

Human Rights and Modern Slavery Statement 2021

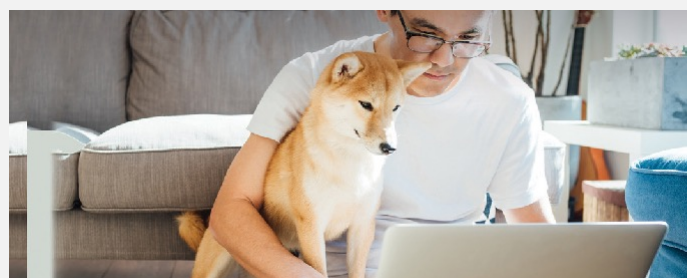
This is the Pets at Home Group's fifth statement made under section 54 of the Modern Slavery Act 2015 ("Act") and constitutes our Group Modern Slavery Act Statement for the financial year 2020/21.

It outlines the key activities we have undertaken during the year and aims to provide information to understand our commitment as a responsible business to reduce the risks of modern slavery. We take seriously any allegation of human rights abuse in all its forms in any part of our organisation or our supply chain.

This year's statement looks back on a year of significant and exceptional challenge for global supply chains and the communities they operate in. The COVID-19 pandemic has exacerbated social divides and heightened modern slavery risks, so never before has it been more important for businesses to ensure they are doing everything possible to effectively manage these risks. Throughout the pandemic, meeting our obligations as a responsible corporate citizen has remained paramount. During this period we have ensured our decisions have put our colleagues, customers and communities first. We chose not to participate in the Government's Job Retention Scheme (JRS) or the Job Retention Bonus, and voluntarily repaid £28.9m of the business rates relief received across the business. We have, of course, continued to pay our landlords and suppliers promptly.

We have made progress in some key areas this year including the recruitment of a human rights specialist into our business and the completion of an independent human rights risk assessment across our own operations and supply chain. However, we recognise there is still lots more to do.

In 2020 the UK's Independent Anti-Slavery Commissioner, Dame Sara Thornton, published her review investigating the business response to Operation Fort, Britain's largest anti-slavery prosecution to date with an estimated 400 victims. We welcomed the report's maturity framework which provides a method for businesses to assess their progress in building stronger systems for managing modern slavery risks.



We have assessed ourselves against the IASC Modern Slavery Maturity Framework and have completed all the requirements in the 'meeting basic expectations category' with some activity in 'evolving good practice'. The actions we have planned means we are committed to fully meeting the benchmark for 'evolving good practice' next year.

About us

Pets at Home Group plc is the UK's leading pet care business; our commitment is to make sure pets and their owners get the very best advice, products and care. Our stores, Groom Room salons and First Opinion vet practices are located nationwide, allowing us to offer convenient pet care to customers across the country. Pet products are available online or from our 452 stores, many of which have a vet practice and a grooming salon. Pets at Home also operates the largest branded network of First Opinion veterinary practices in the UK, with a total of 441 practices operating mainly under the Vets4Pets brand name. Our preferred model has always been to build value through shared ownership. We operate a total of 395 Joint Venture First

Opinion practices which are all established as individual small businesses. The remaining 46 First Opinion practices are operated under a company managed model. Just over 15,000 colleagues are employed by the Group (including colleagues employed either directly or indirectly via the First Opinion Joint Venture Companies). We operate a national distribution network through three distribution centres. We operate the distribution centres in house and have a fleet of leased HGVs and vans. Our growing home delivery network is supported by carrier partners from our distribution centre in Northampton.

452

Stores

>10,500

Products in our extended online range

56%

Of stores have a vet practice and grooming salon

c90,000

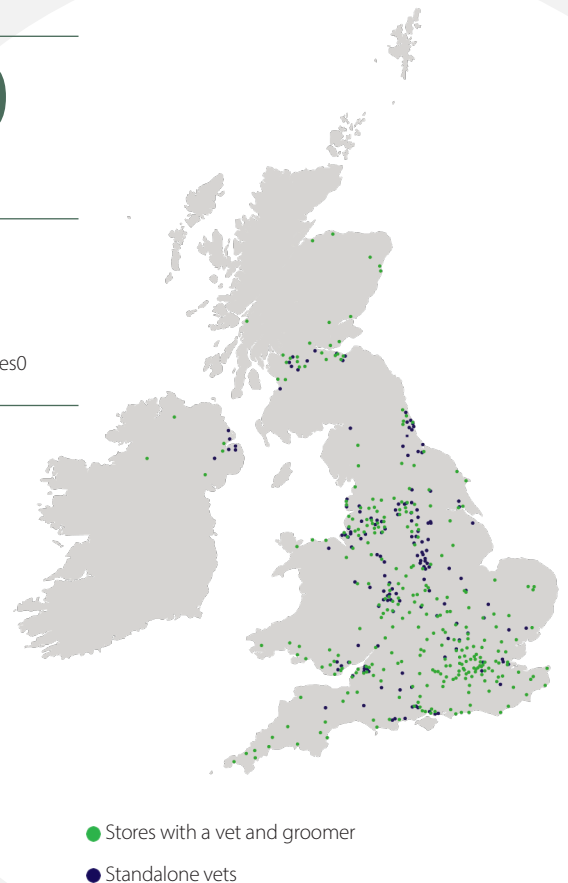
Remote consultations each year

395

Joint Venture First Opinion practices

46

Company managed First Opinion practices⁰



Over
15,000

colleagues across our Group

3

Own Operations Distribution Centres in Stoke-on Trent and Northampton

2

UK Support Offices in Handforth and Swindon

1

Regional Sourcing Office in Hong Kong

Our Supply Chain

Our vision is to become the best pet care business in the world. We therefore take great care in operating our business and in selecting our business partners and suppliers.

Within our retail business, Pets at Home has a relatively stable supplier base. Strong relationships have been built over a number of years and our buying, technical and innovation teams work closely together to create unique products for pets and their owners. We sell products under our own brand and also supplier brands.

Over 95% of all food product purchases and over 50% of all accessory product purchases are from UK based suppliers. Our sourcing office in Hong Kong manages the day-to-day supplier relationships with our Pets at Home brand supplier partners in this region, monitoring production and supply standards.

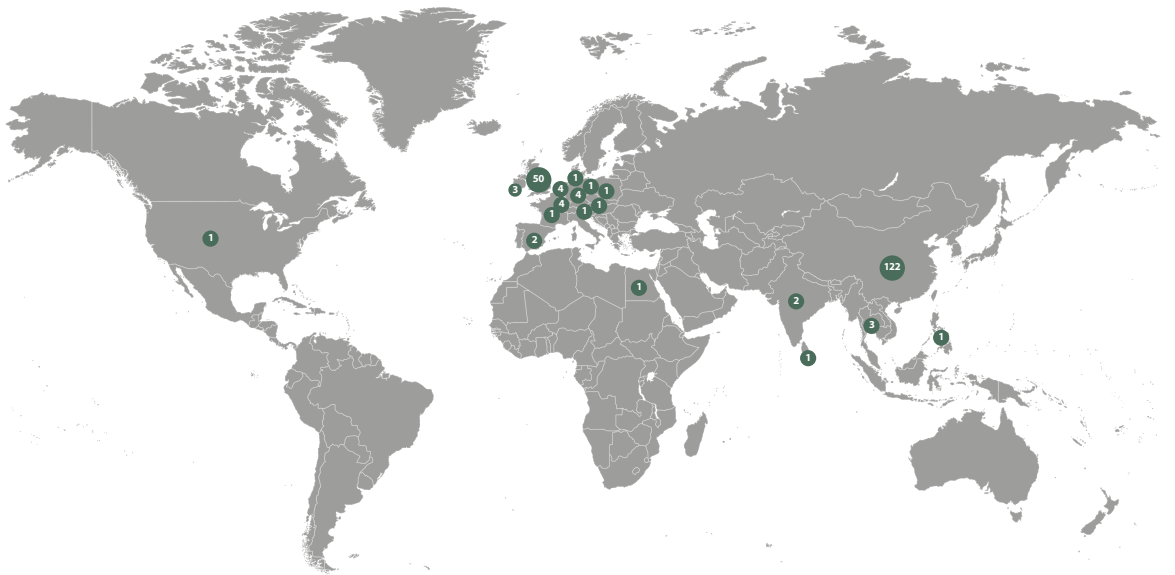


146 Suppliers of Pets at Home branded products

From

204

manufacturing sites located in 19 countries



70

Key suppliers of products and services for our first opinion veterinary practices sourced by our Vet Group.

742

Suppliers of products and services not for resale used across our retail, distribution and support office operations.

Over 200

Suppliers of supplier branded products into our retail stores.

What's next?

We are improving the tools we use to record information about our suppliers so we can better understand human rights and modern slavery risks and impacts. We are currently compiling and will be publishing more information about the gender diversity and make up of our supply chain workforce next year.

Policies and Contractual Controls



Our Code of Ethics and Business Conduct Policy reflects our commitment to acting ethically and with integrity in all our business dealings and relationships and we expect full compliance with it by colleagues, suppliers and business partners.

Our supplier standard General Terms and Conditions require compliance with the Act and include a right for Pets at Home to conduct audits on supplier compliance.

This year we have replaced our Ethical Trading Policy with a Supplier Code of Conduct which now applies to all our business partners. The Supplier Code of Conduct is based on the Ethical Trade Initiative Base Code.

We have also developed and published a new Human Rights Policy.



What's next?

To support effective implementation of our Supplier Code of Conduct we are developing an updated Responsible Sourcing Handbook. The handbook will bring all our policies, requirements and expectations for ethical compliance including modern slavery together into one guide. It will also include extensive guidance and signposting on best practice for building strong management systems for promoting continuous improvement in our supplier's own operations, and to support them in tackling risks in lower tiers of our shared supply chain. We have also made commitments to our suppliers on how we conduct business and invite them to tell us (confidentially if preferred) if we ever don't meet these commitments.

We are launching a new dedicated whistleblowing reporting mechanism for workers within our supply chain. We will require all Pets at Home branded product manufacturers to prominently display our whistleblowing contact information so this is accessible to workers and we'll check this is the case every time we visit them. A documented whistleblowing procedure on how to respond to any reports (including specific actions for safeguarding vulnerable persons) will be established to support the investigation of any reports. In the future we'll be sharing more information about the number and type of issues raised through this whistleblowing mechanism.

Governance

Our ESG Committee meets at least three times a year to approve and review the implementation of the approved social value strategy, Our Better World Pledge. The Group Executive management team reports to the ESG committee and is supported by a management committee that oversees different areas of the agenda. The Product and Supply Chain Committee, established in 2019, continues to implement our strategy and actions regarding human rights in our supply chains.



Due Diligence and key performance indicators

We require new and high-risk suppliers to undergo independent ethical audits which assess labour standards, health & safety and environmental compliance. We work with our suppliers to close out areas of non-compliance. However, we recognise that these audits are not always the most effective tool in identifying the most egregious human rights violations. We have therefore recruited an in-house specialist to build internal capacity for managing our ethical compliance programme and to enable us to support capacity building with our suppliers. Our new Responsible Sourcing Specialist joined Pets at Home in July 2021 and is embedded operationally within our technical team while also working closely with the Group Head of Social Value and the Company Secretary on our Group wide human rights strategy and approach.

During the year 89 independent ethical audits from 89 manufacturing sites were reviewed. We have reviewed audits against forced labour indicators and identified 32 cases of excessive working hours (beyond 60 hours per week) within our China and UK supply base. We always ensure that working hours are voluntarily worked. Working hours above legal limits is a systemic issue in China and we are exploring how we can support factories to progressively improve on this issue. We believe that working collaboratively will be more successful in delivering sustainable change for workers, rather than demanding instant resolution which will more likely result in the problem being hidden.



What's next?

We are launching a programme of risk-based supplier audits conducted by our in-house specialist with a focus on capacity building and management systems. These will supplement independent ethical audits but will allow us to understand our supply chain better and support continuous improvement.

We are also in the process of joining Sedex as a Retailer Member. Sedex will enable us to manage our audit data and the corrective action plan close out more efficiently. We'll also be actively using the risk tool and forced labour reports to support our prioritisation of supplier visits and assessments.

At the same time, we are also developing our own internal product and supplier database which will enable us to manage the end-to-end product and supplier compliance process more efficiently.

Training

We have previously highlighted the importance of training in raising awareness on modern slavery and training continues to be a key focus of the business.

All colleagues are required to complete our bespoke online training course on modern slavery and from April 2020, completion of mandatory training, which includes this module, forms part of all colleagues' personal objectives

During the year our usual live conference events were all moved to virtual formats. We held virtual conferences in October for our UK suppliers and in December for our suppliers in Asia. At the Asia conference our Group Head of Social Value presented on Modern Slavery and outlined our requirements and expectations of suppliers. Suppliers had an opportunity to ask questions and raise any concerns.

What's next?

For our colleagues

We are developing in-depth modern slavery training and guidance for our commercial colleagues who are sourcing and making buying decisions. We are also supplementing this training further for colleagues who visit factories, so they feel confident in discussing the topic and are armed with the knowledge to identify risks and understand how to escalate appropriately if they have any concerns.

For our suppliers

Our updated Responsible Sourcing Handbook will provide best practice guidance to suppliers and will also signpost to training resources. As we engage and visit suppliers, we'll set specific objectives or targets where training needs are highlighted.

Risk Assessment

This year we engaged an independent specialist to conduct a human rights risk assessment. This in-depth assessment took place over 3 months and included a review across our own operations and our supply chain to identify our salient human rights risks. The results of the risk assessment were reviewed and discussed with both the plc Board and our Group Executive management team.

We have identified 2 priority risks for investigation this year:

1. Temporary labour engaged in our UK distribution network

We will be conducting a detailed audit of temporary labour agencies supplying workers into our distribution centres. This includes an assessment of controls in place to mitigate and identify modern slavery risks. We'll work with our labour partners to address any improvement opportunities identified.

2. Migrant Labour

We are completing a mapping exercise to understand where migrant labour is used within our supply chain and will complete a deeper dive into recruitment practices for these workers including checking any recruitment fees incurred. If any concerns are identified, we'll work with suppliers on appropriate corrective and preventative actions.

Partnerships & Collaboration

We recognise the importance of collaboration and partnerships for sharing and developing industry best practice.



We are an active member of BRC's CSR Community and will continue to collaborate in working groups which support the development of best practice in human rights due diligence.



What's next?

We are joining Sedex to help us manage our supply chain information but Sedex also provides a community for collaboration and the development of guidance, tools and industry standards which we'll be actively contributing to.



Looking ahead

We are committed to identifying and addressing modern slavery and human rights risk in our business and throughout our supply chain. Within this statement we have highlighted the key opportunities for the financial year ahead which includes: investing in better tools for managing supplier data, introducing a dedicated whistleblowing mechanism which reaches workers in our supply chain, providing better training to our colleagues and capacity building support for our suppliers. We are committed to continuous improvement which supports our vision to be the best pet care business in the world.



The Pets at Home Group Plc board of directors approved this statement at a meeting of the Board on 23rd September 2021.

Peter Pritchard
Group Chief Executive Officer

Footnote: This statement applies to Pets at Home Limited and Companion Care (Services) Limited, which fall within the scope of section 54(2) of the Modern Slavery Act 2015.