste to landfill and reducing our location based scope 1 and 2 carbon emissions by 39% since 2015/16 while growing our sales by 47%. During the year the Committee's focus has moved to our long term targets and the development of our net zero scope 1 and 2 by 2030 commitment and our net zero 2040 commitment for all scopes.

During the year the management committees established in FY20 to support the Better World Pledge strategy, have continued to meet on a regular basis. Each of them is sponsored by a Group Executive Team member and are developing programmes to deliver the long term targets.

Committee membership

The ESG Committee, which meets at least three times a year, is chaired by Susan Dawson. Acknowledging the importance of ESG to the Group, four additional Board members have selected to attend the meetings. Peter Pritchard is the Executive member of the Committee and Louise Stonier, Chief People and Culture Officer, Amy Whidburn, Group Head of Social Value and Karlien Heryrman, Head of Pets, attend each Committee meeting.

Highlights

- When the Committee met in April 2020 the focus of the meeting was the health and welfare of pets in our care and at our breeders during the first lockdown. We had stopped selling pets on 22 March, the day before the first national lockdown started and our breeders stopped breeding pets during this period. The welfare of pets was put first at all stages and a colleague adoption scheme was successful in rehoming pets into forever homes and preventing the number of pets in our care rising above the levels that met our strict requirements. As the lockdown progressed and our social distancing measures were put in place we were able to gradually reintroduce pet sales safely.
- The Committee meeting in October 2020 reviewed and approved the new Social Value strategy called "Our Better World Pledge". In the October 2019 and February 2020 meetings, the Committee had already discussed and approved the materiality assessment and the areas of focus for the strategy. The October update included the full strategic framework with the vision and purpose of the strategy, the long term actions that the Group would commit to and 10 initial ambitious targets including a commitment to achieve net zero carbon emissions in the operations and value chain by 2040.
- Key discussions at strategy approval included the sustainability impact of pet ownership particularly through pet food and its ingredients and manufacturing processes. This will need to be further understood in light of the benefits that the pet food market brings in terms of full animal utilisation. This discussion was in the context of the assessment of scope 3 emissions that had been conducted.
- Human rights was a focus on the October Committee meeting when the annual update to the modern slavery act statement was reviewed and approved. The Committee approved recommendations to increase internal human rights capability and to proceed with an independent assessment of the Group's salient human rights issues. This was completed during FY21 and the results presented to the Committee in April 2021.

- Pet Welfare is a standing agenda item at every ESG Committee meeting and the Head of Pets attends every ESG Committee meeting. In addition to managing pet welfare during the pandemic, the Committee received an update regarding the "rabbit pledge" that the Group has developed to ensure the continued focus on improving the welfare of rabbits. This has included reducing the number of stores that sell rabbits to those that also have a veterinary practice on site and increasing the price.
- The dashboard used to report on pet welfare has been updated and was presented to the Committee for the first time in the February Committee meeting.
- A review of clinical governance in the Vet Group was presented in the February 2021 Committee meeting. The Royal College suspended the auditing aspect of the RCVS Practice Standards because of the pandemic and due to the difficulty in conducting physical visits. The excellent progress made until this point will not have been lost and the First Opinion veterinary business will be able to continue to make progress with over three quarters of practices now enrolled in the scheme. The internally developed 'Aspiring to Clinical Excellence' audit programme was suspended in terms of inspections with only a third of the forecasted number being completed during the year as the priority for practices in the year was to engage with the new ways of working required under the pandemic and the new guidelines issued by the Royal College on remote consultations and prescribing. The results of antibiotic usage auditing were shared and demonstrate a continued positive reduction in antibiotic use across the Group over time.
- The Committee received an update on the sustainability approach to the new Distribution centre including consultancy support to review the options for energy generation, water harvesting, biodiversity and low carbon heating and cooling
- An annual plan of topics to be discussed at the four ESG Committee meetings scheduled during the year has been agreed at the February Committee meeting
- The Terms of Reference (ToR) for the ESG Committee were reviewed in the February 2021 meeting and the changes approved at the March 2021 Board meeting to reflect the new strategy and new focus areas described above. The ToR can be found on the Pets at Home Group plc Investor Website.

Susan Dawson
Chair of the ESG Committee
27 May 2021

Who is on the ESG Committee?

Member	No. of meetings
Susan Dawson (Chair)	3/3
Ian Burke	3/3
Tony DeNunzio	1/1 (resigned 21 May 2020)
Dennis Millard	3/3
Paul Moody	1/1 (resigned 9 July 2020)
Sharon Flood	3/3
Stan Laurent	3/3
Peter Pritchard	3/3

What we did in FY21

Continued to focus on the monitoring and delivery of our high standards of pet welfare across the Group in the context of the pandemic

Developed and approved the social value strategy "Our Better World Pledge", the actions and long term targets including our Net Zero 2040 commitment

Reviewed our Human Rights approach

What we will do in FY22

Across the year four "deep dives" are scheduled to enable more detailed discussion around our material impacts. These will cover people, pet welfare, climate action and our products and supply chains

Review and approve a milestone plan to deliver our Net Zero commitments

Review and approve an updated version of our Human Rights strategy

Assurance statement

Independent Limited Assurance Report for the Management and Directors of Pets at Home Group plc (“Pets at Home”) in relation to its Greenhouse Gas (GHG) Reporting

Scope

EY has undertaken a limited assurance engagement pertaining to Greenhouse Gas (GHG) performance data (the “Subject Matter”) comprising of scope 1, scope 2 (market-based and location based) and scope 3 (electricity transmission and distribution losses, third party transport and employee business travel) GHG emissions, as presented within Pets at Home’s Social Value Report 2021 and the Pets at Home 2021 Annual Report and Accounts (collectively referred to as “the Reports”), for the reporting year ended 25 March 2021.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Reports, and accordingly, we do not express a conclusion on this information.

Criteria applied by Pets at Home

In preparing the Subject Matter, Pets at Home applied the methodology as stated in Pets at Home’s Social Value Report 2021 (the “Criteria”). The Criteria can be accessed on page 39 of the Pets at Home’s Social Value Report 2021.

Pets at Home’s responsibilities

Pets at Home’s management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the GHG statement, such that it is free from material misstatement, whether due to fraud or error.

EY’s responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

Our engagement was conducted in accordance with the International Standard for Assurance Engagements on Greenhouse Gas Statements (‘ISAE 3410’) and ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information, and the terms of reference for this engagement as agreed with Pets at Home on 6 May 2021. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance review.

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Although we considered the effectiveness of management’s internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

Greenhouse gas reporting is subject to estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge. The engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter data and related information, and applying analytical and other relevant procedures.

Our procedures included, but were not limited to:

1. Conducting interviews with relevant staff in order to understand the data reporting processes, the key sources of information and the boundaries used for reporting.
2. Reviewing key documentation related to data processes and systems and guidance documents.
3. Identifying those data points (and associated data processes and systems) that were most material, in order to inform and target our substantive testing procedures.
4. Confirming our understanding of the key risks to data integrity and the controls associated with the collection and collation of the data.
5. Reviewing the processes for generating data and testing the accuracy and completeness of a sample of data collated by reviewing supporting evidence.

6. Testing the accuracy of Group-level data aggregation for reporting purposes.
7. Undertaking tests of detail to vouch key data to underlying evidence.
8. Reperforming calculations to determine the accuracy of GHG emissions estimations from source data.
9. Reviewing the presentation of the data and supporting narrative in the Reports, to check whether this was consistent with our understanding of performance gained from the earlier steps..

We also performed such other procedures as we considered necessary in the circumstances.

The scope of our engagement was limited to the reporting period, and we have therefore sought evidence to support the 2020/21 performance data. We do not provide conclusions on any other data from prior years. We have not provided assurance over claims made by Pets at Home that are statements of belief or forward looking in nature.

The responsibility for the prevention and detection of fraud, error and non-compliance with laws or regulations rests with Group management. Our work should not be relied upon to disclose all such material misstatements, frauds, errors or instances of non-compliance that may exist.

Conclusion

Based on our limited assurance procedures conducted and evidence obtained, nothing has come to our attention that causes us to believe that the selected scope 1, scope 2, and scope 3 greenhouse gas disclosures for the year ended 25 March 2021 have not been prepared, in all material respects, in accordance with the applicable Criteria.

Dr Matthew Bell, Partner

Ernst & Young LLP
London

8 June 2021

SASB

The Sustainability Accounting Standards Board (SASB) has developed a set of industry-specific sustainability standards. These identify financially material metrics for companies to communicate their sustainability approach and performance to investors. Our Social Value report communicates a number of the SASB metrics, based on the standards for the Multiline and Speciality Retailers & Distributors industry.

Topic	Accounting metric	SASB reference	Link to Pets at Home reporting
Energy Management in Retail/Distribution	Total energy consumed, % grid electricity, % renewable energy	CN0403-01	See page 38 of our Social Value Report FY21, entitled ‘Our business Impacts’.
Data Security	Discussion of management approach to identifying and addressing data security risks	CN0403-02	See page 61 of our Annual Report FY21, entitled ‘Information Security and business systems’.
Workforce Diversity & Inclusion	Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees	CN0403-04	See page 33 of our Social Value Report FY21, entitled ‘People data’.
Fair Labour Practices	Average hourly wage and percentage of in-store employees earning minimum wage, by region (country)	CN0403-06	See page 46 of our Social Value Report FY21, entitled ‘Sustainable and fulfilling careers’.
	(1) Voluntary and (2) involuntary employee turnover rate for in-store employees	CN0403-07	See page 29 of our Social Value Report FY21, entitled ‘Colleague data’.
Product Sourcing, Packaging, and Marketing	Revenue from products third-party certified to environmental and/or social sustainability standards	CN0403-09	See page 48 of our Social Value Report FY21, entitled ‘Sustainable pet care products’.
	Description of strategies to reduce the environmental impact of packaging	CN0403-11	See page 41 of our Social Value Report FY21, entitled ‘Generating less waste, and recycling more’ and page 43, entitled ‘Generating less customer packaging’.

Policies and procedures

Please see the corporate website for our policies and other disclosures including:

Whistleblowing Policy

Human Rights and Modern Slavery Statement

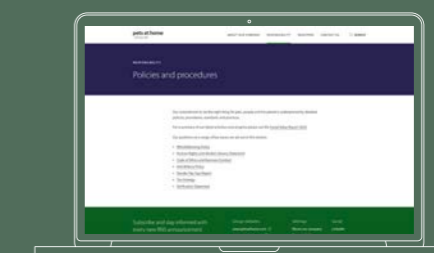
Code of Ethics and Business Conduct

Anti Bribery Policy

Gender Pay Gap Report

Tax Strategy

Verification Statement



Find out more:

<https://investors.petsathome.com>

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