

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

