

Gender Pay Gap Report 2020

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pets at home
Group plc



Introduction from Louise Stonier - Chief People and Culture Officer

I'm absolutely delighted that this year the Pets at Home Group has been recognised as the fastest rising Diversity Leader in the Financial Times diversity survey, appearing in the top 7 retailers in Europe.

A truly inclusive organisational culture embraces people of all backgrounds. It provides a safe environment which nurtures, where wellbeing can thrive and where discrimination, bullying and harassment in all their forms are never tolerated. Most importantly it ensures that everyone can bring their best selves to work.

Being a truly inclusive organisation underpins everything we're about. Our culture defines us and I'm proud that ours is one built on strong values and behaviours that live and breathe naturally throughout the organisation. All these elements combine to create our special DNA and make us an inspiring business that is focused on celebrating everyone's unique talents and contributions.

Achieving gender balance is integral to our culture and I'm delighted that we continue to make progress towards narrowing our gender pay gap. We're working hard to increase the number of women in our most senior management positions, to better reflect the high proportion of women across our Group and throughout the year we are proud to have increased our momentum towards becoming the most inclusive employer we can be.

Our pay gap continues to reduce across the Group, and, across three of our quartiles, I'm pleased to report that the gap is now less than 1%. Whilst 55% of our management roles are held by women which is above the national average, this is a lower proportion than the 67% female population across our business overall. Throughout this report we explain why these gaps exist and the actions we are taking to address them.

We understand that everyone has different ambitions, and barriers to overcome, so above all, it's important that we continue to listen to our colleagues to understand what actions will most impact their experience of diversity and

inclusion. That's why, in 2020 we focused our We Care colleague survey on diversity and inclusion and ran dedicated listening groups throughout our business to hear and understand the true voice of our colleagues. Such an important subject demands great focus which is why we've extended this report to cover the progress we are making on our overall diversity and inclusion strategy roadmap.

Our culture embodies kindness, trust and respect to each other, our partners, our customers and their pets. And, working for the business we do, serves as a daily reminder that there's so much we can learn from our pets. Pets just see people, they don't see barriers, and they are never biased. We are committed to reflecting these principles in our diversity and inclusion strategy and in all the actions we take.

From our newly appointed executive sponsors, to our passionate colleagues who are launching our new diversity and inclusion network groups, we are truly excited about the opportunities that lie ahead, and we are committed to bringing these to life for all our colleagues.

Our purpose is to create a better life for pets and the people who love them. And we will succeed by enabling every colleague within our business to play their part in our journey.



Louise Stonier
Chief People and Culture Officer
Pets at Home Group Plc



Reporting our overall Group position



Our data this year has been heavily influenced by the decisions we made, to ensure the safety of every colleague across the Group, in response to the corona virus pandemic. And this has considerably impacted our results.

Throughout the pandemic, the decisions we took to go above and beyond for colleagues, was entirely led by our values and our culture.

From the outset, we wanted to do the right thing for our people as well as supporting our communities. Straight away, we enhanced our colleague hardship fund by £1m and developed comprehensive award-winning wellbeing resources and support tools for our colleagues.

For all our shielding colleagues we offered full pay. And we went further by extending the Government defined category guidelines to include our clinically vulnerable colleagues, our pregnant colleagues and those colleagues over 70 years of age. And for our colleagues with caring responsibilities, we offered 'caring support leave'.

These schemes, including furlough for some colleagues in Group-owned companies, were entirely funded by the Company and we have not claimed under the job retention scheme. At Director and Executive level there was unanimous agreement to take an immediate reduction in salary to support our business, this has had an additional impact on our results.

How we're reporting our overall Group results this year.

Because of these decisions, we're reporting two sets of results for our Group gender pay gap this year.

The first is in line with Government guidance (we refer to it as the 'Standard Method') which takes into account that a number of our colleagues opted to take advantage of the support leave we referenced earlier. The second uses the normalised pay that these colleagues would have received had they been able to work their usual hours at the time we took the snapshot data (we refer to this as the 'Normalised Method').

Notably a greater proportion of colleagues who took voluntary caring support leave on 80% pay were female and so are excluded from the standard method. This impacted our results positively. We therefore believe that reporting using the normalised method more accurately reflects our underlying position and progress.

All eligible colleagues employed by the Pets at Home Group Plc are included. However, we have not included joint venture veterinary partnerships owned by the veterinary partner(s), or those Group managed practices in the process of returning to partner ownership, and we have not reported on our former specialist hospitals.

Our overall Group gender pay gap position

What our overall Group results show

Our results, reported in accordance with the standard method referenced on the previous page, show a significant improvement in both our mean and our median pay gaps in comparison to the year prior.

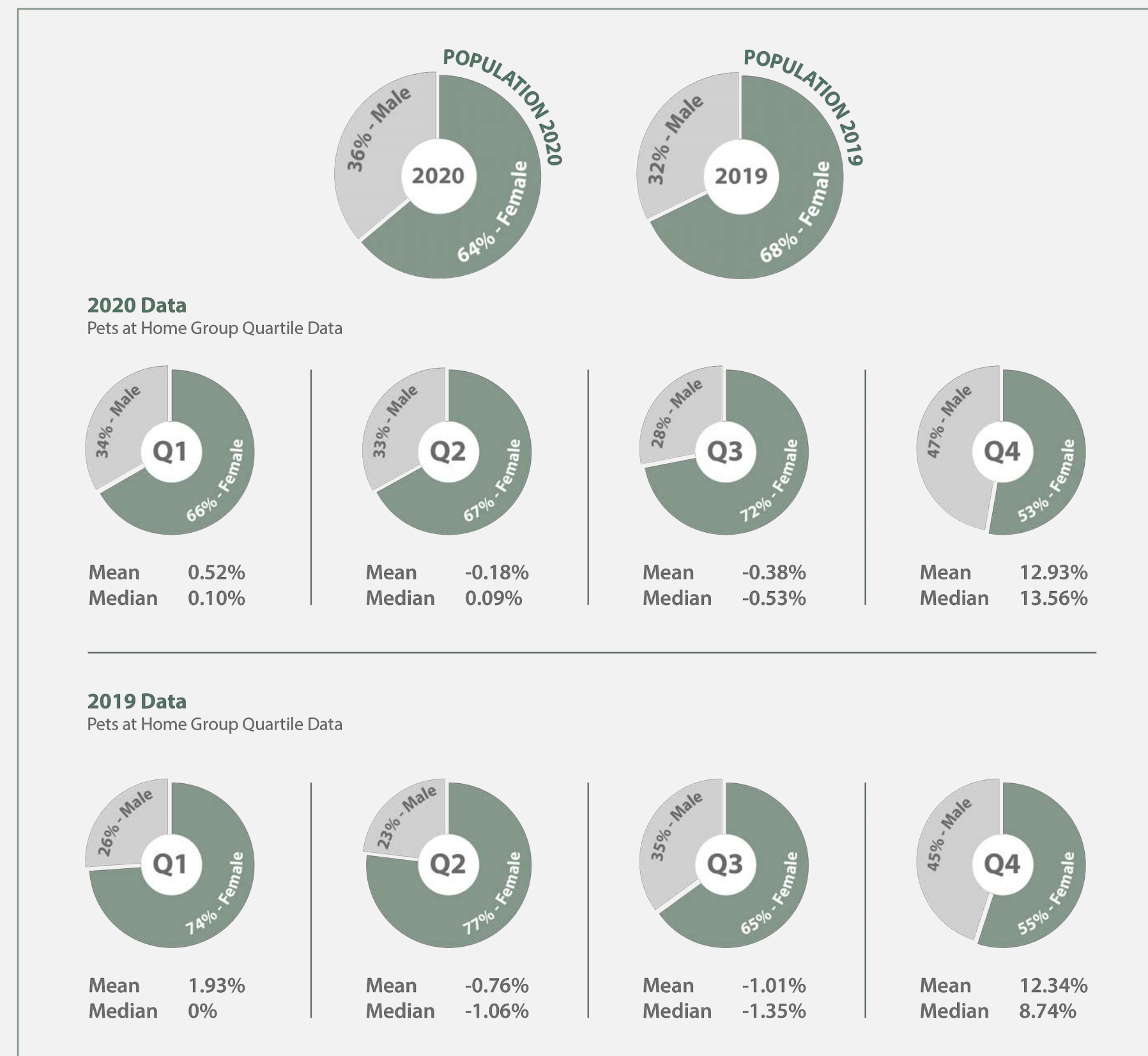
We are proud that even when these results are adjusted to take account of the normalised method, we continue to see a steady improvement in the mean gender pay gap across the Group. And it's pleasing to see the movement of talent from quartiles 1 and 2 into quartile 3. Currently standing at 72% female in comparison to only 65% in the year prior, quartile 3 shows the progress we're making. Whilst we are encouraged by the step forwards in our mean position which has improved to 16.99%, we acknowledge that we have much more to do.

Standard Method	Group Plc – Pay Gap		Normalised Method	Group Plc – Pay Gap	
	2020	2019		2020	2019
Mean	13.27%	17.92%	Mean	16.99%	17.92%
Median	2.94%	4.98%	Median	6.29%	4.98%

Explaining the context of our results

It is important to contextualise these results, by bearing in mind that the majority of our middle management, support office and store management colleagues are female.

However, at Director and Executive level, women are not yet as strongly represented which results in the gender pay gap reported here. In order to narrow, and ultimately close our gender pay gap, we acknowledge that we need to achieve gender balance across these senior management roles. Whilst this is ambitious, we believe strongly that it is a realistic and achievable goal and are already making good forward progress.



Our Retail Division (Pets at Home) gender pay gap position

Our Retail Division, which covers our stores, groomers and distribution centres as well as our Cheshire based Handforth support office, has continued to show a positive trend, with the mean gap reducing significantly in comparison to 2019.

On pay

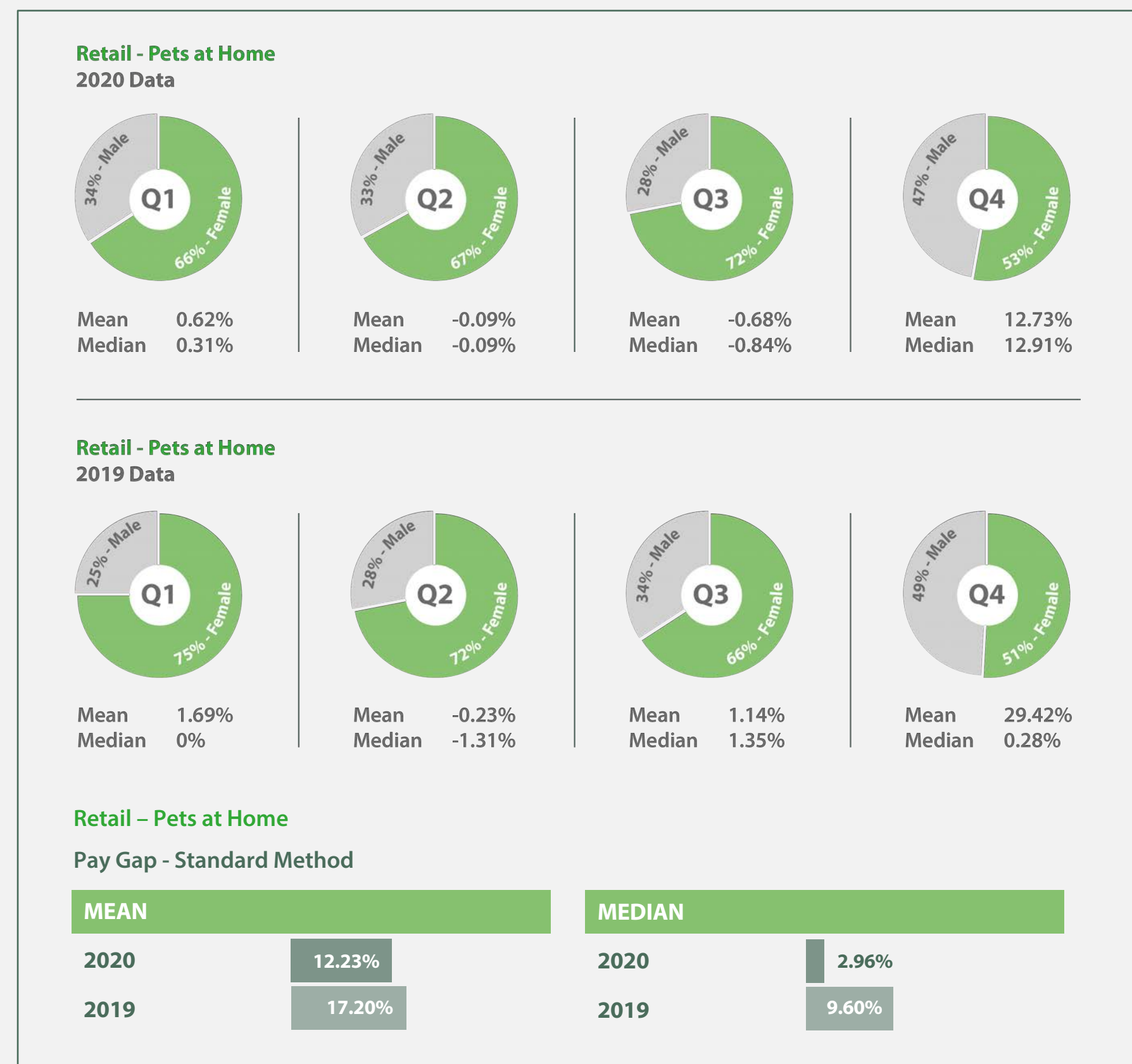
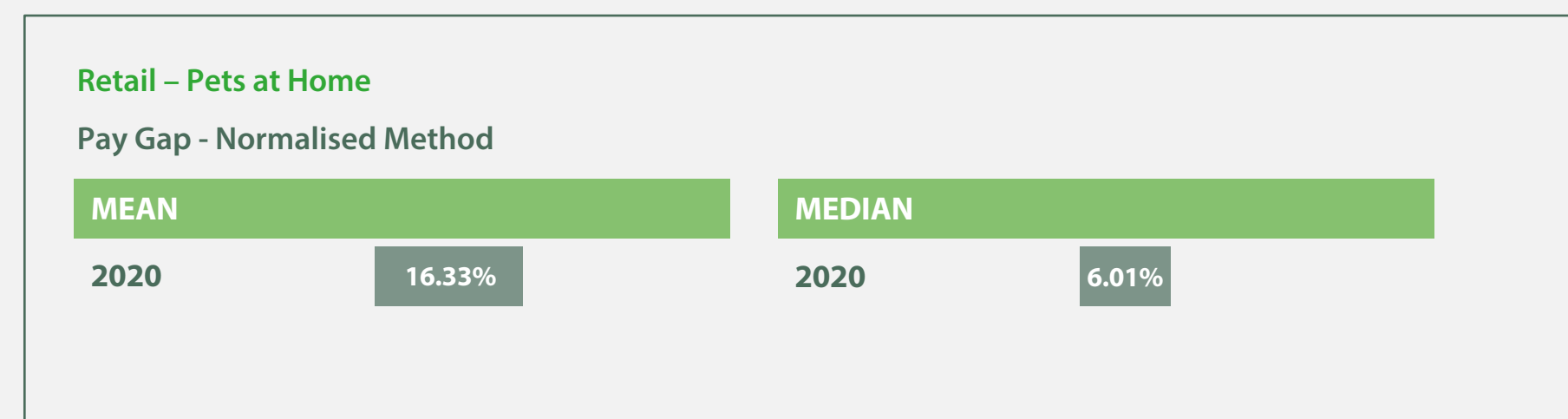
Our Retail Division, which covers our colleagues in stores, groom rooms, our two distribution centres and our retail support office, has continued to show a positive trend, with the mean gender pay gap reducing by 5% this year using the standard method of reporting.

Two key aspects have positively impacted our retail gender pay gap this year: Firstly, a number of colleagues voluntarily opted to receive reduced pay for pandemic-related reasons; and secondly, we paid additional recognition payments to those front line colleagues (many of whom are female) who so valiantly supported our store operations during the initial stages of the pandemic.

We have therefore looked at our gender pay gap based on the underlying full pay of our colleagues and believe that, on this basis, this delivers a truer reflection of our position.

Taking this into account within our Retail Division the normalised method gives a gender pay gap mean of 16.33% and a median of 6.01% as shown below.

These numbers are both higher than those using the standard method, but do show a material improvement on the year prior of 17.2% (mean) and 9.6% (median). This gives us confidence in the fairness of our pay structures.



Our Retail Division – bonus gap position

Once again our positive store performance is creating more bonus opportunities within our stores. The number of colleagues receiving a bonus this year grew, and more of our female colleague population received a bonus than male.

What our results show

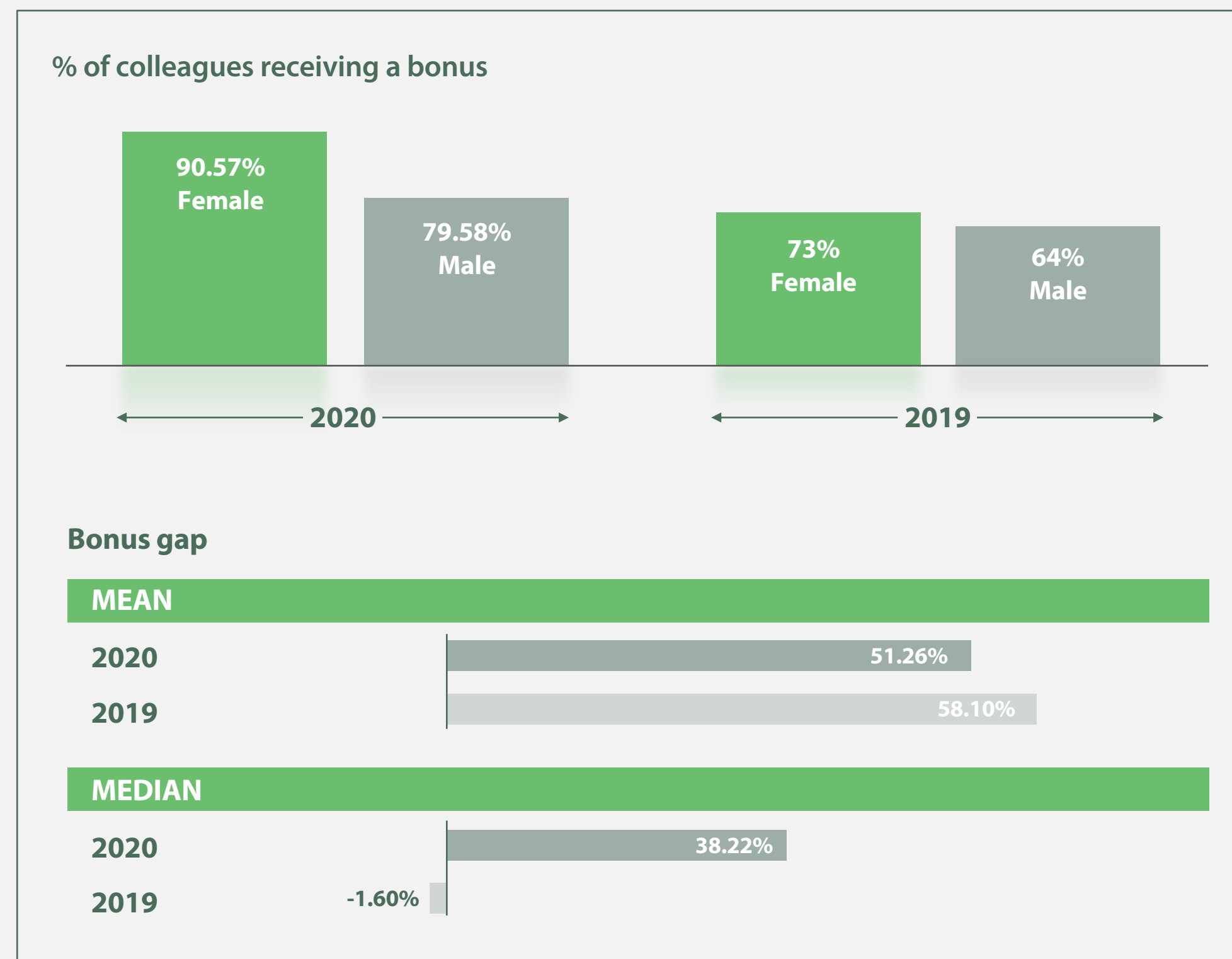
The number of colleagues receiving a bonus this year grew once again and a larger percentage of our female colleagues received a bonus than their male counterparts. Strong store performance continues to create more bonus opportunities within our stores.

Our mean bonus gap within our Retail Division has reduced significantly, whilst the median bonus gap has grown materially.

Why this is happening

The significant growth in our median pay gap is, in the main, driven by a higher proportion of men in the most senior roles in our top quartile. At this level, bonus is typically calculated as a percentage of salary, and schemes are based on overall divisional and Group financial measures as well as individual performance measures.

Colleagues in the first three quartiles, in the main, participated in fixed value schemes, which have increased in worth this year.



Our Vet Division – Companion Care Services Ltd (CCSL) gender pay gap position

Within our Vet Division, the Companion Care Services Ltd (CCSL) business employs all our vet division support office colleagues. This Division is now reporting for the third time and the gender pay gap has grown this year at both the mean and median levels.

On pay

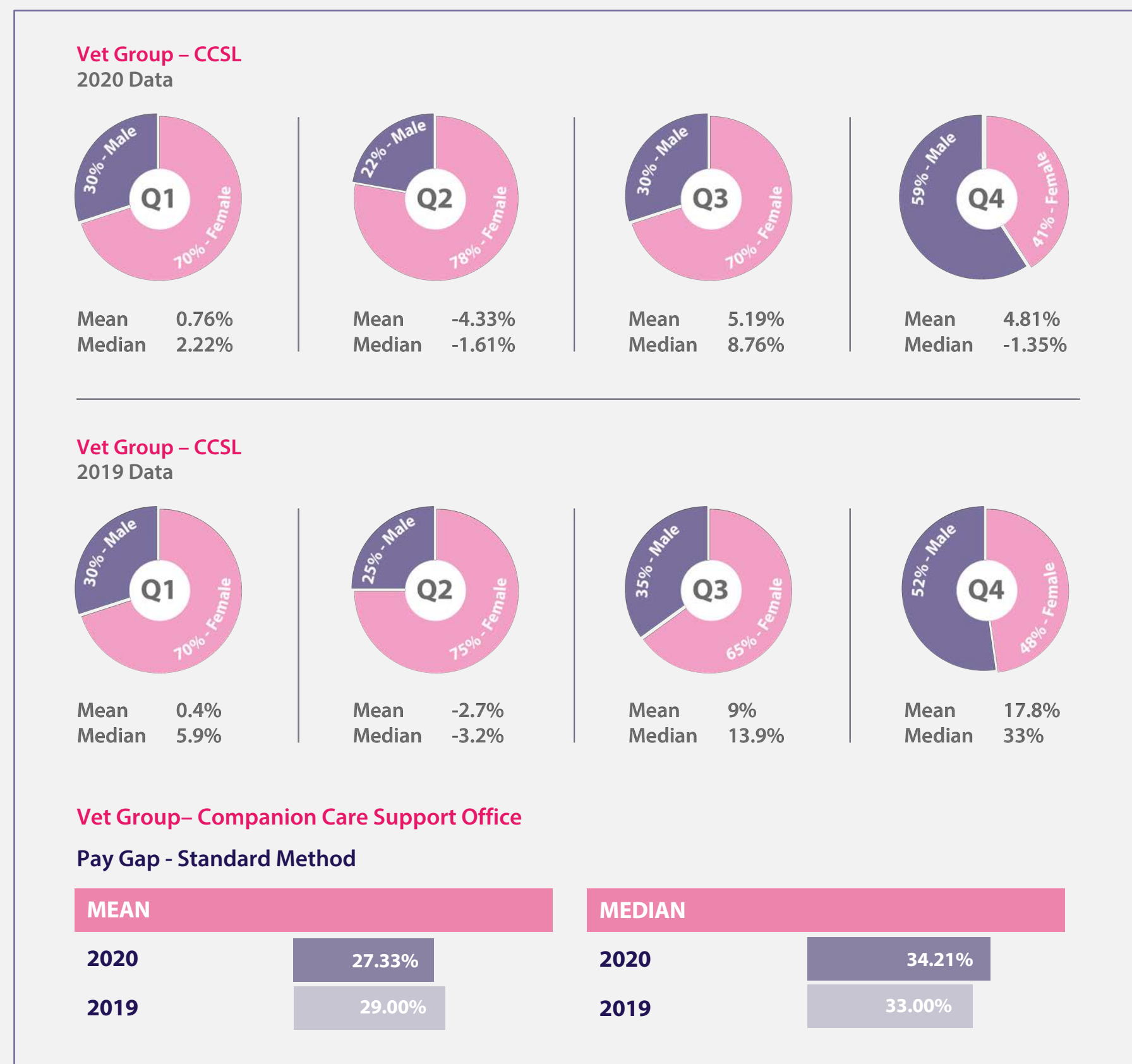
Within CCSL our gender pay gap, using the standard method, has reduced at the mean level but grown at the median level.

Similarly to our Retail Division, some colleagues in our Vet Division voluntarily opted to receive reduced pay for pandemic related reasons and our Directors all volunteered for a reduction in their pay to support the business. These two factors were the main drivers of improvement within the business, over the reporting period. Once again, looking at our gender pay gap on a normalised basis gives a truer reflection of our position.

In CCSL, we believe our normalised gender pay gap to be a mean of 29.06% and a median of 34.66% as shown below. Both these figures are in line with the numbers reported in previous years rather than the improvement shown using the standard method.

Over the course of the year CCSL did see an increase in the pay levels of female colleagues in the Q3 population, due to a number of internal promotions and some restructuring. However, the same changes delivered a shift in the population in Q4, which resulted in a higher proportion of male colleagues in that category.

We are proud that the Chief Operating Officer in our CCSL Vet Division is female. And we're pleased to report that we have more female colleagues developing in the talent pipeline, which is clearly shown when comparing our year on year progress in quartiles 2 and 3. We do however recognise that we need to make further progress here. We believe all our action plans, as outlined throughout this report, will support a reduction here over time.



Our Vet Division – bonus gap position

Our bonus gap will inevitably fluctuate year on year, depending on our level of bonus pay out, which reflects the overall business performance. The change in the bonus gap this year is due to that in part, but is additionally due to increased female participation in the higher levels of our bonus scheme.

What our results show

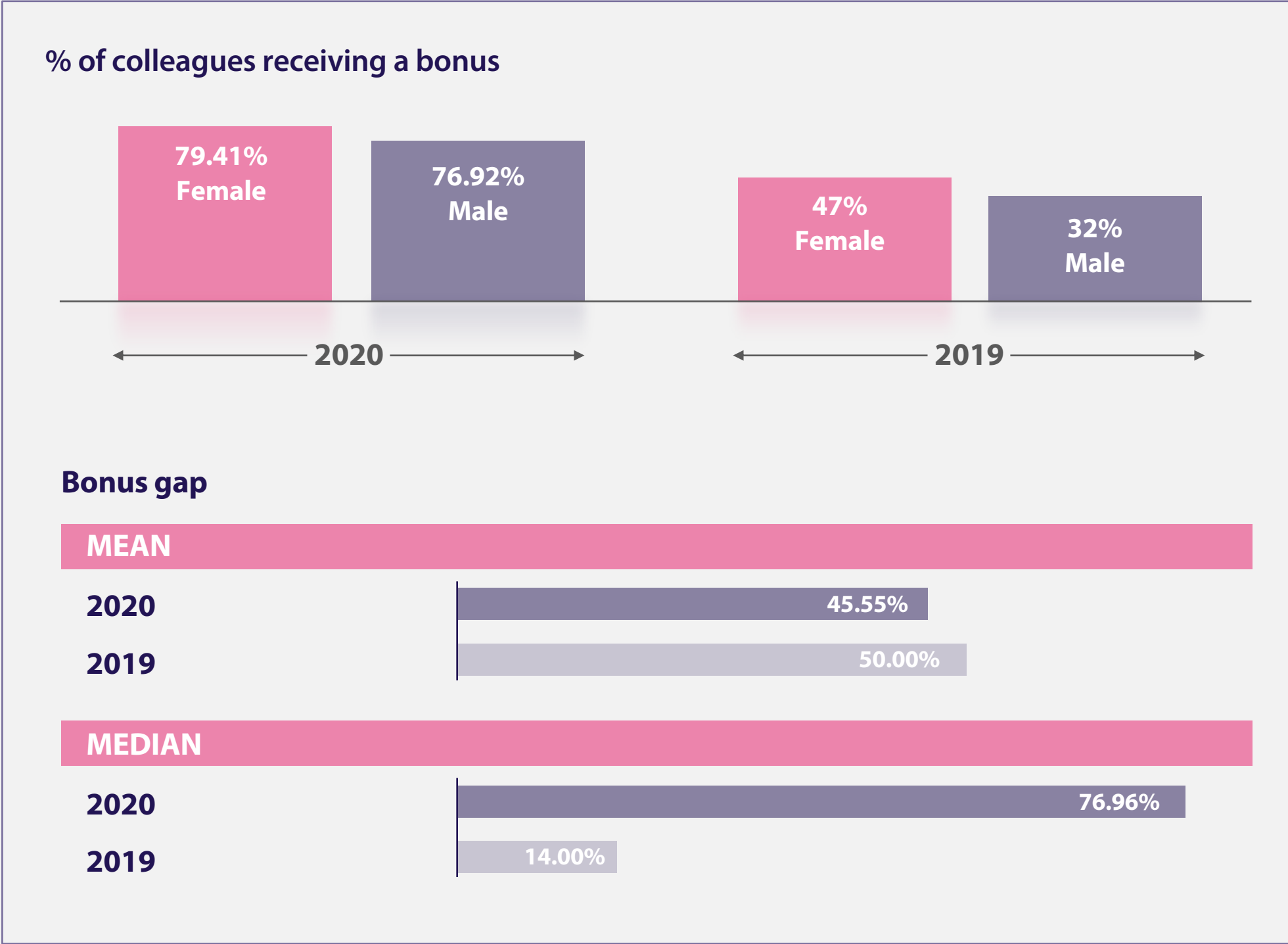
The total number of colleagues receiving a bonus increased again this year, with more of our female colleagues receiving a bonus in comparison to that of our male colleague population. So whilst our mean bonus gap reduced, the median bonus gap has grown materially.

Strong divisional performance continues to create more bonus opportunities. And the talent pipeline progression of female colleagues into higher grades, with increased bonus potential, will continue to support a reduction in our bonus gap.

Why this is happening

The growth in our median pay gap is driven by the higher proportion of men in the most senior roles in our top quartile. Here, bonus is typically a percentage of salary, and schemes are based on overall divisional and Group financial measures, as well as taking individual performance into account. Colleagues in the first two quartiles mainly participated in fixed value schemes, which have increased in value this year and therefore supported the mean reduction in the bonus gap.

We are focused on improving our bonus percentage to our lowest paid colleagues, and expect to see a further reduction in the mean bonus gap, delivered through a combination of bonus improvement and female progression.



Our increased organisational focus on diversity and inclusion

Becoming the most inclusive business that we can be.

Our September 2020 engagement survey was extended to focus on diversity and inclusion where we are proud to have achieved a strong inclusion result of 83%.

We have made good progress on our roadmap to total organisational inclusivity. This year, as well as conducting a colleague census to identify current diversity by some key characteristics, we have held open colleague listening groups to explore the themes resulting from our survey and our very first CEO led Diversity and Inclusion Forum.

2020 saw us become members of the Business Disability Forum and Disability Confident scheme and signatories to the Valuable 500. Additionally we have also become signatories to the British Retail Consortium (BRC) diversity commitment.

We are proud that our work in this space is being recognised and we are honoured to rank 51st out of 850 European companies (from 101 in 2019) in the Financial Times 2020 diversity leaders special report. We also became members of Stonewall and signatories to the BITC Race at Work Charter.

2021 sees us launching our first colleague affinity networks on gender balance, disability, LGBTQ+ and race and ethnicity. And we are celebrating all our colleagues, they are all pet super heroes in their tireless work to support our vision of becoming the best pet care business in the world, where we know we're better with pets.

There is still much more to do as we embark on our journey to become the most inclusive organisation that we can be. And we look forward to sharing our progress as we move forwards.



Our ongoing refinement of our learning, development and wellbeing platforms

We're on a transformative journey towards inclusion for all.

We continue to build and make significant investment to support the growth of our colleagues.

Our comprehensive learning and development programme is delivered through an array of resources and media. Designed to capture the imagination of our colleagues, the materials focus on building personal and professional capabilities that support career progression within the Group.

We continue to up-weight the wellbeing and mental health support available to all colleagues and we recently launched our wellbeing commitments to underpin our focus on this important area.

Monthly newsletters, aligned to key pillars of wellbeing, focus on delivering support and inspiration to colleagues. As well as signposting key resources: our Caring 4 Colleagues Hardship Fund; our long standing partnership with the Retail Trust; our involvement with the important work carried out by the Thriving at Work Leadership Council (in association with MIND). Our extensive and engaging wellbeing programme ensures colleagues across the Group can access support whenever and however they need.

We have long been supporters of the Prince's Trust, actively encouraging our colleagues to enjoy the enriching experience and rewards of volunteering with them. However, this year we are excited to be partnering with the Prince's Trust to launch Kickstart. This is a 6 month job placement programme for young people, as a response to the disproportionate impact the pandemic has had on their long term employment prospects. And we're looking forward to welcoming so many young people into our business through the power of the Kickstart scheme.



**KICKSTART
SCHEME**



**YOUTH
CAN
DO IT**

Our progress on actions to improve our gender balance

We're focused on championing clear career and reward pathways for all.

We continue to build on our strong cultural foundations, underpinned by the values and behaviours that live naturally within our organisation. And our capability framework augments our commitment to the development and progression of all colleagues within our business.

Our capabilities articulate the skills and knowledge our colleagues need to meet our expectations of them, thus enabling our colleagues and leaders to bring the best version of themselves to work.

Our quarterly Great Conversations programme focuses colleagues on important regular check-ins with their managers, facilitating regular discussions on their career development and progression in our business.

Our talent framework is embedded to identify top female talent and ensure they have equal opportunities to engage across our business. So we're pleased to celebrate a 26% increase in the number of female promotions in 2020 from the year prior as we empower more women into leadership positions. And our fast track Discovery Projects harnessed the invaluable contribution and experience of our top female talent over 40% of those participating were women.

We are strategically partnered with the Retail Week Be Inspired programme to further support the career development of our top talent. I am delighted to share that all 4 colleagues who attended the Be Inspired Senior Leadership Academy in 2020 now form the cornerstones of our colleague mentoring programme. A further 6 colleagues are enrolled in the 2021 programme and we see the chance to grow this cohort further. Six of our senior managers are Ambassadors for the programme of which 50% of these are women.

Our Inspiring Friday sessions, which we have implemented to energise and inspire our colleagues, are incredibly well attended and valued by colleagues. Increasingly we are using this forum to build diversity and inclusion in our business, celebrating International Women's Day in March with a colleague led programme of shared stories and experiences aligned to the #ChoosetoChallenge theme. This culminated in a moving and inspiring talk by Stacey Copeland, the professional footballer, boxer and equal opportunities champion.



*April –January 2019/20 to 2020/21

Our coronavirus response to support dynamic working for all – our case study

We are proud that our decisions, made in response to the unprecedented challenges of the pandemic, were entirely values led and we're proud that we have listened to and acted on the feedback of our colleagues.

Straight away, we enhanced our colleague hardship fund by £1m and developed comprehensive award-winning wellbeing resources and support tools for our colleagues.

For all our shielding colleagues we offered full pay. And we went further by extending the Government defined category guidelines to include our clinically vulnerable colleagues, our pregnant colleagues and those colleagues over 70 years of age. And for our colleagues with caring responsibilities, we offered 'caring support leave'.

These schemes, including furlough for some colleagues in Group owned vet companies, were entirely funded by the Company and we have not claimed under the job retention scheme. At Director and Executive level there was unanimous agreement to take an immediate reduction in salary to support our business.

Since the start of the pandemic, the number of colleagues wishing to work flexibly increased from 22% to 75%. In response to this, we introduced 'family support leave' enabling colleagues to take up to 5 days leave on full pay when they needed. We are actively embedding this flexible working approach, and are building on existing options to widen the talent pool available to us, both inside and outside our organisation.

We are always looking to ensure our colleagues know how much we value their contribution, commitment and support. That's why we awarded a £1.9m thank you bonus to our frontline colleagues. And we made the decision to shut our stores on Boxing Day to give all our colleagues an invaluable two day break. I'm proud to say that we went a step further by giving every colleague across our organisation a £50 voucher to help with their family Christmas dinner.

As we prepare to exit lockdown in the coming months, our Modern Ways of Working project team are devising new and innovative approaches to support the working arrangements of all our colleagues. And we continue to design colleague-facing policies that reflect our ever changing environment, for example by recently redesigning and enhancing our shared parental leave benefit. Additionally in 2021 we will be launching a brand new benefits portal with an array of enhancements to support the health and wealth of our colleagues.

Supporting our shielding colleagues

- Extended category to exceed government guidelines
- Included clinically vulnerable colleagues, pregnant and 70+
- Offered full pay
- Personal regular contact to keep connected
- Funded by the company

Supporting colleagues with caring responsibilities

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

Supporting our support office colleagues

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

Our external recognition for our continual nurturing and celebration of our culture

We are proud that the work we do and the progress we're making is being actively recognised in our industry, our country and abroad.

These awards are testament to the hard work, tenacity, commitment and loyalty of all our colleagues who tirelessly deliver for our customers and support our vision to become the best pet care business in the world.



World Retail Awards Winner 2020:

Retail Employer Initiative of the Year for our Mental Health Focus

Marie Curie Fundraising Excellence Awards

Cause-Related Marketing Partner of the Year

Institute of Student Employers (ISE) 2020 Awards

Winner of the Best Graduate On-Boarding and Induction Activities Programme

Financial Times

2020 Diversity Leaders Special Report

Ranked 51 out of 850 European Companies (from 101 in 2019)

Data IQ Awards

Vlad Jiman of Pets at Home Winner of the New Talent Award

PLC Awards

Transformation of the Year Award

Retail Week 2020 Winner

Store of the Year and Speciality Retailer of the Year

Retail Week 2021

Finalist in 7 Categories

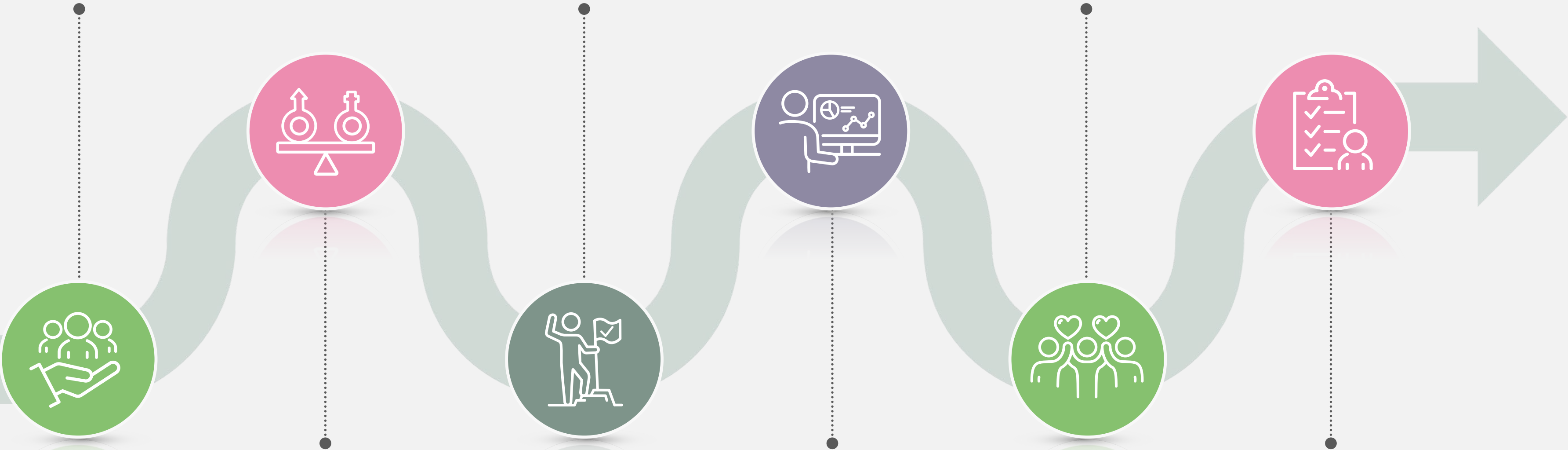


Our commitment to every colleague in our organisation

Our Group CEO is accountable for diversity and inclusion throughout our organisation and pledges to appoint an executive with true ownership for D&I.

We pledge to take positive action that supports the best open career opportunity and progression. We will undertake a transparent process of audit.

We pledge to create a respectful, inclusive work environment where every colleague has the opportunity to make a meaningful contribution to the company's vision and values.



We will always ensure that there is never bias in our recruitment process. Further, we commit to undertaking a transparent process of audit.

We commit to sharing the data collected on the diversity in our workplace for inclusion in the BRC Better Jobs dashboard.

We will ensure that supporting equity in the workplace is the responsibility of all line managers throughout our business.



Our enduring commitment

This year, more than ever, we saw how our people are vital to enable us to respond rapidly and effectively to the changing world around us.

Our strong, supportive culture enabled us to deal with the challenges we have faced, and ensured we continued to deliver on our mission to be the best pet care business in the world.

Our working world continues to change, and using data both internally and externally to measure and drive our performance will be the key to our success. Our gender pay report is just one of the many data points we use to review our internal culture and performance. This helps us ensure we continue to develop a fair, inclusive and diverse culture, to better represent and serve our pet care customers.

We continue to make progress in these areas and believe that the wider diversity and inclusion programme we are undertaking will ensure all our colleagues can progress and develop in their careers, to achieve their full potential within our Group.

Peter Pritchard
Group Chief Executive Officer

A person wearing a yellow knit hat and a grey jacket is sitting on the ground in a wooded area, petting a black and white dog. The scene is set in a forest with bare trees and fallen leaves on the ground. The lighting is warm, suggesting late afternoon or early morning. The text "We're better with pets" is overlaid in the top left corner.

**We're better
with pets**

pets at home
Group plc