

Sustainability Report 2023



About this report

Creating a better world for pets and the people who love them

This is our fourth stand-alone Sustainability Report and FY23 is the second full year since we launched Our Better World Pledge. In this summary we report our progress during FY23. We are proud to include some of the many examples of how the strategy is brought to life across the business in our planet, pets and people sections.

This report was published in June 2023 and covers our financial year March 2022 to March 2023. It provides additional information to supplement the Pets at Home Group 2023 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. In this report we reference the United Nations Sustainable Development Goals (SDGs), and the Sustainability Accounting Standards Board (SASB). We have published our Task Force for Climate-related Financial Disclosures (TCFD) Report within our Annual Report and it is also available to download from our corporate site. More details on our policies can be found on our corporate website.

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 Our TCFD Report can be found on page 52 of the Annual Report.

CEO introduction

What is sustainability at Pets at Home?



We do this by:

- Seeing the world from the pet's point of view, always putting pets first
- Building trusted relationships with pet owners
- Creating a great place to work for our pet expert colleagues
- Helping to build stronger pet-loving communities
- Protecting and enhancing the environment
- Creating sustainable investor return
- Fostering innovative partnerships with our suppliers
- Taking a leadership role in our industry and profession

It starts with our purpose

Our purpose is to create a better world for pets and the people who love them. It drives us to deliver pet care in a long term socially responsible, environmentally sustainable and financially successful way. It starts with our passion for pets, that's what unites us with our colleagues, customers and communities. Our purpose is why we exist and to deliver this, challenges us to look after the interests of all stakeholders who we interact with and depend on by continually improving our performance and creating sustainable value.

Creating value for our stakeholders relies on us understanding what matters to them through strong and constructive relationships.

Another year of progress

This value that we create has enabled us to make significant progress in the year. I am delighted that our pet pouch collection units are now in the majority of our stores, enabling customers to return used pouches for us the forward to a specialist recycling centre. Over seven million pouches have been recovered to date. We have continued our commitment to 100% renewable energy across our group contracts and our car fleet is now 75% EV or hybrid. Our long term investment in carbon reduction initiatives means that we reduced our absolute carbon emissions by 4.3% vs FY22 and since 2016 we have reduced our scope 1 and 2 emissions by 41% while growing our sales revenue by 80%. We are excited that our new distribution centre in Stafford will be fitted with solar panels and battery storage.

We have continued to be there for pets when they need our help. The Pets at Home Foundation remains the largest grant giver to pet charities in the UK. Our Christmas Santa Paws campaigning raised over £2m and our Summer fundraiser raised over £600k for hearing dogs. I am really proud that by the Summer all Pet Care Centres will have a pet food bank in partnership with the Blue Cross.

At the heart of our business are our people who day in, day out bring their passion for pets to guide and support pet owners. We have continued to invest in training to develop our differentiated pet care expertise. Over 5700 colleagues completed our new nutrition training and we have 158 vet graduates across both cohorts of our award-winning graduate programme. We have been focusing on diversity and over 90% of support office and retail colleagues and 70% of our practice colleagues have completed our diversity and inclusion foundation training. Female representation has something we have always been committed to and this year we were proud to be recognised in the FTSE Women Leaders Review 2023 moving to seventh place up from 22nd for representation of women at executive level.

Strategy refresh

Three years after the initial development of our Better World Pledges strategy, during 2022 we embarked on a refresh to ensure that it remained relevant and focused. We conducted an extensive materiality review which identified over 80 topics that we needed to address. With the fantastic foundation of delivery from the last few years the refresh was aimed at ensuring we maximised our impact and prioritised areas of significant opportunity. We are delighted to share this refreshed strategy in this report and the focus on pet food sustainability, delivering pet care inside and outside our business and the development of pet care expertise. Sustainability has been prioritised as a strategic initiative in its own right and is one of the key pillars of our vision to build the worlds best pet care platform.

Looking ahead

I am energised by our new refreshed ambition and renewed focus. It is a key differentiator for our business and source of sustainable growth and competitive advantage. The global challenges that we face are significant but we are here to play our part, to work in collaboration with stakeholders, to innovate, invest and lead the way to create a better world for pets and the people who love them.

Lyssa McGowan
Chief Executive Officer

2022/2023 Highlights

Planet

B

Retaining CDP score of 'B' in our second year of completion

2040

SBTi approved 2030 and 2040 carbon reduction targets vs a 2020 base

£500k

raised for Woodland Trust in the last two years through the Pet Memory Scheme

41%

reduction in absolute scope 1 and 2 emissions since 2016, while increasing sales by 80%

1,000

ideas generated by our all colleague 'Big Listen' on planet topics

400+

Pet pouch customer collection bins in 94% of pet care centres Over 7 million collected since initial trial in 2021

Pet

1291

number colleagues have reached pet advisor level

£5.2m

Pets at Home Foundation has raised £6.1m in FY23 and over £50m since it was established in 2006

£3m

VIP lifelines has raised £3m in FY23 and over £20m since it was established in 2012

450

pet care centres have small animal adoption centres rehoming over 900k pets since 2007

213

Pet food bank collection points in our pet care centres

1,827

Suitably Qualified Persons (SQPs)

People

68,000

Number of training hours delivered (pet care development/ pet care expert)

5,700+

colleagues have completed our new nutritional training

101

Vet Graduates welcomed

189

apprentices welcomed

207

Mental Health First Aiders trained in the Group during FY23

11,000+

hours of colleague volunteering donated to community projects

Awards



Retail Week 2023 Awards
Responsible Retailer of the Year



Personnel Today Awards 2022
HR Impact of the year award



Great British Workplace Wellbeing Awards
Team of the Year, People Team, Nov 2022



Pets at Home was selected as one of the FTSE's Women Leaders in 2022



Pets at Home internationally and publicly recognised by the Financial Times and Statista as one of Europe's Climate Leaders 2022

Strategic framework

What sustainability means at Pets at Home

When we articulate our vision of building the world’s best pet care platform, we purposefully acknowledge that sustainability is a key ingredient to achieve this. Sustainability means the maintenance of financial, environmental and social capital thereby creating value in the short and long term and protecting the resources that we all depend on.



Refreshed strategic framework

During our strategy refresh we had a key objective to ensure alignment between the sustainability strategy and the business strategy. We started with a full materiality assessment (see page 8 for an overview) and reached out to all of our colleagues across the business to get their ideas and suggestions on how we can become more environmentally sustainable through 'The Big Listen' (see page 12 for an overview). Inevitably the materiality assessment generated a long list of topics, the prioritisation of these identified three

areas of key strategic importance to us and importance to our stakeholders. These fell across each of our pillars and have become the three strategic priorities.

Starting with planet, we have prioritised pet food sustainability. Pet food is a non discretionary purchase for pet owners and has environmental impact due to the prevalence of meat-based ingredients in most recipes. Manufacturing processes can also be intensive in terms of energy use. The most significant element of achieving our goal of making pet ownership sustainable is the decarbonisation of pet food.

We believe we are best placed to lead this transition to sustainable pet food leveraging partnerships, innovation and our pet owner reach. Pet food is a part of our proposition where we have an opportunity to grow our business, so it becomes even more important as we grow our share of this market to integrate sustainability into our approach.

Within our pet pillar our goal is to improve the life of every pet in the UK with pet’s physical and emotional health being in our top three material topics. Our opportunity to do this is huge through the pets that we provide direct care to through to the products, services and advice that we provide to pet owners and the work of our charity, the Pets at Home Foundation.

New to this pillar is a recognition of our opportunity to use our credible, trusted voice to advocate for pets in a broader societal context. Pets and their well being sits at the heart of our business through our purpose and values.

Finally on our people pillar our goal is to be the best employer and developer of pet care talent. The key components of delivering this will be around the development of pet care expertise and in particular clinical talent and our focus on diversity and inclusion. This is critical to attracting and retaining great colleagues to build the world’s best pet care platform.

Embedding our strategy across our business remains an important focus as we move into FY24. One good example of this in action is our revolving credit facility, agreed in March 2022, which is linked to sustainability targets. We now have financial incentives (or penalties) to accelerate our work on pet, people and planet through targets focused on carbon reduction, supporting pets in need and community action. See our investor website for more details about our performance against these targets.

Our purpose

Creating a better world for pets and the people who love them

Our 3 Sustainability pillars

Goals

Strategic priorities



Planet

To make pet care environmentally sustainable

Alignment to SDGs



By leading in sustainable pet food:

- Environmental impacts on carbon, land use, water and nature
- Innovative, sustainable packaging
- Nutritional needs met, affordably

For more information about the Planet pillar see page 10



Pets

To improve the life of every pet in the UK

Alignment to SDGs



By being the leading advocate for pet welfare:

- Adopting the highest welfare and clinical standards for pets in our care
- Provide pet owners with the best products, service and advice
- Using our voice and expertise to advocate for pets
- Being the largest grant giver to pet charities in the UK

For more information about the Pet pillar see page 20



People

To be the best employer and developer of pet care talent

Alignment to SDGs



By creating rewarding, sustainable careers in pet care for everyone:

- Continuous investment in pet care expertise
- Compelling clinical careers and development opportunities
- Colleagues fully representing our diverse communities

For more information about the People pillar see page 30

Strategic framework continued

Targets

Our existing targets have been updated to reflect the refreshed strategy.

There are twelve targets to track our progress against our strategic priorities. In the planet pillar there are two new targets that have been added to reflect our focus on the carbon impact of pet food and our scope 3 engagement with all of our suppliers. In our pet pillar we have added a new target area on pet welfare which articulates our commitment to using our credible expert voice to advocate for pets. In our people pillar our commitment to ongoing investment in our community volunteering work is a new target area. We have also developed a diversity target which reflects our overall commitment to representation along with a specific focus on ethnic minority representation.

Our longer term 2030 and 2040, SBTi approved carbon reduction targets (target 5) remain unchanged.

Pillar	Target	Topic	Our Better World Pledge targets
Planet	1	Pet food	By 2028 all priority own brand food products carbon footprinted
	2	Scope 3 carbon	By 2028 all priority suppliers to have carbon reduction plans in place and 50% to have achieved leadership category
	3	Products	By 2028 all priority raw materials to be sustainable and packaging recyclable
	4	Biodiversity	By 2028 create, protect and restore over 15k acres of native UK woodland (2020 base)
	5	Carbon	By 2030 achieve a 42% reduction in scopes 1,2 and 3 vs a 2020 base on the journey to reaching net zero by 2040
Pet	6	Pet Welfare	By 2028 demonstrate how we have improved pet welfare in the UK through advocacy
	7	Pet Care	By 2028 demonstrate how our products, services and advice support the health of the nation's pets
	8	Charity	By 2028 help 500k pets through our charity work
	9	Education	By 2028 educate 300k children in responsible pet ownership (2020 base)
People	10	Pet care expertise	By 2028 maximise pet care training investment and opportunity creation
	11	Diversity	By 2028 we will reflect the diversity of the communities we operate in, achieving an average of 12% representation of people from ethnically diverse backgrounds
	12	Community	By 2028 donate over 50,000 colleague hours to support community organisations

SDGs

We recognise the opportunity that we have to contribute to the delivery of the SDGs. As part of the strategy refresh we have reviewed where we will be able to make the most impact and have identified eight targets within the five goals that we will be primarily focusing on. This exercise demonstrated that we have a lesser but still important impact on a number of the other goal areas. We particularly recognise the importance of partnerships in making sustainable progress.

	3	4	5	6	7	8	9	10	12	13	14	15	17	Primary SDG Targets	Comments
Planet	By 2028 all priority own brand food products carbon footprinted													Primary 12.5, 12.8	Leading in sustainable pet ownership
	By 2028 all priority suppliers have carbon reduction plans in place and will have achieved leadership category													Primary 12.6, 12.8	Leading change with our suppliers
	By 2028 all priority raw materials to be sustainable and packaging recyclable													Primary 12.5, 12.8	Leading in sustainable pet ownership
	By 2028 create, protect and restore over 16k acres of native UK woodland (2020 base)													Primary 15.2	Woodland Trust long term partnership
	By 2030 achieve a 42% reduction across scopes 1,2 and 3 vs 2020 base and new zero by 2040 (SBTi)													Primary 8.4, 12.6, 12.8	Decoupling growth from environmental impact
Pet	By 2028 demonstrate how we have improved pet welfare in the UK through advocacy													Primary 3.4	Pets promote exercise and wellbeing
	By 2028 demonstrate how our products, services and advice support the health of the nation's pets													Primary 3.4	Pets promote exercise and wellbeing
	By 2028 help 500k pets through our charity work													Primary 3.4	Pets promote exercise and wellbeing
	By 2028 educate 300k children in responsible pet ownership (since 2020)													Primary 3.4	Pets promote exercise and wellbeing
People	By 2028 maximise pet care training investment and opportunity creation													Primary 4.4, 8.5	Best employer and developer of pet care talent
	By 2028 colleagues to represent the diversity of the communities in which we operate													Primary 4.4, 8.5	Best employer and developer of pet care talent
	By 2028 donate over 50,000 colleague hours to support community organisations													Secondary 17	Partnering to deliver social impact

Primary linked SDG Goal and/or Target(s)

Secondary link SDG Goal and/or Target(s)

Strategic framework continued

Materiality assessment

Materiality assessment approach

A detailed materiality assessment is conducted every three years. As part of our strategy refresh we listened to colleagues, customers and wider stakeholders to ensure that our refreshed strategy is fit for the future to make the greatest impact on the sustainability issues facing our business, communities and planet.

Process

We began this process in the Autumn of 2022 with the internal sustainability team creating a long list of 85 topics that the strategy needed to address. This was divided into 20 environmental topics, 48 social topics that covered pet and people-related areas and 17 governance topics.

This list was reviewed by the relevant internal management committees and consolidated into 20 high level ESG topics that were then ranked, using a five year timeframe, based on the importance to our business and the importance to stakeholders. The ranking has been validated through external engagement including one to one meetings with shareholders representing 20% of our holding as of February 2023.

Result

This process resulted in five topics leaving the list either because they were now incorporated into higher level topics or they were now reframed as an impact of other activities:

ESG Topic	Comments on changes to topics
Social mobility and inequality	Removed as included within diversity and inclusion
Resources consumption & circularity	Removed as included within the topic of waste
Purpose-led business & careers	Removed as now viewed as an outcome of a Purpose-led integrated sustainable business strategy
Supply chain transparency	Removed as it is an enabler of human rights and product sustainability progress
Environmental impacts of product production	Included in the topic sustainable sourcing

Five topics entered the materiality list:

ESG Topic	Comments on changes to topics
Pet food sustainability	Pulled out a standalone topic due to environmental materiality and alignment to our strategy of pet food growth
Talent and development	Critical to developing differentiated proposition with clinical and pet expert talent
Customer service	Reflects updated strategy of pet owner centricity
Product quality and safety	Includes product differentiation on pet welfare
Accessible and affordable pet care	Reflecting the cost of living crisis

15 topics remained on the materiality assessment with three of these significantly changing their position. The remaining 12 remained in a broadly similar position within the top 20, to the last review. The overall assessment then became a key input into the strategy refresh.

ESG		Importance to Pets at Home	Importance to stakeholders	Total importance score	Status	
S	1	Pet's physical and emotional health	5	5	10	No change
E	2	Pet food sustainability	5	5	10	New
S	3	Talent and development	5	5	10	New
G	4	Business ethics, governance and risk	4	5	9	▲
G	5	Data privacy, security and ethics	5	4	9	▲
S	6	Customer service	5	4	9	New
S	7	Product quality and safety	5	4	9	New
S	8	Accessible and affordable pet care	5	4	9	New
S	9	Pet's role in society	5	4	9	No change
E	10	Sustainability of pet ownership	4	4	8	No change
E	11	Climate action	3	5	8	No change
S	12	Diversity and inclusion	4	4	8	No change
S	13	Human health, wellbeing and safety	5	3	8	▼
E	14	Protecting nature	3	4	7	No change
E	15	Sustainable sourcing	3	4	7	No change
S	16	Community contribution	5	2	7	No change
E	17	Waste and circularity	3	3	6	No change
E	18	Sustainability of product packaging	3	3	6	No change
S	19	Labour practices and Human Rights	2	3	5	No change
S	20	Animal welfare impacts of product production	2	2	4	No change



Planet

Goal: To make pet care environmentally sustainable

Our approach

Climate change, biodiversity loss and resource scarcity are the biggest challenges that we face across the planet. They are complex and inter-related problems that affect every part of our business too. For our business to be sustainable we need to cut carbon emissions and environmental impacts. Our strategy refresh has put sustainability at the heart of our business strategy.

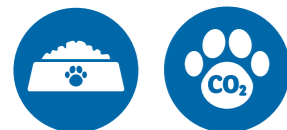
Within the planet area we have developed a goal to make pet care environmentally sustainable. The most material area for us to address to achieve this goal is pet food. It is a non discretionary product that all pet owners have to buy and it has environmental impacts because of the land-based ingredients and animal-based proteins in the majority of recipes. We will place strategic priority on this area while continuing to address our operational impacts.

Our focus areas for this report:

- Our operational impacts
- Our value chain impacts

Please see our Annual Report page 52 for our TCFD statement

New Strategic Priorities



Our goal of making pet care environmentally sustainable will be achieved by leading in sustainable pet food:

- Environmental impacts on carbon, land use, water and nature
- Innovative, sustainable packaging
- Nutritional needs met, affordably

Highlights

B

Retaining CDP score of 'B' in our second year of completion

1,000+

ideas generated by our all colleague 'Big Listen' on planet topics

41%

reduction in absolute scope 1 and 2 emissions since 2016, while increasing sales by 80%

£500k

raised for the Woodland Trust in the last two years

98.3%

of operational waste diverted from landfill

75%

of company car fleet low carbon

10%

improvement in CO₂e intensity relative to £m revenue at 17.2 (FY23) vs 19.1 (FY22)

94%

Pet pouch customer collection bins in 94% of pet care centres. Over 7 million collected since initial trial in 2021

100%

of main Group electricity contract renewable since 2017 and all buildings carbon neutral in relation to energy use

2040

SBTi approved 2030 and 2040 carbon reduction targets

Alignment to SDGs



Our Refreshed Targets:

Pet food
By 2028 all priority own brand food products carbon footprinted

Products
By 2028 all priority raw materials to be sustainable and packaging recyclable

Scope 3 carbon
By 2028 all priority suppliers to have carbon reduction plans in place and 50% to have achieved leadership category

Biodiversity
By 2028 create, protect and restore over 15k acres of native UK woodland (2020 base)

Planet continued

Our operational impacts

Listening to our colleagues

Our colleagues are incredibly passionate about our sustainability strategy and we knew it was essential to engage them in our strategy refresh. To do this we launched a company-wide listening and engagement campaign called 'The Big Listen' where we went out to teams and trained managers to run sessions to capture what they were currently doing, what they could do in the future and what their ideas for business-wide initiatives and opportunities from an environmental perspective. We were overwhelmed with the level of engagement with over 1,000 unique ideas contributed from more than 500 listening sessions. This campaign also saw the launch of our first Better World Pledge Planet champions network with over 175 colleagues signing up to be champions in their areas. We are now focused on playing back the insights and critically the actions to the business.

Carbon

We use energy to run our pet care centres and our distribution network. We have been investing in energy reduction initiatives over many years. Our commitment to renewable energy began in 2017 and our main energy contracts have been 100% renewable since then. We have installed LED lighting and buildings' energy management systems. Because of this investment over the long term, we have been able to grow our business while reducing our absolute carbon emissions (see table 1).

Our reporting boundaries

Fugitive gas and anaesthetic gas use has been included from FY20, we are unable to source accurate data earlier than this point, hence the increase in emissions between FY19 and FY20 in table 1. Anaesthetic gas is a significant emission source at 27% of scope 1 emissions. As part of our operational carbon footprint in Table 3, we also include emissions from our use of third party logistics, personal travel and electricity distribution and transmission losses. This is a very small part of our overall scope 3 emissions which are discussed in more detail on page 16.

FY23 performance

During the year we have continued to invest in energy reducing initiatives. We have run an education campaign with colleagues to further reduce our use of energy in our buildings. All of our fork lifts at our DCs are now electric. We have moved our company car fleet list to a low carbon selection and 75% of our company cars are now either EV or hybrid.

Our absolute scope 1 and 2 carbon use has reduced by 4.3% and our energy use in KWh has remained broadly flat. Our intensity-based performance has continued to improve year/year at 17.2 t CO₂e relative to £m revenue.

Our scope 1 emissions have reduced by 2.2% within that there has been an increase in diesel emissions of 5.4% as our business has grown and our network reconfigured as we ramp up operations at our new national distribution centre in Stafford and transition from our current operation from multiple sites. From an efficiency perspective our km/l has remained broadly flat at 2.97 (FY23) vs 2.94 (FY22). Our anaesthetic gas carbon emissions impact, also within scope 1, has reduced by 4.8%.

Our scope 2 emissions have shown an improvement of 6.2%, benefitting from the decarbonisation of the national grid and natural gas removal programme.

Our scope 3 emissions, reported within our operational footprint, included in table 3, have shown an increase of 7.4% which has been driven by third party logistics increases due to the increased sales volume and network reconfiguration.

Our performance over the longer term continues to demonstrate the importance of carbon reduction to our business. Since 2016 our revenue has grown by 80% and our absolute emissions have reduced by 41% as shown in table 1.

Delivering our long term carbon reduction goals

We have set ourselves a very challenging target of 42% absolute carbon reduction (scope 1 & 2) by 2030 vs a 2020 base, which is approved by the Science Based Target initiative. To achieve these further reductions will require us to make further investments which we have included in our five year investment plan. We are also reliant on the UK grid continuing to decarbonise.

We have allocated capital to install solar panels and battery storage facilities at our new National Distribution Centre in Stafford. The transition from our current network of two national and additional regional distribution facilities will lead to an increase in buildings' energy use as we will be having all facilities operating simultaneously during this transition. The movement of stock between locations will also be sub optimal in terms of logistics efficiencies. Once the transition is complete and with the addition of solar there will be distribution buildings, energy savings.

Regarding our diesel usage within scope 1, we do not anticipate that battery technologies will be advanced enough to produce any carbon savings before 2030. We are currently trialling HVO as an alternative fuel to reduce our logistics carbon as a transitional measure until other technologies become viable.

We are launching an anaesthetic gas stewardship programme within the Vet Group during FY24 to optimise the use of gas in line with clinical best practice. We are also testing voltage optimisation technology in a number of stores and other locations to further reduce buildings' energy.

Table 1: Scope 1 & 2 carbon emissions eight year performance tCO₂e emissions

		Tonnes CO ₂ e emissions								
		FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY23 vs FY16
Emissions	Scope 1	9,498	9,619	9,649	8,431	12,085	11,337	11,968	11,709	23.3%
	Scope 2 (location based)	31,680	28,840	21,584	17,066	15,133	13,616	13,200	12,386	-62.1%
	Total	41,178	38,459	31,233	25,497	27,218	24,953	25,168	24,095	-41.5%
	% change		-7%	-19%	-18%	7%	-8%	1%	-4%	
Group Revenue	£m	779	834	899	961	1,059	1,143	1,318	1,404	80.2%
	% change		7.1%	7.8%	6.9%	10.2%	7.9%	15.3%	6.6%	
	Normalisation/Intensity	52.9	46.1	35.1	26.5	25.7	21.8	19.1	17.2	-67.5%
	% change		-13.0%	-25.0%	-24.0%	-3.0%	-15.0%	-12.5%	-10.0%	

Normalisation: Intensity calculated using Group revenue and location-based scope 1 & 2 emissions. Exclusions: Anaesthetics & Fugitive emissions are included from year FY20 onwards. Intensity has been calculated using Group revenue and location-based scope 1 and 2 emissions.



Planet continued

Our operational impacts continued

Table 2: Carbon emissions (tCO₂e) breakdown by source 2022/23

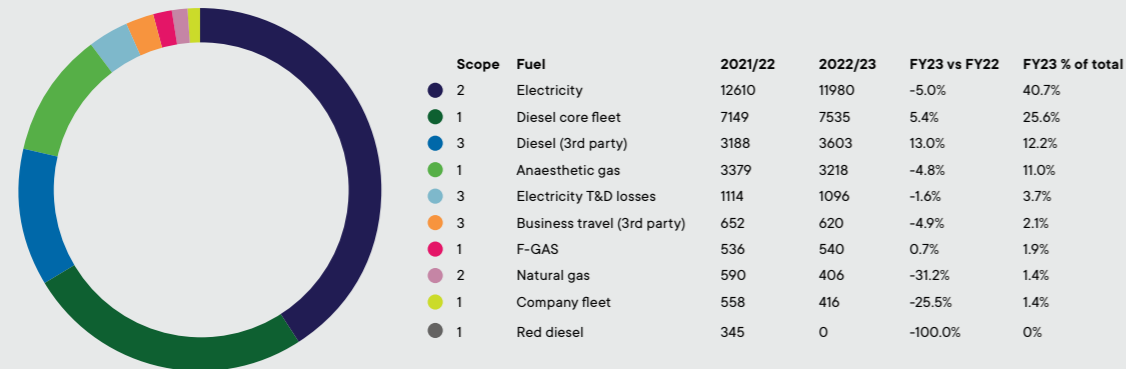


Table 3: Carbon emissions summary by scope 2021/22/23

	Tonnes CO ₂ e emissions			
	2020/21 (scope 2 location-based)	2021/22 (scope 2 location-based)	2022/23 (scope 2 location-based)	2022/23 (scope 2 market-based)
Scope 1	11,337	11,968	11,709	11,709
Scope 2	13,616	13,200	12,386	0
Scope 3 (see additional inclusions)	4,697	4,954*	5,319	5,319
Total	29,650	30,122	29,414	17,028
Inclusion of 1,500 tonnes of carbon mitigation			27,914	15,528
Scope 1 and Scope 2 kWh	90,400,963	96,425,923	96,138,431	
Normalisation of CO ₂ e scope 1 & 2 to £m revenue	21.8	19.1	17.2	

Methodology: We have applied UK SECR and WBCSD/WRI Greenhouse Gas Protocol Corporate Standard as our methodology. We have used emissions factors from UK Government 2022 conversion factors, IEA 2019 for international sites and AIB residual mix from 2020.

Methodology: An operational control approach has been used for the organisational boundary. This is the same as last year 2021/22.

Additional inclusions: We have included the emissions from our stand-alone vet practices and some elements of our scope 3 emissions where we have greater operational oversight (third party business travel, third party logistics and distribution and electricity transmission and distribution losses).

Exclusions: Only anaesthetics sourced from preferred Pets at Home suppliers has been included in the calculation.

Exclusions: Train and air journeys are not reported, as no accurate carbon intensity data was available. This will be worked on in FY24 to ensure inclusion going forward.

Independent verification: Our 2022/23 scope 1,2 and some scope 3 emissions (3rd party business travel and 3rd party logistics and distribution) have been verified. Please refer to page 42 of the sustainability report for the assurance statement.

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.

Carbon mitigation: Pets at Home Ltd is donating £45,000 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. SCO38885 whose registered office is at Kempton Way, Grantham, Lincolnshire NG31 6LL, to absorb 1,500 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 6,400 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.

Restatements: Absolute scope 3 greenhouse gas emissions (tCO₂e) have been restated for FY22 from 5453 to 4954 due to an incorrect emissions factor being used in FY22 for third party diesel fuel. Greenhouse gas emissions from natural gas were incorrectly allocated to scope 1 emissions in FY22 therefore 590 tCO₂e has been moved from scope 1 to scope 2. This does not affect the total absolute greenhouse gas emissions and has not been restated for years before FY22.

Waste and recycling

This year we have increased the amount of waste we have generated by 9% and maintained our diversion from landfill broadly flat at 98.3%. We have increased the proportion of waste that is recycled and recovered from 77% (FY22) to 78% (FY23). We have generated more waste as our business grows and activities such as our network reconfiguration has led to more packing materials driving an increase in cardboard use. 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 FY23

Waste Type	FY22 Tonnage	FY23	FY23 vs FY22	% of total FY23
Cardboards and paper	4,860	6,111	35%	41%
General waste	3,921	3,606	-8%	24%
Animal bedding & wood	1,506	1,790	19%	12%
Clinical & related wastes	1,242	1,236	0%	8%
Plastics	779	757	-3%	5%
Construction & projects	748	707	-5%	5%
Mixed recycling	524	480	-8%	3%
Other	141	308	119%	2%
Total	13,721	14,996	9%	

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 two landlord-managed sites.

Grooming salons

To make our grooming business as sustainable as possible, we manage the sharpening of our blades and maintenance of our electrical equipment through an expert in-house team located in our distribution centre. The shampoo bottles are now made of 100% recycled content and are recyclable as we moved to PCR bottles from January 2022. We have recently started a trial in four salons to return pet hair from our grooming for onward recycling where they will be made into mats to help with river bank erosion among other uses!

Pet Memory scheme

The Woodland Trust is 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. In FY21 we developed and launched our Pet Memory Scheme and March 2023 marked the second anniversary. 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. Over 90% of vet practices participate in the scheme with over £500k of donations made since FY22 and over 4000 acres of woodland and an area with over one million trees has been created, restored and protected.

Planet continued

Value chain impacts

Prioritising emissions reduction in our supply chain

This year we have further developed the priority carbon reduction pathways that we established last year. Our priority pathways to net zero are focused on raw material switches to lower carbon options, switches to renewable electricity, working with our suppliers on their scope 1 and 2 reductions and a particular focus on pet food both from an ingredients and manufacturing perspective as demonstrated in our carbon reductions pathways chart.

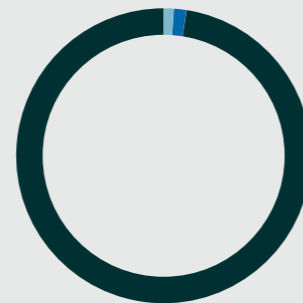
Our scope 3 assessment and SBTi target setting approach demonstrated that like most retail-based businesses the largest part of our impact comes through our products being made, used and disposed of. We have not reassessed our scope 3 base, instead prioritising our resources to our carbon reduction activities.

Pets at Home SBTi-approved carbon reduction targets

Near-term: Pets at Home commits to reduce absolute scope 1, 2 and 3 GHG emissions 42% by FY2030 from a 2020 base year.

Long-term: Pets at Home commits to reduce absolute scope 1, 2 and 3 GHG emissions 90% from a 2020 base year.

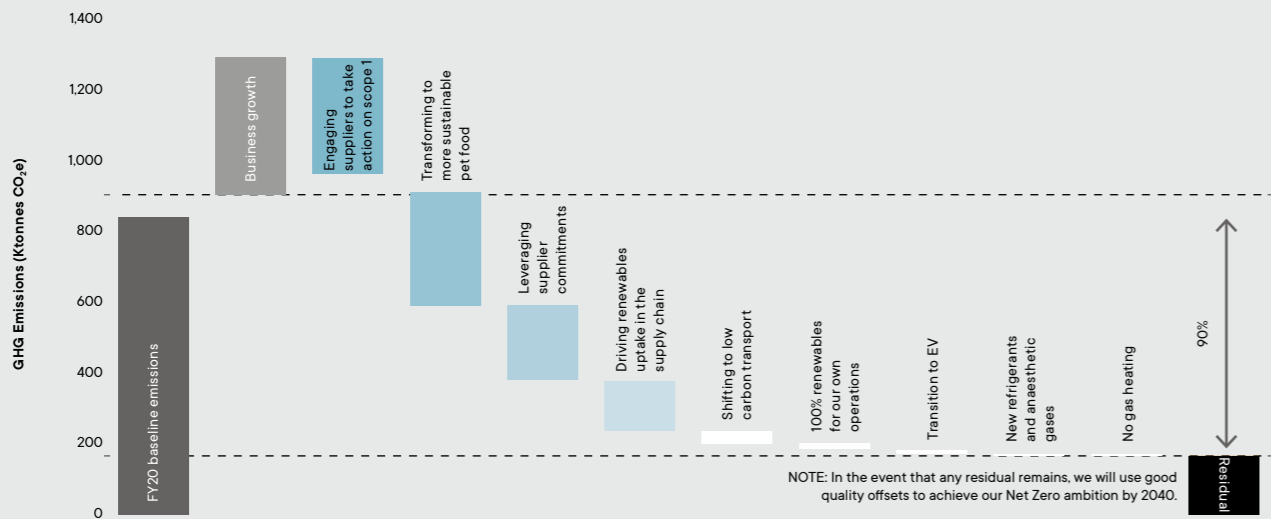
Our scope 1, 2 and 3 emissions



- Scope 1 11.7k tCO₂e
- Scope 2 12.4k tCO₂e
- Scope 3 885k tCO₂e

Tonnes CO₂e location-based FY23 scope 1 and 2 data, scope 3 assessment FY21

Carbon emissions reduction pathways to 2040



FY20 scope 3 baseline has been adjusted following a methodology review with the SBTi.

Supplier scope 1 and 2 emissions

At our supplier conference in September 2022 we launched our supplier carbon initiative. This outlines our expectation that all of our suppliers actively manage their operational carbon impact. We recognise that we have suppliers at a different stages of their journey so we have developed a carbon maturity framework that guides suppliers on how to measure, manage and share their carbon performance. Suppliers have been directed to our 'Knowledge Hub' that lays out our expectations and shares information about carbon management. As part of our refreshed strategy we have set a target to ensure all of our suppliers have carbon reduction plans in place and half reach leadership status, meaning that they have a science-based or net zero strategy in place.

Nature based impacts

We welcome the increased focus on biodiversity, land use and water impacts. The reporting frameworks for TNFD and the SBTi flag (forestry, land and agriculture) guidance are not fully finalised yet, we expect to be able to plan how we can work on these important topics during FY24.

Focusing on pet food

Decarbonising pet food is complex and will involve progressing a number of pathways to achieve our net zero goal. We have established a pet food sustainability framework to help to navigate this with our suppliers. It lays out the actions we can take to reduce carbon in the pet food ecosystem that we operate in.

It demonstrates that we need to maintain the highest pet welfare standards, ensure that our suppliers have the capability to deliver and that our consumers are engaged in following a more sustainable approach. We are completing a detailed lifecycle analysis with expert consultancy 3 Keel on a basket of pet food products covering different formats and ingredient types. This will enable us to better understand the carbon hotspots that we can address.

As we progress this work we will be focusing on a data led approach which is why we have set a target to carbon footprint all of our own brand products. Partnerships remain key and we continue to engage with our suppliers and with industry organisations like the BRC and UK Petfood. We recognise our opportunity to lead in this product category, particularly by supporting and educating pet owners to make sustainable choices.

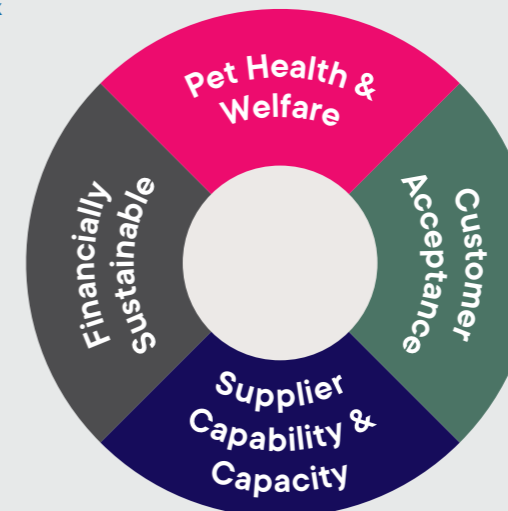
Pet food sustainability framework

Meat-based proteins

Actions: Reduce meat protein proportions, move from high to lower impact meats and to other protein sources

By-products & human grade

Actions: Increasing use of by-products, consumer reframing



Plant-based proteins

Actions: Veggie dog foods launched, opportunity to grow proportion of plant-based proteins

Alternative proteins

Actions: Launched insect food, investment into opportunities and technology to replace meat-based proteins

Enablers: Partnerships and Innovations; Data capture and governance; Internal embedding

Case study

Long term supplier partnerships & investing in innovation

We recognise that to make the urgent progress required to hit our carbon reduction goals we need to work with like minded partners. We are delighted to have embarked on a long term strategic partnership with Cranswick. We share science-based carbon reduction goals and we are excited by the opportunity to be able to work together to develop more sustainable pet food benefitting from their vertical integration approach and 'second nature' climate ready blueprint for action.

In May 2023 we announced an investment in the Good Dog Food Company a cultivated meat company focusing on the pet food market. We are on a long term journey but investing now in areas that we believe have potential to be significant decarbonisation pathways in the future.



Planet continued

Value chain impacts continued

Raw materials

As part of Our Better World Pledge strategy we set a target in FY21 to ensure that priority raw materials, specifically: soya, palm oil and timber will be sustainably sourced by 2025. As part of our strategy refresh, the scope of this target has been updated to cover all supplier branded products in addition to our own brand products and due to this update we have extended the target date to 2028.

We are committed to transparent reporting of our performance. Starting with Palm oil, 96% of SKUs using palm oil have a RSPO certified source. However, we have updated our reporting criteria to ensure there is a complete RSPO chain of custody up to and including the ingredient supplier. We are working with our suppliers to move to a complete RSPO certified chain of custody or where this is not possible, reformulate products to remove palm oil. Regarding soya, in financial year 2023 we have more than halved the number of products containing soya. For remaining products, we are working to either reformulate recipes to remove soya completely or support our suppliers to switch to credibly certified deforestation and conversion-free soya. We have been working to improve our data accuracy and identified errors affecting last year's reporting of timber data. We are in the process of rolling out a new data platform to ensure the accuracy of our product data. We have restated our FY22 timber volumes and the weight of certified or recycled. The error in the FY22 numbers was due to two cat litter products which were over weighed and incorrectly declared as certified last year, there were also two puppy pad lines incorrectly declared as certified last year.

Own brand raw materials sustainability FY23

Raw material type	FY23				FY22			
	Total SKUs containing raw material	Weight raw material – tonnes	Weight certified or recycled – tonnes	% Certified or recycled	Total SKUs containing raw material	Weight raw material – tonnes	Weight certified or recycled – tonnes	% Certified or recycled
Palm Oil	181	68	30	44%	155	90	37	41%
Soya	47	780	17	2%	104	1016	0	0%
Timber, Wood, Paper and Card	196	25502	5331	21%	147	33,441	3010	9%

Packaging data

We are currently undergoing a review of our packaging data to ensure its accuracy meets our high standards. Updated packaging performance data will be published in our FY24 reporting.

Pet pouch recycling scheme

Pet pouches are the most significant packaging format that is not widely kerbside collected, this is why we introduced our in-store pet pouch customer collection scheme. We are delighted that these units are now in over 94% of our pet care centres. This scheme accepts pet pouches and other flexible plastics for onward recycling by our recycling partner Enval. We have partnered with our suppliers Nestlé Purina and Mars on this initiative.

This scheme has collected over seven million pouches to date and our customers have given really good feedback at being able to recycle this popular packaging format when they shop with us.



Looking ahead

Pet food carbon footprinting

Complete the lifecycle analysis of a basket of pet food products with 3 Keel. Use learnings to establish guard rails for products going forward. Begin to carbon footprint our own brand pet food ranges.

Supplier scope 1 and 2

Extend our supplier carbon programmes and begin to capture scope 1 and 2 data in addition to activities. Embed the sustainability performance of suppliers into overall supplier assessments.

Anaesthetics gas stewardship

We will be launching an anaesthetics gas stewardship programme to support practices to optimise gas use. This will include CPD which will be modular and have clinical and commercial focuses so there is content relevant to vets, RVNs, practice managers and JVPs. A data dashboard will be developed to support practices in monitoring their anaesthetic gas use and carbon impact.

Nature-based impacts

We welcome the increased focus on biodiversity, land use and water impacts. The reporting frameworks for TNFD and the SBTi flag (forestry, land and agriculture) guidance are not fully finalised yet, we expect to be able to plan how we can work on these important topics during FY24.



Goal: To improve the life of every pet in the UK

Our approach

We put pets first is our number one value at Pets at Home. Every colleague has a part to play to ensure that we deliver on this value every day. Our love and understanding of pets led us to develop our long term goal to improve the life of every pet in the UK.

This 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 educating and advocating for change in society and the wider pet care and veterinary industry.

Our focus areas for this report:

- Pets in Our Care
- Products services and advice
- Pet Charity

New Strategic Priorities



Our goal of improving the life of every pet in the UK will be achieved by becoming the leading advocate for pet welfare:

- Adopting the highest welfare and clinical standards for pets in our care
- Provide pet owners with the best products, service and advice
- Using our voice and expertise to advocate for pets
- Being the largest grant giver to pet charities in the UK

Highlights

261

pet care centres have a veterinary practice and a grooming salon

1,827

Suitably Qualified Persons (SQPs)

158

vet graduates across two cohorts

1291

colleagues trained to pet advisor level

>900k

grooms given across the year

1000

number of grooming training hours delivered to new grooming colleagues

£9m+

raised in FY23 by the Pets at Home Foundation and Lifelines and over £70m raised since 2006

453

pet care centres have small animal adoption centres rehoming over 900k pets since 2007

£100k

donated to support the humanitarian emergency relief following the Syrian and Turkish earthquake

213

Pet food bank collection points across our pet care centres

Alignment to SDGs



Our Refreshed Targets

Pet Welfare
By 2028 demonstrate how we have improved pet welfare in the UK through advocacy

Charity
By 2028 help 500k pets through our charity work

Pet Care
By 2028 demonstrate how our products, services and advice support the health of the nation's pets

Education
By 2028 educate 300k children in responsible pet ownership (2020 base)

Pets continued

Pets in our care

Our recently appointed Group Veterinary Officer leads our clinical team and is a highly regarded experienced veterinary surgeon. She leads a team of colleagues with advanced knowledge of the care and welfare of a wide range of pet species.

All pets are domestically bred, and, via quarterly audits, our Pet Team ensure the standards of care at our breeders and in store fulfil not only our Pets at Home Codes of Practice, but the 'five welfare needs' described in the Animal Welfare Act, 2006. An enhanced audit process was introduced in April 2021 to ensure stores maintain the highest level of pet care and welfare. This audit system provides opportunities for colleagues to develop their pet care skills via webinars, and formal and informal training sessions provided by the Pet Team. All breeders receive annual audits by independent veterinary surgeons and quarterly internal audits. Additionally, the Pet Team advise on, and continually update, pet care training modules for colleagues.

Breeders

All our pets are domestically bred by carefully selected breeders, with all of our small animal and reptile breeders located in the UK to minimise the journey time to our stores. All pet breeding facilities and procedures are audited quarterly by the Pet Team to ensure adherence to the 'five welfare needs' described in the Animal Welfare Act, 2006, and to our codes of practice. Breeders are also audited at least annually by three independent veterinary surgeons, and receive quarterly audits from our Pet Team.

Health check

Before the journey from the breeder to store every single pet is health checked and confirmed fit to travel by our team of highly trained Pet Health Checkers.

Transport

Pets are transported to store in our own fleet of specifically equipped and climate controlled vehicles. Our pet delivery drivers receive specialised training in the transport of pets.

Quiet rooms

Each store has a secluded quiet room purpose-designed to allow pets to rest and settle into their new surroundings. All pets are provided with fresh water and appropriate food and enrichment whilst in the quiet room, and the environmental temperature is monitored and controlled by our Building Energy Management System.

Health check

At least twice per day all our reptiles and small animals receive welfare checks. Fish are checked at least every two hours during trading hours.

Here to help

Pets at Home are available at every step of the pet owner journey. We can provide the advice, products and services required for a happy and healthy life together.

Aftercare

Every customer who purchases a rabbit receives a telephone call after and all customers buying any other pet are offered a call. This is to ensure the pet has settled into its forever home and to answer any questions the new owner may have. Materials are available to support the new owner.

Pet Sale

Our aim is to find the right pet for every owner, and the right owner for every pet. Our hand-held technology guides colleague and customer through a series of welfare questions, and records the details of each sale. Colleagues are empowered to refuse the sale of any pet if they are not certain the welfare needs of the pet can be met. Free Pet Care Leaflets, developed in conjunction with the RSPCA, are available for all customers and new owners of the pets we have in store.

Stores are regularly 'mystery shopped' by an ex-RSPCA officer to ensure they adhere to the high standards of our pet sales protocols.

Health check

Every pet is health checked upon arrival in our stores, then at least twice daily for small animals and reptiles, and every two hours for fish. These welfare checks continue throughout their stay with us. Veterinary advice is always sought should there be any concerns about the health or welfare of a pet.

Sales floor

During their stay with us all pets receive the fresh water, food and environmental enrichment necessary to keep them fit and healthy, and are accommodated in housing compliant with Government guidelines. Every day, including Christmas and Boxing day, our highly trained colleagues complete carefully designed care and cleaning protocols to ensure the highest standards of pet welfare are maintained.

In England and Wales we provide customers with free RSPCA approved Pet Care Leaflets for all the pets we have in store. Similar leaflets are available in Scotland.

All our stores are licensed by the relevant authority to sell pets and are audited quarterly by the Pet Team subject matter experts to ensure we maintain the highest standards of pet welfare.

Rabbits

In recognition of the complexities of rabbit ownership, we now only sell these pets in stores with an on-site veterinary practice, and we do not have them available for purchase or adoption over the Easter period. We support the code of practice for rabbit keeping and are committed to continuing to implement this. We continue to recommend rabbits be housed as compatible pairs or groups, and actively discourage the purchase of single animals. This year we introduced a newly formulated rabbit nugget which is a cold-pressed, low sugar product based on natural ingredients. This range supports digestive health and weight management.




Grooming

Every consultation, in our state-of-the-art salons starts with a seven-point health check, whereby the coat, skin, eyes, ears, nose, teeth, feet and hygiene areas are all inspected. This allows our colleagues to recommend a grooming treatment that's right for the dog as well as sensitively bringing any concerns to the owner's attention. All colleagues complete first aid training within their first six weeks enabling them to provide care if needed in emergency situations. All colleagues are equipped with high end scissors, clippers, combs and a range of shampoos to cater for all coat types. Over 75% of our salons have a vet practice onsite and all salons are fully air conditioned for the comfort of our dogs.



Fish

We choose to transport fewer fish per volume of water than the maximum permitted in industry guidelines despite the extra cost involved. In store, the wellbeing of our fish is paramount, and they are health checked at least every two hours during trading hours. In the interests of pet welfare, we now recommend a 22 litre tank for Betta fish, and colleagues ensure customers have at least a 60 litre tank prior to the purchase of cold-water species. We are gradually phasing cold water fish species out (e.g. gold fish) by actively reducing the number of stores that stock them. Customers must have their tank set up for all fish for at least 24 hours prior to introducing fish and we provide free, unlimited water testing which does not need to be associated with a sale. We have also revised our 'fish points' stocking advice for customers and removed cold-water fish entirely from the scheme.



Pets continued

Providing pet owners with the best products, services and advice

Aiming to make a lifetime of care affordable and convenient

By providing a variety of pet care propositions across our pet care ecosystem we are best placed to guide pet owners through their pet care journey. In addition to our veterinary practices our various subscription services represent another key element of our offering which now reaches over one million customers through plans like 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 veterinary practices including our flagship 'Complete Care'.

We are uniquely placed to guide pet owners through the pet care journey with our network of pet care centres with veterinary teams, highly trained groomers, nutritional consultants and pet care experts.

Vet practices

We are incredibly proud of our Joint Venture vet businesses, and the talented vets and veterinary nurses who own, run and work these practices. Our nationwide network of 444 small animal veterinary practices mostly operates under the Vets For Pets and Vets4Pets brand and in conjunction with our Joint Venture Partners. Our unique model provides the opportunity for entrepreneurial vets to own their own business. The joint venture arrangement offers clinical and operational freedom to veterinary surgeons supported by our business expertise. We also operate 58 company-managed veterinary practices.

Our vet practices are supported by our virtual veterinary care offering which runs through the Vet Connection. In the last year it delivered 117,000+ remote consultations through its network of ten vets and 74 RVNs.

Clinical Excellence

Our clinical services team has recently undergone a restructure and is now led by a Group Veterinary Officer who has an expanded team of clinical experts.

New roles include a Head of Clinical Education and Quality Improvement who has started and a RVN Nursing Lead to be appointed in FY24. Together they will lead our strategy to provide the best clinical care to pets by providing exceptional clinical support to our Joint Venture Partners enabling them to continually push clinical standards forward. They will also lead the development of our broader advocacy strategy as part of our mission to be the leading voice for pet health and welfare.

As part of our revised clinical strategy, we have created a £500,000 pet health, welfare and sustainability research fund. This money will be used to fund vital research into priority pet health and welfare areas where we are well placed to make a difference. The funds will support a broad range of areas from external academic research right through to practice-based research projects.

We remain committed to supporting our clinical colleague's wellbeing and that of the wider profession. Only by being at their very best can our vets and veterinary nurses deliver the best clinical care and it is vitally important as we strive to be the clinical employer of choice. We are actively undertaking work addressed at identifying root causes of vet specific stressors right through to proactive and reactive practical support at the point of need. Examples include our primary funding to a vital research project being undertaken by the University of Edinburgh into suicide in the veterinary profession through to our innovative webinar and a training series on civility training for vet practice colleagues run by industry experts Vet Led which over 300 colleagues engaged with.

We remain committed to supporting all our practices achieving the Royal College of Veterinary Surgeon's Practice Standard Scheme (PSS) accreditation and have dedicated internal clinical resource to helping them achieve this.

We remain committed to Quality Improvement in our veterinary care and work with our veterinary teams to produce clinical guidelines and best practice evidence which supports the Joint Venture Partners while maintaining clinical freedom.

Our participation in a nationwide veterinary and human healthcare 'Antibiotic Amnesty' is one example. We continually update our prescribing guidelines for antibiotics, monitoring of usage on a four-month cycle and with our new membership of the companion animal group for the Responsible Use of Antimicrobials in Animals (RUMA) advisory board our focus on reducing antibiotic use remains steadfast.



Petcare centre colleagues

Our leading Pet Care development and follow on Pet Care Expert programmes continue to ensure we lead the way with our pet care expertise training for all store colleagues and that there is a programme for everyone. To find out more read it on page 30 of our people section.

We now have over 1800 SQP (suitably qualified person) colleagues and continue to invest and have trained over 350 new colleagues this year. This ensures customers receive the very best advice when looking to buy this type of product. All SQP colleagues have access to CPD to maintain their qualification and continually expand their knowledge so they are providing the best advice to pet owners at the point of need.

Nutritional expertise

Being a pet specialist, consumers turn to us for advice on what to feed their pet so it's important we can provide them with advice tailored to their pet and individual circumstances and preferences. In FY23 we launched our new nutrition matrix which helps our colleagues give customers the best possible advice on how to navigate our wide selection of pet food based on affordability and the needs of their pet.

Over 5500 colleagues have completed our core modules and 838 have completed the intermediate training meeting our aim of having at least one advanced nutrition colleague in every store. Nutrition consultations are now happening across our pet care centres.

See page 34 for more information about colleague clinical and pet care training and development.

Pet care education for children

At Pets at Home, we bring pet care to life by using our network of pet care centres, at the heart of their communities, to engage with children (and their parents and carers) about how to look after pets through knowledge, empathy and kindness. We restarted our face-to-face Pet Pal sessions after the pandemic this year and they now run alongside our digital offering. We continue to support the Beavers and Cubs and sponsor their Animal Friends and Animal Carer badges respectively.

Products that put pets first

We benefit from a high level of private labels across our food and accessory ranges, this means we can develop unique and exclusive products for our customers and their pets with pet welfare at the heart of our developments.

With pet welfare in mind, during FY23 we continued to reduce sugar within our treats range, especially within our seasonal ranges, at Easter, Halloween and Christmas. Our small animal accessories range benefitted from having stimulating toys added to the range, which enable natural behaviours.

Our dog bedding range continues to see further developments aligned to pet welfare, in both our cosy comfort beds and also our specially designed mattresses giving additional support and tailoring to dogs' needs during their senior years. Our Wainwrights self-heating bed has been a big success and ensures that the dog is kept warm during colder temperatures.

We further enhanced our hydration range for the Summer, and the addition of treats that can be frozen gives both nutrition and pet welfare benefits during the hot Summer weather.

Our range of highly durable toys, under the Ruff and Tuff brand, have been further enhanced through more rigorous strength and durability testing achieved through strengthened materials and additional processing steps such as additional seam strength. This new range of toys has been developed with an expert pet behaviourist to ensure it supports the natural behaviours of dogs. The technical team have also developed a bespoke testing method to replicate a pet 'bite test' and as such can ensure testing to rough play behaviour.

Technical and quality standards

All our own brand pet food has been tested to required industry standards set by the European Pet Food Industry Federation (FEDIAF). We also conduct additional tests on a risk basis that include extra testing on areas including DNA, species detection and detection of specific mycotoxins.

Our verification processes mean that our suppliers are routinely checked for quality and safety. Through the regular visits to our supplier base by our industry experts we are driving continuous improvement and best practice across the industry both from a quality management but also social and ethical compliance perspective.

We have raw materials sustainability standards in place that all suppliers will be required to be compliant with by 2028. We have a cat litter which we have developed with a supplier who sources only via managed UK forests which will launch in FY24.

The teams are constantly reviewing our testing protocols to ensure industry leading standards for pet welfare; for example within our hutch cover category, where thermal insulation during the cold winter months is critical, we have worked to develop rigid thermal testing methods to give customers the reassurance of safety when housing their pets outside during the colder weather. Having colleagues on the ground conducting regular audits of our suppliers has helped to ensure that product quality and safety standards remain of paramount importance, and we pride ourselves on having exceptionally low complaints within all our product categories.



Case study

Edinburgh Vet School Residency and Clinical Support Forum

To continue to support our vets, increase exotics specialist expertise and further improve rabbit knowledge we are proud to be funding a four-year residency in rabbit medicine and surgery at Edinburgh Vet School, the only one of its kind in the UK. Our clinical colleagues are now benefitting from a range of services as part of our investment including specialist consultancy, access to a bespoke advice forum, clinical webinars, newly created training guides and case studies. This residency will also critically help advance clinical practice in this field by disseminating information to the wider veterinary profession and pet owners.



See page 36 for details of our Human Rights approach

Pets continued

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, the Pets at Home Foundation and our customer loyalty community programme, VIP Lifelines. These two programmes have enabled us to award grants, facilitate fundraising in-store by local charitable partners, manage a national network of adoption centres, provide a national pet food bank network and make donations to support emergency relief work in Ukraine and Syria/Turkey.



The Pets at Home Foundation

The Pets at Home Foundation is the largest grant giver to pet rescues in the UK. This year was also our second year supporting charities that help improve the lives of people through pets, expanding our impact to benefit the lives of more people and pets than ever before.



£5.2m

Over £5m raised in FY23

£2m

Over £2m raised during our Santa Paws Appeal

£565k

Over £565k donated to Hearing Dogs following our new Summer Appeal

£346k

awarded to Pets as Therapy

£300k

over £300k awarded to Blue Cross to fund the food bank project

Our work is focused on four pillars:



Fundraising

We're committed to making a difference: Funds raised go towards providing much needed support for pets and the people who love them.



Adoption centres

With over 450 small pet adoption centres nationwide, we do everything we can to find small pets a forever loving home.



Communities

By working alongside you and our partners we make an impact in local communities across the country.



Grants

Through our grant funding, we're proud to work with rescue centres and charities that support pets and people across the country.

Grants

The grant programme supports charitable organisations who rescue and rehome pets, or work to improve the lives of people through pets.

Since 2016 the Foundation has supported rescues and organisations with £30 million through community partnerships and grant funding.

In FY23 over £2.7m has been awarded to support pets and people within local communities.

Over 33k pets were supported this year through grant funding and 4242 people benefitted emotionally and, or physically through time with an animal thanks to our grant programmes.

Case studies

Cats Protection

Paws Protect, is a service run by Cats Protection which provides fostering placements for cats so their owners can escape domestic abuse. Too often people suffering from domestic abuse find themselves unable to leave a situation or cannot access safe accommodation without risk of being separated from their pet. Pets themselves can also be victims, either of violence or neglect. Paws Protect is a lifeline to cat owners. Cats Protection arranges for cats to be cared for in a safe foster home, paying for all the cats' needs, including food and any veterinary treatment with regular updates given to their owners until they can be reunited. The Foundation gave Cats Protection a grant of £315,000 over three years in November 2022 towards the expansion of Paws Protect into new areas which will enable it to help more than 1800 families and 4500 cats per year by the end of 2025.



The Cats Whiskers

The Cats Whiskers is a small cat charity based in Alva, near Stirling which helps local cats through its established network of fosterers who care for the cats in their own homes. Many are strays or arrive because their owner has gone into care or can no longer care for them. The charity also works to help feral cats. In 2022 it was given the opportunity to start its own cat rehoming centre; but without extra funds all they had was an empty industrial unit. A grant of £80,500 from the Foundation in July 2022 allowed the charity to kit the unit out with cat pens and supporting facilities, securing the charity's long-term future, helping hundreds more cats for the years to come.



Pets as Therapy

The Foundation's biggest ever grant – £346,237 over three years was awarded in May 2022 to Pets as Therapy. Their volunteers take their specially trained dogs into settings such as hospitals, schools, care homes, hospices and more, bringing a smile to many faces. People get the chance to chat to someone, and stroke and cuddle a friendly dog or cat. Key benefits include bringing comfort and companionship to those who may feel lonely or isolated, supporting young people in education improve their literacy skills and concentration, aiding in a patient's recovery and improving mental health and wellbeing.

The grant is being used to enable expansion of their team so they have local staff able to recruit new volunteers, build relationships with more establishments, and fundamentally touch the lives of more people. Within the first year the charity is planning to grow volunteer numbers to nearly 400, enabling them to work with over 500 different establishments, and conduct over 140,000 visits to individual pet lovers.

Pets continued

Pet Charity continued



Hearing Dogs

Following a competitive selection process, including an all-colleague vote, our new Summer fundraising campaign was awarded to Hearing Dogs for Deaf People. The charity was awarded an incredible £565k+. This is the largest amount donated through a fundraiser to a charity in the Foundation's history. Hearing Dogs will be supported again in July 2023's Summer appeal.

The funds from Summer 2022 have already supported 377 hearing dog partnerships, which equates to over a third of all partnerships in the UK! Steve Heyes, Director of communications and fundraising at Hearing Dogs for Deaf People, said: "Pets at Home's support of Hearing Dogs has made a huge difference to the lives of deaf children and adults across the UK. By raising money across all areas of the business, Pets at Home and their customers are funding the support of all our hearing dog partnerships for a year. The support we provide our partnerships through dedicated regional Partnership Instructors includes home visits, health and welfare advice, dog training refresher sessions, the provision of new essential equipment, and much more. The support of Pets at Home has been incredibly important to the charity and to the dogs we train and deaf people we help, so thank you to everyone involved."



Adoption Centres

As well as supporting rescues across the UK, the Foundation rescues and rehomes small animals at our own adoption centres based in most Pets at Home stores. Our centres exist for any owner who can no longer care for their small pet. We take the pet in, covering any medical care costs and providing them with a temporary home, until a new loving forever home is found. When a rabbit is adopted from our centre into its loving home, it leaves with vouchers for a free health check, vaccination and neutering. Over the last 15 years we have adopted over 900,000 pets into loving homes.



Foodbanks

As the UK continues to experience an unprecedented rise in the cost of living, we know that pet owners will do everything they can to ensure their pets don't miss out, but we also understand that some owners may be facing difficult choices as their finances become stretched. That's why this year Pets at Home and Blue Cross have been working together to provide support.

In October 2022, together we launched a trial in a small number of stores, and now have over 213 stores collecting food to support foodbanks within local communities. Every donation point in our stores supports a foodbank within ten miles of the store, and we have now fed more than 21,000 pets through this initiative, thanks to our customers and clients. We plan to roll these out to most of our pet care centres by the Summer of 2023.



Pets are part of the family, and we are really proud to have partnered with Pets at Home on this scheme to ensure we can reach as many pet owners in need as possible, and keep families and companions together.

Chris Burghess, CEO at Blue Cross



Pets at Home other charity initiatives

VIP lifelines

The VIP club reached its tenth birthday on January 2023 marking a huge milestone of £20 million raised for animal charities across the UK. Every time a customer swipes or scans their card they are supporting the scheme. Over 800 charities are supported with Lifeline vouchers allowing them to purchase food and essentials from Pets at Home for the pets in their care. This year over £3m was raised through VIP Lifelines.

Case studies

Service Dogs UK

Service Dogs UK have been Members since 2012. Pets at Home VIP Lifelines provide essential support with items such as equipment and bedding for our dogs in foster. We use positive training methods, so the healthy treats go a long way to help them on their journey to become PTSD assistance dogs for our Veterans. Thank you, Pets at Home, and our brilliant supporters!



Dogs Trust

Dogs Trust have been Members since 2012. For the last ten years we have supported the Dogs Trust by providing the food that they use to feed the dogs at their 20 centres across the UK, this meant that over 3300 dogs were fed this year alone.



Turkey and Syria Response

Following on from the shocking earthquake which devastated areas in southern Turkey and northern Syria, Pets at Home rapidly pledged £100,000 to help individuals, families, and communities caught up in the crisis. Of this, £50,000 was donated to the British Red Cross to help with the immediate humanitarian rescue efforts in the region.

The remaining £50,000 was donated to the International Fund for Animal Welfare (IFAW) enabling the organisation to rescue and protect animals in crisis, rebuild following devastation, and work with communities to reduce risks by including animals in emergency plans and policies everywhere disaster strikes.



Ukraine

At the end of FY22, we like many businesses were devastated by the events in Ukraine. We pledged £100k as a business and launched a fundraiser at the end of March which raised a staggering £100k in just under four weeks thanks to the generosity of our customers, clients and colleagues. During the last year these funds have been donated to domestic and international charitable organisations. £20,000 to IFAW, £20,000 to Four Paws and £160,000 to the Blue Cross which is supporting several organisations on the ground including 'Save the Dogs'. They have used the funds to launch a neutering campaign on the streets in Ukraine which will support 1000 pets being neutered.

This will have a significant impact as it will prevent unwanted litters on the street and therefore support the long-term infrastructure in the area.



Looking ahead

Quality Improvement and Clinical Governance

In Autumn 2023 we will begin participation in a ground-breaking research project being run in partnership with the Royal Vet College and Vet Compass. Our involvement will focus on improved stewardship in veterinary antimicrobial usage across all of our practices, using a blended qualitative and quantitative approach. The learnings and insights from this multi-year project should shape how antimicrobials are used and prescribed across veterinary practices in years to come.

Pet charity

The Pets at Home Foundation will continue to be there for pets when they need us through our fundraising and grant programme. We will see benefits start to be realised from one of our largest grants of over £300k to the Blue Cross foodbank programme. This grant will be used to fund co-ordinators to ensure the programme is rolled out across the UK with the ambition that anyone who needs to access pet food from a food bank is able to ensuring we collectively do what we can to keep people with their pets at a time of need.

People

Goal: To be the best employer and developer of pet care talent

Our approach

This year has seen a refresh of our People pillar with a renewed strategic focus on how we will become the best employer and developer of pet care talent. In today's competitive talent landscape, it has never been more important to develop, support and reward people and we know that how this is done makes the difference between being a good employer and a great employer.

In FY24 we will have an even greater strategic focus on investing in pet care expertise across all consumer facing roles, enabling more clinical employment and development opportunities to be created. Diversity continues to remain a strategic priority and we have committed to ensuring our colleague base truly represents our diverse communities within the next five years.

Our focus areas for this report:

- Culture, values and behaviours
- Wellbeing and volunteering
- Listening and engagement
- Health and safety
- Diversity and inclusion
- Human rights
- Pet care expertise

New Strategic Priorities



Our goal of becoming the best employer and developer of pet care talent will be achieved by:

- Continuous investment in pet care expertise
- Compelling clinical careers and development opportunities
- Colleagues fully representing our diverse communities

Alignment to SDGs



Our Refreshed Targets

Pet care expertise

By 2028 maximise pet care training investment and opportunity creation

Diversity

By 2028 reflect the diversity of the communities we operate in, achieving 12% representation of people from ethnic minorities

Community

By 2028 donate over 50,000 colleague hours to support community organisations

Highlights

189

apprentices welcomed

5,700+

colleagues have completed our new nutrition training

10,300

In line with our strategy to engage all colleagues in the long term success of the business 10,300 colleagues became new shareholders or had their shareholding enhanced in the sixth year of our colleague RSP

101

Vet Graduates welcomed

11,000+

hours of colleague volunteering donated to community projects

207

Mental Health First Aiders trained in the Group during FY23

7th

in the FTSE Female leaders review

50+

weekly live colleague briefing events held across the year

1st

Winner of HR Impact award at Personnel Today awards 2022

People continued

Our culture, values and behaviours

People sit at the heart of our business; they always have done, and they always will. Our culture is something we are incredibly proud of. We believe it is one of the main reasons people choose to join us, why they stay and if they leave why they continue to recommend others to join us.

Our purpose

To create a better world for pets and the people who love them

We put pets first

We're experts in our field

We lead the way

We help owners be their best

We're proud of what we do together

Values and behaviours

Our values, were relaunched during 2021 and remain at the heart of our business culture and strategy.

Our behaviours bring our values to life. It's how our colleagues act each day in everything they do – be that providing expert care and advice to pets and their owners, interactions with each other or making a positive difference in their local community.

- Be courageous
- Be honest
- Be respectful
- Be inspiring
- Be supportive

Listening and engagement

Listening to colleagues is critical to any business and we ensure colleagues are listened to throughout the year by running campaigns such as the Big Listen. We Care engagement surveys and through executive visits to stores, practices and distribution centres.

Engagement	82%
Wellbeing	82%
Diversity, inclusion and fair treatment	86%

Members of our Executive Team have been out and about across our pet care centres, practices, support office and distribution centres getting to know individuals, teams and critically understanding their views of our business. Similarly, the new Chief Operating Officers for the Vet Group and Retail division have taken similar steps, as although they have worked in our ecosystem for several years, they're listening now with a different focus given their changed roles and remit.

As always is the case with surveys, below the headlines the survey identified areas for focus including ensuring in our busy work environment we support and encourage colleagues and their managers to have time for regular catch ups. There were areas of opportunity for the Vet side of our business that were subsequently fed into the strategic review around work life balance and the service offering to the Joint Venture partners.

68% of colleagues completed the engagement pulse survey in May 2022. Overall results were strong.

Our Joint Venture Council is chaired by one of our Joint Venture partners and is a two-way forum that enables clinical and business priorities and topics to be shared and discussed.

This year they launched a Joint Venture Partner specific survey to get qualitative and quantitative feedback on service provision with high degrees of participation across Joint Ventures. Action plans are now being developed with launch in FY24.

As we have returned to the office in person regular leadership events have been held in our support office enabling our senior team (top 130) to meet and review strategy and opportunities to work collaboratively across the business. Our new CEO Lyssa records regular videos for all colleagues to share what is going on in the business in an informal and accessible way. Eleven of these diaries have been available on YouTube and have been viewed 8982 times. Our weekly shoal for support office colleagues provides an opportunity to come together, hear operational business updates, mark celebrations and hear about upcoming strategic activities and initiatives.

Diversity and inclusion

Pets just see people, and this is the foundation of our approach to diversity and inclusion. We are committed to having a diverse colleague base that represents the communities we operate in. We have spent this year building on the foundations that were laid in 2021 and 2022 and are now starting to see tangible changes happen.

We have made real progress with our diversity data capture. This is critical to enable us to gain a better picture of our colleague base and the representation across more diverse characteristics. In coming years, we will be able to report on other characteristics, such as ethnicity, alongside our age and gender profiles. More than 90% of support office and retail colleagues and 70% of our practice colleagues have completed our diversity and inclusion foundation training.

We have high colleague representation from the LGBTQ+ community and we over-index across all areas relative to the general population. 14% of our colleagues are LGBTQ+ according to our 2022 engagement survey compared with 3.7% of the total

population according to data from the 2021 Census. Our last engagement survey also showed our LGBTQ+ colleagues are more engaged than our general colleague population. To continue to support the LGBTQ+ community this year we launched a new policy on support for trans colleagues. This, in only our second year of disclosure, helped us significantly increase our Stonewall equality index ranking from 339 to 157, a jump of 182 places.

We are active members of the business disability forum and proud to work with the Prince's Trust on their in-work support programmes.

Looking ahead, we are prioritising improving our ethnic diversity, which is below the national average, by focusing on how we can attract and recruit more colleagues from an ethnically diverse background. Our ambition is to mirror the local communities in which we operate by recruiting and retaining more colleagues from the community within our support office, retail and distribution areas.

Using the 2021 ONS data, we have analysed the ethnicity of the communities in the consumer catchment area around our stores, and within a 30-minute drive-time from Stafford DC and 60 minute drive-time from Handforth support office and have set a target of 12% which is based on this analysis. This analysis and targets exclude the veterinary part of our business but we are committed to work on initiatives that will support greater diversity at entry level into the profession. We welcome the findings and recommendations of the Parker Review and have set a target of 18% ethnicity for our senior managers (executive management and direct reports). This reflects the current national average for ethnic diversity representation based on 2021 ONS data, and the population average within a 60-minute drive-time from Handforth which is also 18%. We recognise that these are stretching targets and they reflect the importance that we are placing on making progress here.



People data

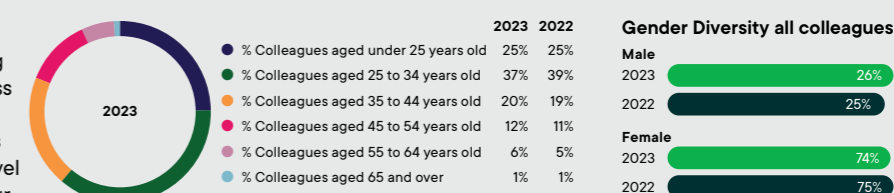
We continue to be a business with strong female representation across our business and particularly within our retail and veterinary divisions. What sets us apart is that representation is seen at a senior level as well as entry level roles. With 71% of our Group Executive (44% growth c.f. FY22) and 52% of senior management roles (8% growth c.f. FY22) now held by women, from FY22 our talent and succession pipeline is strong. Our progress with gender representation was cemented with seventh place in the FTSE Female Leaders Review in 2023.

We continue to have a broad range of experience with representation across years served remaining relatively constant compared to prior years. 59% of our retail pet care centre managers have over ten years' experience which is sector leading and 43% of our Joint Venture Partners have also accumulated over ten years service demonstrating their commitment to the JV model. Our workforce is majority Gen Z and Y which is broadly reflective of today's workforce.

29%

Colleague turnover

* Data as at 25 May 2023. All other data referenced is 31 March 2023.



Colleague diversity data

	Combined Group		Pets at Home Retail		Vet Group	
	FY23	Change from prior year	FY23	Change from prior year	FY23	Change from prior year
Gender						
% of women on Plc Board (NED)*	43%	6%	-	-	-	-
% of women on Group Executive team*	71%	44%	-	-	-	-
% of roles held by women total business	74%	-1%	65%	2%	88%	0%
% of senior management roles held by women	52%	8%	51%	7%	54%	11%
% of store managers women	-	-	44%	2%	-	-
% of JVP women	-	-	-	-	56%	1%
Experience						
Colleagues with under two years' service	44%	-	45%	-	44%	-
Colleagues between two and five years' service	23%	-	22%	-	25%	-
Colleagues between five and ten years' service	19%	-	17%	-	23%	-
Colleagues over ten years' service	13%	-	15%	-	9%	-
% of store managers over ten years' service	-	-	59%	-	-	-
% of JVPs over ten years' service	-	-	-	-	43%	-

People continued

Continuous investment in pet care expertise

Colleague development, support and reward is critical to our overall colleague proposition and how we will retain and attract talent in an increasingly competitive market. In sectors such as veterinary and data/IT this will mean we are well positioned to attract high performing talent to our teams. We have a steadfast ambition to become the employer of choice not just for pet care experts but for clinical talent and to be famous for offering the best colleague experience in the veterinary professions.

Compelling clinical careers and development opportunities

Our award-winning vet graduate programme continues to go from strength to strength with 158 graduates across both cohorts. They benefit from around 180 hours of CPD over the two year programme, 157% more than their mandatory required amount. The training focus continues to be as much on their personal development as it is their clinical with wellbeing initiatives and support wrapped round everything. Our EMS bursary programme has now been running for four years (including a hiatus during COVID-19) with 60 bursaries awarded and a total investment of £40,000 in FY23. This support means students receive vital financial support during some of their most important veterinary training time enabling them to focus completely on their in-practice experience. Our ten scholarship students at Nottingham vet school are benefitting from our financial support.

We saw an uplift of 46% in our Veterinary Nursing apprentices. This is a critical talent category for us and one where we have firm ambitions to drive further growth and development in coming years by investing in our proposition and approach to training.

We have continued to implement the BVA Good workplace code, a veterinary workplace code of conduct, across our practice estate. Our focus this year is on retention and improving practice culture.

Pet care expertise

We continue to invest and introduce flagship programmes for colleagues building on an already strong learning and development foundation. This year we launched our ground-breaking Pet Care Expert programme which is focused on equipping our colleagues even further to be the leading pet experts in their field. Every store can nominate a colleague to go through the nine-month blended learning programme. Since launch last Summer we had just under 400 colleagues enrol, with the first cohort of graduates expected in April 2023. This programme will be a critical component of us developing and retaining top talent and it provides the natural follow-on pathway from our entry-level pet care development programme.

Grooming expertise

In recognition of this profession and the standards and skills needed to perform the job safely and to a high standard we remain committed to setting the standards and provide leading levels of training and a welfare focused environment. Colleagues are required to complete their first aid and dog behaviour courses within the first six weeks, and are therefore able to handle dogs attentively, and react quickly if first aid is required. As experts in our field, all grooming salon colleagues undergo extensive training with over 1000 hours of training required to be able to complete our nine assessment stages on the 'prep it', 'clip it' and 'snip it' programme before they can fully groom a dog. Their qualifications come with a tight quality assurance process regulated by Ofqual, but more importantly, the criteria are set by industry experts.

Looking ahead we are developing a bespoke Pets at Home Grooming qualification that builds on iPET's existing level 3 diploma but enhanced with additional modules to make it the most comprehensive qualification in the industry. We have an ambition for all our salon managers and stylists to be qualified within the next three years.

Apprenticeships

With a strong investment in 'grow our own' talent, we have supported over 385 apprentices this year with programmes ranging from Vet Nursing, Leadership, Data, Finance and Dog Grooming. We have seen a 61% uplift in numbers of apprentices vs FY22. Being shortlisted as a finalist in the Apprenticeship Employer award of the year at the Personnel Today awards 2022 demonstrated the external recognition, we have received for our work to create opportunities for all.

We recently launched another cohort of our Data Academy with a suite of qualifications designed to enhance our data capabilities across our business; to future proof our talent and enhance our data capabilities as part of our strategy to use data to enhance our design and decision-making principles. 37 colleagues are now benefitting from or have gained an apprenticeship qualification in one of its four key programmes: AI data specialist, a data science degree or a data fellowship.

We have continued to support and invest in our Kickstarter colleagues who began their journeys with us around the time of the COVID-19 pandemic. This vital programme with the Prince's Trust enabled many young people to access roles across our business supporting them during the pandemic. 40% of our kick-starters secured roles with us and are still with us – many have been recognised with internal promotions.



Nutritional expertise

We successfully launched our nutritional training to support the new nutrition matrix in FY23. We are now developing our nutritional consultations and extending the training to our vet colleagues. We created a new level of nutrition expert training with input from an external expert nutritionist as well as Vet partners, to enable us to offer specialist nutrition guidance. Within nine months of launch we have had over 5700 colleagues completing the core modules and over 700 completing the intermediate modules, easily achieving our ambition of having one colleague per store with intermediate level training.

Our Fearless leadership programmes for managers continues across our pet care centres and distribution centres. These blended programmes receive exceptional feedback and the learnings from them can clearly be seen being implemented into the leadership of the teams. Both our programmes run over seven months with over four cohorts running this year.

Completion of mandatory training remains a requirement for eligibility for bonus payments with over ten modules that must be completed. In the last year alone over 135,000 modules have been completed by colleagues.

213,500

views of videos hosted on the L&D Vimeo page via My Learning – resulting in 336 days worth of learning videos being watched

65

bespoke webinars delivered to colleagues throughout the year

101

veterinary graduates recruited

People continued

Wellbeing, reward and human rights

Wellbeing remains at the heart of our people strategy. It is important to us that people feel looked after at and outside of work and our wellbeing strategy places equal importance across all the wellbeing pillars: financial, emotional, physical and nutritional. We continue to be recognised externally for what we do as this financial year we have been shortlisted for the Wellbeing Team of the Year award at the Great British Workplace Wellbeing Awards, and for the Health and Wellbeing Award at the Personnel Today awards.

Mental health support

We have continued to invest in our Mental Health Training programme across the business, training a further 207 colleagues this year, building on the 458 who were trained last year. This is providing vital support to colleagues in practice at the point of need. We concurrently invested further in our Manager's Mental Health training programme bringing the total trained across the business to 425.

Colleague appreciation day

For the last few years, we have celebrated colleague appreciation day with our colleagues and 2023 was no different. This year colleagues were invited to choose how they celebrated. Everyone received a postcard printed on FSC certified paper with a note to say thank you for all they do and inviting them to choose how to spend a £5 reward; they choose to donate it to the Pets at Home Foundation, the Woodland Trust, the Trussell Trust or treat themselves to lunch. The response was overwhelming with 15% of colleagues choosing to donate their £5 to one of the chosen charities, Trussell Trust, Woodland Trust and Pets at Home Foundation.

Reward

Supporting and investing in our colleagues remains a core strategic priority and this has come to the fore even more with the increase in cost of living affecting most of our colleagues.

We continue to lead the way with our 'earn to learn' model for hourly rate retail colleagues with over 80% of our hourly rate retail colleagues being paid the Real Living Wage through it. In April 2023 we increased our retail hourly pay rates to a starting rate of £10.60 (+10.4%) vs FY22.

We continue to invest in colleague share ownership with 10,300 colleagues receiving an award of free shares in 2023. Our Sharesave scheme which operates at a 20% discount option price. We continue to see increased uptake from colleagues.

For more information on our reward strategy see the Rem Co report in our Annual Report on page 61.

Human rights

Our responsibilities for people extend beyond the boundaries of our business. With the appointment of our dedicated Responsible Sourcing Specialist, we have continued to make progress against our plans. With the lifting of restrictions in China we are anticipating being able to resume in physical factory visits during FY24.

This year we have updated our Supplier Code of Conduct to ensure it continues to provide clear and comprehensive supplier expectations in relation to human rights, environmental, ethical and legal standards. We have added additional elements relating to supply chain transparency, business ethics, environmental compliance and animal welfare. We have also launched our Responsible Sourcing Handbook which brings our Supplier Code of Conduct to life with detailed implementation requirements, guidance and signposting to additional resources. We provide insight into how we embed these principles into our own operations and make commitments to our suppliers on how we conduct business; inviting them to tell us (confidentially if preferred) if we ever don't meet these commitments.

More information about our progress and activity in this area can be found in our Human Rights and Modern Slavery Statement.



Community volunteering

This year marked the second year of our community volunteering programme for colleagues called Our Better World Pledge community days. Eligible colleagues can take a paid day each year and volunteer for a community project of their choice. This freedom of choice enables them to spend their day aligned to what is important to them. This day is also an underpin for colleagues on the group salaried bonus scheme which helps drive further participation and demonstrates the measure of importance the business places on it.

This year over 11,000 hours were donated by colleagues representing over 20% increase compared to last year. 40% of projects supported the planet with many having co-benefits for people and pets.

Health and Safety

The safety and wellbeing of our colleagues, partners and consumers remains our top priority. During the financial year we launched additional modules for our colleagues in the new Health and Safety compliance centre. This has resulted in improved awareness and compliance across all aspects of health and safety and provided the ability to monitor compliance centrally.

The launch of the new compliance centre resulted in an increase in accidents across the business, with colleague accident rates increasing by 3.85 accidents per 1,000 colleagues, an increase in customer accidents 0.53 per 100,000 transactions, and an increase in RIDDOR accidents of 0.01 in our stores and practices. In our Distribution Centres, there was an increase of 0.14 accidents per 10,000 hours worked, and RIDDOR accidents increased by 0.09 per 10,000 hours worked. This was expected to be seen due to the improved way of reporting.

We have seen a decrease in the main accident causations of previous years, this includes decreases in animal bites, slips and trips and being hit by something moving, or falling or fixed and stationary.

We record all incidents and report all accidents in accordance with the Reporting of Injuries, Diseases and Dangerous Occurrence Regulations (RIDDOR).

We also 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.

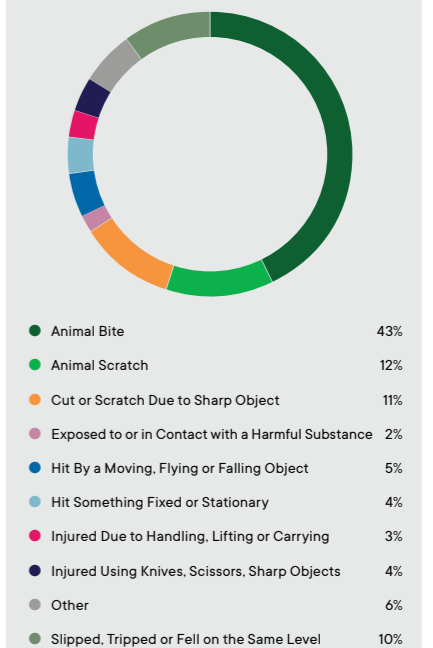
The Group Health and Safety Committee met quarterly and discussed various Health and Safety issues as well as undertaking deep dive projects. Our Distribution Centres also hosted their own Health and Safety Committees across each of the Distribution Centres.

During the year we audited 896 sites (Vets/Retail stores) and Fire Risk Assessed 897. There have been no Health and Safety Enforcement Notices served on any part the Group.

Our focus in the coming year will be:

- Move all health and safety documentation and record keeping onto our Compliance centre making H&S paperless
- Further improve the levels of compliance and Group standards of safety management in all our stores and practices ensuring no Local Authority or Fire Authority enforcement notices are served on the business
- The further implementation of our health and safety information, training and record keeping software across all locations that we operate
- Continue to embed our safety management system and support the Group as we continue our transition to our new distribution site at Stafford

Accident causations 2022-23



Looking ahead

1. Developing our pet care expertise

Developing market-leading pet expertise development programmes and content will be a key focus for us. We will continue to build expertise across our retail teams, driving and supporting new food and consumer strategies and helping to further connect consumers to all parts of our ecosystem and build our expertise across the ecosystem.

In the next cohort of our Pet Care Expert programme colleagues will begin their nine-month learning programme and phase two of our unique nutrition training programme will launch to all colleagues involved in pet care across our eco system, including our clinical colleagues.

2. Supporting our clinical talent development

We will launch a new clinical academy which will help put us at the cutting edge of clinical education and enable us to achieve our veterinary business strategic goals. This will support our work to create a sustainable pipeline of highly engaged vet and nurse talent with the clinical and behavioural skills and experiences required to be part of highly productive and effective clinical teams.

3. Improving our ethnic diversity

We are focused on increasing the representation of ethnic diversity amongst our colleagues to better connect with diverse pet owners and reflect the communities we work in.

We will be further developing our inclusive recruitment processes, and inclusive leadership education to enable our leaders and managers to fulfil new representation goals in an authentic and credible way. We'll be continuously monitoring progress through our enhanced diversity data capture and reporting.

Gender pay report: <https://investors.petsathome.com/responsibility/policies-and-reporting/gender-pay-gap-report/>

Pets at Home policies: <https://investors.petsathome.com/responsibility/policies-and-reporting/>

Director's Remuneration Report: Page 61 of the Annual Report.

Governance framework

Our Better World Pledge Strategy is supported by a robust governance framework

The management committees and associated groups have continued to meet regularly across the year.

Each of these is chaired by a Director and sponsored by a member of the Executive Management Team. The vet specific elements of the strategy are managed by the Vet Group Better World Pledge Committee. The Executive Management team and ESG Committee receive a progress update from the committees and groups at various frequencies during the year. Climate change is a standing item at every Board meeting and at every ESG committee meeting.

ESG Governance



ESG Committee Chair's summary

Highlights

- Continued to focus on the monitoring and delivery of our high standards of pet welfare across the Group
- Reviewed and approved the refresh of the sustainability strategy and the creation of strategic priority areas in the planet, pet and people pillars
- Agreed a refreshed suite of targets to support the delivery of the refreshed strategy over the next 5 years
- Agreed the Group's ongoing development of its approach to the Task Force on Climate-related financial disclosure (TCFD)
- Reviewed and approved the Responsible Sourcing Handbook

This year we have made significant progress against the goals of Our Better World Pledge strategy and embedding it at the core of our business

The ESG Committee oversees the governance of our sustainability strategy, Our Better World Pledge. In my fifth year as Chair I am delighted to see the progress that we have made in the first two years of the strategy. I am particularly excited about the initiatives that we have now delivered that are visible to our customers.

Our pet pouch collection points are now in 94% of our petcare centres and the pet food collection units that are currently in 213 stores and rolling out to all, helping pet owners impacted by the cost of living crisis to feed their pets. The Pet memory scheme in its second year has raised over £500k to date which has created, protected and restored over 4000 acres of native UK woodland. The Pets at Home Foundation reaching its £50m fundraising milestone and VIP lifelines reaching £20m this year are all fantastic achievements.

Engaging suppliers in sustainability will become increasingly important with the inclusion of this content in the annual supplier conference and development of a supplier knowledge hub.

The committee has continued to maintain a regular and detailed review of pet welfare and regularly reviews the Group's policies and procedures in its retail business and supply chain, and the development of its clinical governance framework in the veterinary business.

Human rights have received an annual deep dive as part of the modern slavery act statement approval and an updated supplier code of conduct was reviewed and approved along with the plans to launch a consolidated Responsible Sourcing Handbook for suppliers that contains all relevant policies and supporting guidance in one document. The Group's Human Rights specialist provided a detailed update on ethical audit progress and plans to resume in house audits in China when COVID-19 restrictions allow. China was discussed as an area of concern because it had been almost three years since physical audits had taken place and it is the Group's largest sourcing country outside of the UK. In recognition of this concern some deep dive audits had been conducted by an independent third party and the results of these were discussed.

The ESG committee has been focused on how we maintain this momentum but also continue to re-evaluate where we have most opportunity to impact and where we need to address to ensure that we are creating a sustainable business. For this reason a strategy refresh was conducted during the year. This has identified strategic priorities under our impact pillars of planet, pet and people. These are fully aligned to the business strategy and were the top scoring topics when we conducted a detailed materiality assessment.

As we look ahead to FY24 the committee will continue to focus on the review of ESG risks and pet welfare. In addition we will agree the strategies and review progress in relation to sustainability strategic priority areas of pet food and supplier scope 1 and 2 carbon maturity; monitor delivery against our net zero targets and review how these are embedded into the relevant business areas. We will also review how we are strengthening the sustainability skills and capability across the business.

Susan Dawson
Chair of the ESG Committee

For the full ESG committee report see pages 50-51 in the 2023 Annual Report



Assurance statement

Independent Assurance Statement to the Directors of Pets at Home Group Plc

Scope

We have been engaged by Pets at Home Group Plc to perform a 'limited assurance engagement', as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on Pets at Home Group Plc's Greenhouse Gas Emissions (GHG) – Scope 1 (tCO₂e); Indirect GHG emissions – Scope 2 (tCO₂e) – location-based; Scope 3 GHG (Category 4: Diesel (3rd party) and Category 6: Business Travel (3rd Party)) (tCO₂e); and Scope 1 and 2 GHG emissions intensity (tCO₂e/ £m revenue) (the 'Subject Matter') for the year ended 30 March 2023 in Pets at Home Group Plc's 2023 Sustainability Report ('the Report').

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 Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Pets at Home Group Plc

In preparing the Subject Matter, Pets at Home Group Plc applied the WBCSD/ WRI's Greenhouse Gas (GHG) Protocol reporting criteria as established under the Streamlined Energy and Carbon Reporting (SECR) requirements, and any specific criteria outlined in Pets at Home Group Plc's Basis of Preparation (Criteria) as annotated on p.14 of the Report.

Pets at Home Group Plc's responsibilities

Pets at Home Group Plc'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 Subject Matter, 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.

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000'), and the terms of reference for this engagement as agreed with Pets at Home Group Plc on 24 April 2023. This standard requires 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 conclusions.

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. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

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.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information, and applying analytical and other appropriate procedures.

Our procedures included, but were not limited to:

1. Conducting reporting system walkthroughs with data owners, as well as gaining a detailed understanding of the data collection, aggregation and collation process.
2. Performing a desktop review of the draft Report and underlying data sets to gain a detailed understanding of the approach taken by Pets at Home Group Plc regarding the disclosure and presentation of the information.
3. Interviewing key personnel responsible for the preparation of data included in the Report.
4. Conducting analytical tests of selected data to identify variations, confirm significant movements with management and, where necessary, perform additional tests of detail.
5. Testing the data collection, aggregation and validation processes and systems used to prepare the information in the 2023 Sustainability Report by tracing the flow of information from its origin to its inclusion in the Report.
6. Confirming whether the appropriate calculation methodologies and conversion/emissions factors and measurement criteria had been applied.
7. Read the final 2023 Sustainability Report for consistency of the disclosures with the information provided.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter in the Report for the year ended 30 March 2023, in order for it to be in accordance with the criteria.

Use of our Assurance Statement

We disclaim any assumption of responsibility for any reliance on this assurance report or its conclusions to any persons other than Pets at Home Group Plc, or for any purpose other than that for which it was prepared.

Accordingly, we accept no liability whatsoever, whether in contract, tort or otherwise, to any third party for any consequences of the use or misuse of this assurance report or its conclusions.

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 engagement.

EY also applies International Standard on Quality Management 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, or 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.

Ernst & Young LLP
London
9 June 2023

SASB alignment and policies

Reporting frameworks, Indices and mapping to the Sustainable Development goals (SDGs)

	In 2015, the United Nations published the UN Sustainable Development Goals (SDGs); 17 ambitious goals which aim to end poverty, protect our planet and increase prosperity and peace for all. We continue to fully support and contribute to these goals through a wide range of actions including reducing emissions to tackle climate change and recognising the value that pets bring to human wellbeing. We will be disclosing our contributions to below goal level from FY23 reporting.
	TCFD developed a framework to help public companies and other organisations more effectively disclose climate-related risks and opportunities through their existing reporting processes. Pets at Home are committed to implementing the recommendations of Task Force for Climate Related Financial Disclosure (TCFD) and have been making progress towards embedding climate considerations into our reporting and decision making, as well as targets in place to measure progress and incentivise performance. For our TCFD disclosure, please see our Annual Report and Financial Statements 2022.
	CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. Pets at Home participate in the CDP surveys relating to climate change. We have been awarded an 'B' rating for our climate change disclosure for two consecutive years and are committed to use this tool to track our progress and guide our priorities.
	The Sustainability Accounting Standards Board (SASB) is an independent nonprofit organisation that sets standards to guide the disclosure of financially material sustainability information by companies to their investors. SASB Standards identify the subset of environmental, social and governance (ESG) issues most relevant to financial performance in each of 77 industries. In 2022, we published our second SASB disclosure.
	Morgan Stanley Capital International ESG Rating is designed to measure a company's resilience to long-term industry material environmental, social and governance (ESG) risks. MSCI use a rules-based methodology to identify industry leaders and laggards, and their ESG Ratings range from leader (AAA, AA), average (A, BBB, BB) to laggard (B, CCC). We ranked AA as an industry leader in 2022 and for the last three years.
	Sustainalytics ESG Rating measures how well companies proactively manage the environmental, social and governance issues that are the most material to their business, with a focus on a companies' ability to mitigate risks and capitalise on opportunities. We scored 13.68 in their 2022 ESG risk rating which is a low-risk. This has improved from a strong low-risk score of 15.52 in 2020.

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 13 of our Sustainability Report FY23, entitled 'Our operational impacts'.
Data Security	Discussion of management approach to identifying and addressing data security risks	CN0403-02	See page 25 of our Annual Report FY23, entitled 'Information Security and business critical systems'.
Workforce Diversity and Inclusion	Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees	CN0403-04	See page 33 of our Sustainability Report FY23, entitled 'Diversity and inclusion and People data'.
Fair Labour Practices	Average hourly wage and percentage of in-store employees earning minimum wage, by region (country)	CN0403-06	See page 62 of our Annual report FY23, entitled 'Investment in base pay'.
	(1) Voluntary and (2) involuntary employee turnover rate for in-store employees	CN0403-07	See page 33 of our Sustainability Report FY23, entitled 'Colleague turnover data'.
Product Sourcing, Packaging and Marketing	Revenue from products third-party certified to environmental and/or social sustainability standards	CN0403-09	See page 16 of our Sustainability Report FY23, entitled 'Value chain impacts'.
	Description of strategies to reduce the environmental impact of packaging	CN0403-11	See page 15 of our Sustainability Report FY23, entitled 'Waste and recycling' and page 18, entitled 'Packaging data'.

Policies and procedures

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

- Diversity and Inclusion policy
- Packaging policy
- Environmental policy
- Human Rights policy
- Raw Material Sourcing policy
- Supplier code of conduct
- Whistleblowing policy
- Human Rights and Modern Slavery Statement
- Code of Ethics and Business Conduct
- Anti-Bribery policy
- Gender Pay Gap Report
- Responsible Sourcing Handbook

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

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