



pets at home
Group plc

Becoming the most responsible pet care business in the world

Pets at Home Group Plc
Social Value Report 2022

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



SUSTAINABLE DEVELOPMENT GOALS



Creating a Better World for Pets and the People who love them.

About this report

This is our third stand alone Social Value Report and FY22 is the first full year since we have finalised our new social value strategy, Our Better World Pledge. In this summary we report our progress against our goals and our ten initial targets. We are proud to include some of the many examples of how the strategy is brought to life across the Group in our pets, people and planet sections.

This report was published in June 2022 and covers our financial year March 2021 to March 2022. It provides additional information to supplement the Pets at Home Group 2022 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), the Sustainability Accounting Standards Board (SASB) and the Task Force for Climate-related Financial Disclosures (TCFD). More details on our policies can be found on our corporate website.

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TCFD section

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UN SDGs mapping



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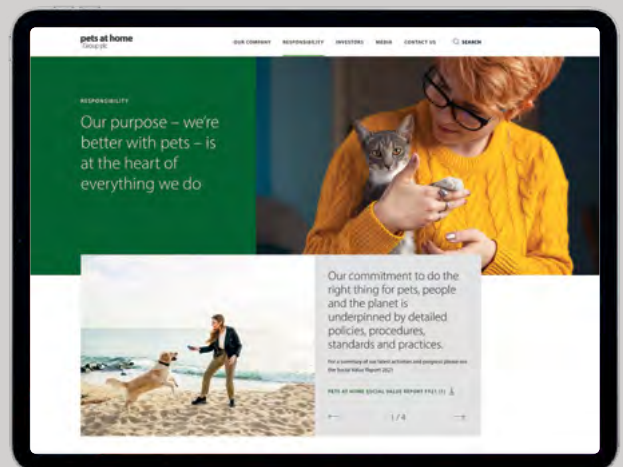
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For more information please visit:
<https://investors.petsathome.com/responsibility/>



Welcome to our 2022 Social Value Report, our second since the launch of Our Better World Pledge strategy last year. Our Better World Pledge is our ambitious commitment to become the most responsible pet care business in the world which forms an integral part of our overall vision to become the best pet care business in the world. This year I am really proud of the significant progress we have made against our strategic pillars of Pets, People and Planet.

Establishing our key programmes

It has been exciting to watch programmes that we established in FY21 grow and develop. For example,

- In our Pet pillar, the Pet Memory Scheme, in partnership with the Woodland Trust has raised over £250k in its first year which will help to restore, protect and create over 2000 acres of woodland and 1 million trees.
- In our People pillar, the mental health first aiders programme has been rolled out across the Group, starting with our vet practices, and over 625 colleagues have gone through nine hours of specialised training.
- In our Planet pillar, our pet pouch recycling scheme was in over 300 stores by the end of May 2022.

Delivering with and for our colleagues

It has always been an important principle that our strategy is embedded across the organisation. We believe that by doing it this way it becomes sustainable and we are more likely to identify opportunities and synergies across the Group. One initiative that positively affected many colleagues has been the launch of Our Better World Pledge days, this has

been offered to all of our office based colleagues in its first year. Colleagues are able to volunteer to support pets, people or planet in their local communities. The results have been fantastic with over 9,500 hours donated and many colleagues deciding to continue to volunteer on a regular basis.

This year we have accelerated our focus on inclusion. Our four colleague diversity groups have grown over the year and have developed engaging 'lunch and learn' sessions, open to everybody, which tackle different diversity topics. Flexible and hybrid working is a key enabler of inclusion, and we have continued to focus on this as we have supported colleagues to overcome the challenges of the pandemic, whatever their role, geography or personal circumstances. This has extended to the increase in our entry level pay rate, which is now ahead of the National Living Wage, and our improvements to maternity and paternity pay.

Looking ahead as we develop our long term plans

We have built on our first scope 3 assessment conducted in FY21 by developing a high level roadmap to enable us to develop programmes and track our performance to deliver our science-based 2030 and 2040 carbon reduction targets. We are looking forward to sharing more of this work when we launch it to our suppliers later in the year.

During the year we have been focusing on the risks and opportunities that climate change poses to our business. We have conducted a series of TCFD workshops with representatives across the business to enable us to develop robust qualitative scenarios that we will further develop during FY23 and will feed into our business strategy review cycle in the autumn of 2022.

We are delighted to have been informed at the end of May 2022 that Pets at Home has been internationally and publicly recognised by the Financial Times and Statista as one of Europe's Climate Leaders 2022.

Louise Stonier
Chief People & Culture Officer

Awards



Retail Week Awards 2021
The Fujitsu Best Place to Work Award (won)
Best Retailer over £250m Award (won)



Vets4Pets Martlesham in Ipswich, Practice of the Year (won)



Personnel Today Awards 2021
HR Team of the Year (won)



Dr Alec Davies – Brightest New Talent Award (won)



First in the report which is the UK's largest barometer of customer satisfaction.



Wellbeing in the Workplace Awards 2022
Best Wellbeing in the Workplace Strategy: Large Organisation (won)



Growth Business of the Year Award sponsored by Squire Patton Boggs (won)



Internationally and publicly recognised by the Financial Times and Statista as one of Europe's Climate Leaders 2022

Our Better World Pledge



Pets

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

➔ For more information on progress against our pet 2030 goal see page 12 and 13



People

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

➔ For more information on progress against our people 2030 goal see page 12 and 13



Planet

By 2040 become net zero

➔ For more information on progress against our planet 2040 goal see page 12 and 13





+£7.5m

PETS: Supporting pets and the people who love them: Over £7.5m raised for pet charities

9,683

PEOPLE: Giving back to our communities: 9,683 hours donated to local communities

39%

PLANET: De coupling growth from carbon impact: Over 39% reduction in absolute CO₂e emissions (scope 1 and 2) vs FY16



The commitments that we laid out in Our Better World Pledge strategy ensure that the success we achieve is shared with our stakeholders and with consideration to maximising the positive impact it has on pets, people and planet. ”

Peter Pritchard
Group Chief Executive Officer – Pets at Home

Maintaining our strong commitment to a sustainable future

This year has been another unprecedented year for Pets at Home, one characterised by ongoing significant external challenges as we mark two years since the start of the pandemic. Our financial performance has been outstanding with growth in sales, profit and cash flow.

The commitments that we laid out in Our Better World Pledge strategy ensure that the success we achieve is shared with our stakeholders and with consideration to maximising the positive impact it has on pets, people and planet.

The challenges that face society at large and to ensure we create a truly sustainable business we need to deliver for all of our stakeholders in the short and long term.

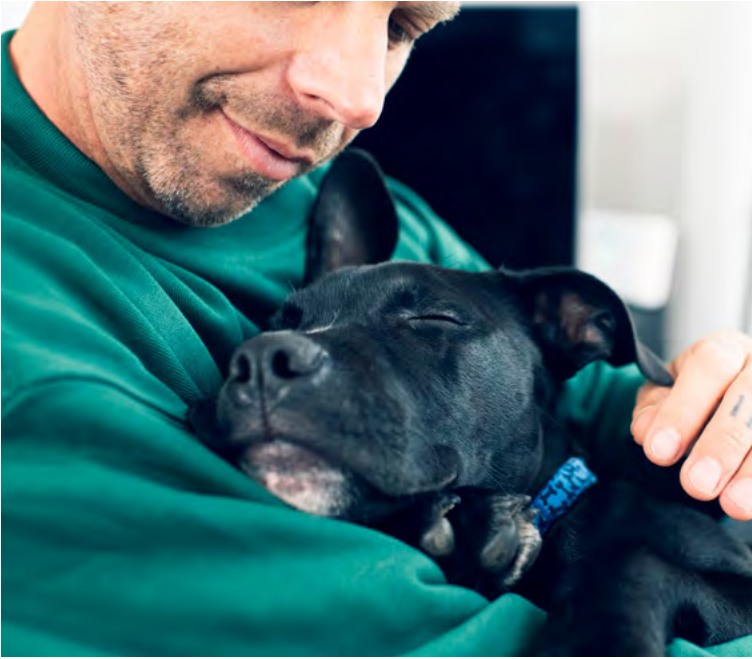
Progressing our strategy


Our Better World Pledge strategy recognises that we need to work across a wide range of environmental, ethical and social issues. The strategy we have created is aligned to our business strategy, has at its core our central value of pets come first, is embedded and brought to life across the organisation and will build not only sustainability in environmental terms but competitive advantage by focusing on what matters most to our colleagues and customers.

During the year we have made considerable progress across our three pillars of pet, people and planet as detailed in this report and have continued to identify opportunities to ensure integration. One good example of this is our new revolving credit facility, agreed in March 2022, 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.

An increased focus on our value chain

Looking back to October 2021 as the country prepared to host the global summit on climate change, COP26, I took the opportunity to write to all of our suppliers to share further information about our progress to date regarding carbon action and our current targets so that we can work together to achieve these ambitious, but vitally important goals. There is no doubt that the climate and biodiversity crisis is the biggest challenge of our generation.



The launch of our social value strategy in 2020 marked a major milestone for our business. To be the best pet care business in the world, we must also be the most responsible one, and we have embarked on this new strategy with renewed focus on improving the lives of the nation's pets, supporting people in our business and communities and helping to protect the planet. 

Peter Pritchard
Group Chief Executive Officer –
Pets at Home

There is an imperative that all businesses, all industries, and all countries need to act now. At Pets at Home, we feel energised and committed to play our part, but we can't do it without our suppliers and other stakeholders. We have already made significant investments in decarbonising our own business and we are taking opportunities like our new national DC in Stafford to include the latest thinking on environmental initiatives. However, the truth is that the impact of this, whilst important, is small compared to of the impact of the products that we sell and use in terms of raw materials, packaging, manufacturing processes and the logistics impact.

At Pets at Home, we have taken the decision to set our carbon emissions targets using the guidance of the Science Based Targets initiative (SBTi). We have made this decision because science-based targets provide companies with a clearly defined path to reduce emissions in line with the Paris Agreement goals. These targets, their calculations and assumptions were submitted to the SBTi for their review and approved in early June 2022.

An important focus for us this year has been the development of these carbon reduction pathways and establishing our product sustainability framework and partnerships that will help us to deliver this work. It is encouraging to see some innovative developments coming to fruition such as our vegetarian and insect based dog foods and the recent conclusion of an investment with Project Blu, a leading UK-based supplier of sustainable pet accessories.

The pathway ahead of us is long and complicated, particularly in this area of value chain work, but we are firmly committed to ensuring we lead the way in sustainable petcare products and services.

Looking ahead

As I hand over the leadership of this great business to Lyssa McGowan I am confident that the momentum that we have created with Our Better World Pledge strategy will ensure that Pets at Home will continue to create significant value for all stakeholders in the near and longer-term and protect the resources that we are all dependent on.

Peter Pritchard
Group Chief Executive Officer

Materiality assessment approach

A detailed materiality assessment is conducted every three years. This is supplemented with a lighter review which is carried out on an annual basis. Our initial assessment was conducted as part of the development of Our Better World Pledge strategy.

This was an inclusive process involving engagement with our colleagues and with external stakeholders, including our shareholders. Through this consultation 20 high level topics were identified that the strategy went on to address. These have been mapped against the ten principal risks and reviewed using the Company-wide risk and assurance approach to ensure clarity on governance and consistent scoring assessment. This detailed review with extensive internal and external stakeholder input will take place again in early 2023.

April 2022 update

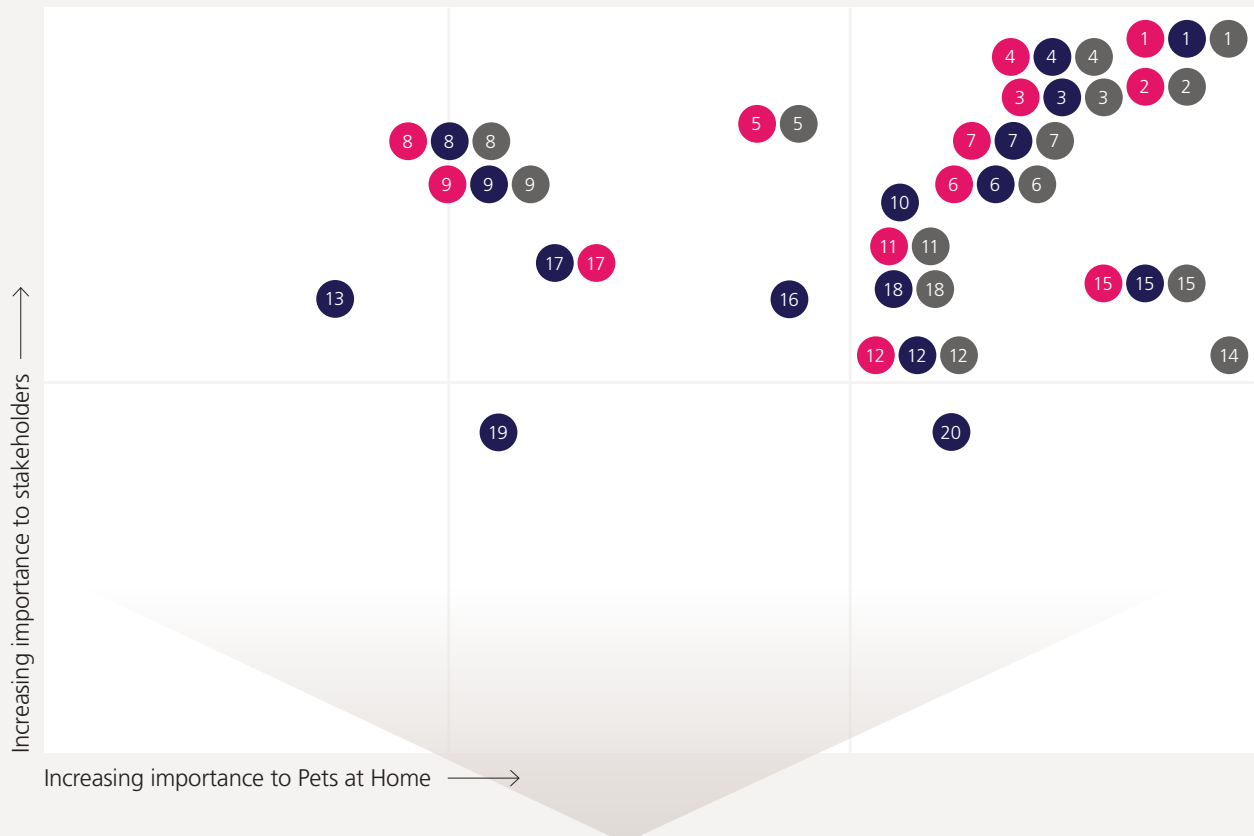
In the ESG Committee meeting that takes place in spring a review of the materiality assessment is planned on an annual basis, this then enables the results of this review to be fed into the annual strategy review cycle in the Autumn. As a result of the review in April 2022, the ranking of a number of the topics changed. Following COP26 'Climate Action' and 'Nature based impacts' increased in importance and biodiversity has been added to this description.

This reflects the increase in focus on nature based impacts during FY22, notably at COP26.



Materiality review

- Company
- Supply chain
- Pet, customer & community



Alignment of sustainability material topics to principal risks

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

Value creation for our stakeholders

Our sustainable pet care ecosystem

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

Our sustainable pet care ecosystem encompasses not only our relationship with our environment but also how we engage with stakeholders to take account of different views and perspectives to strengthen our pet care ecosystem. These relationships have been formed over many years and we are proud that this has always been part of our DNA. Our stakeholder engagement strategy is considered whilst being dynamic to adapt to new situations.

→ Annual Report Section 172 update
see pages 32-34



Colleagues



5000+ colleagues had their shareholding enhanced or were made new shareholders during FY22.

Our entry level wage is 10p above the NMW.

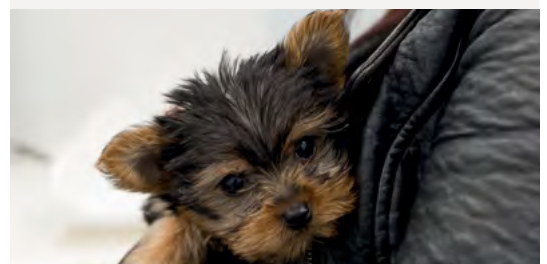
Award winning Veterinary Graduate Training Programme.

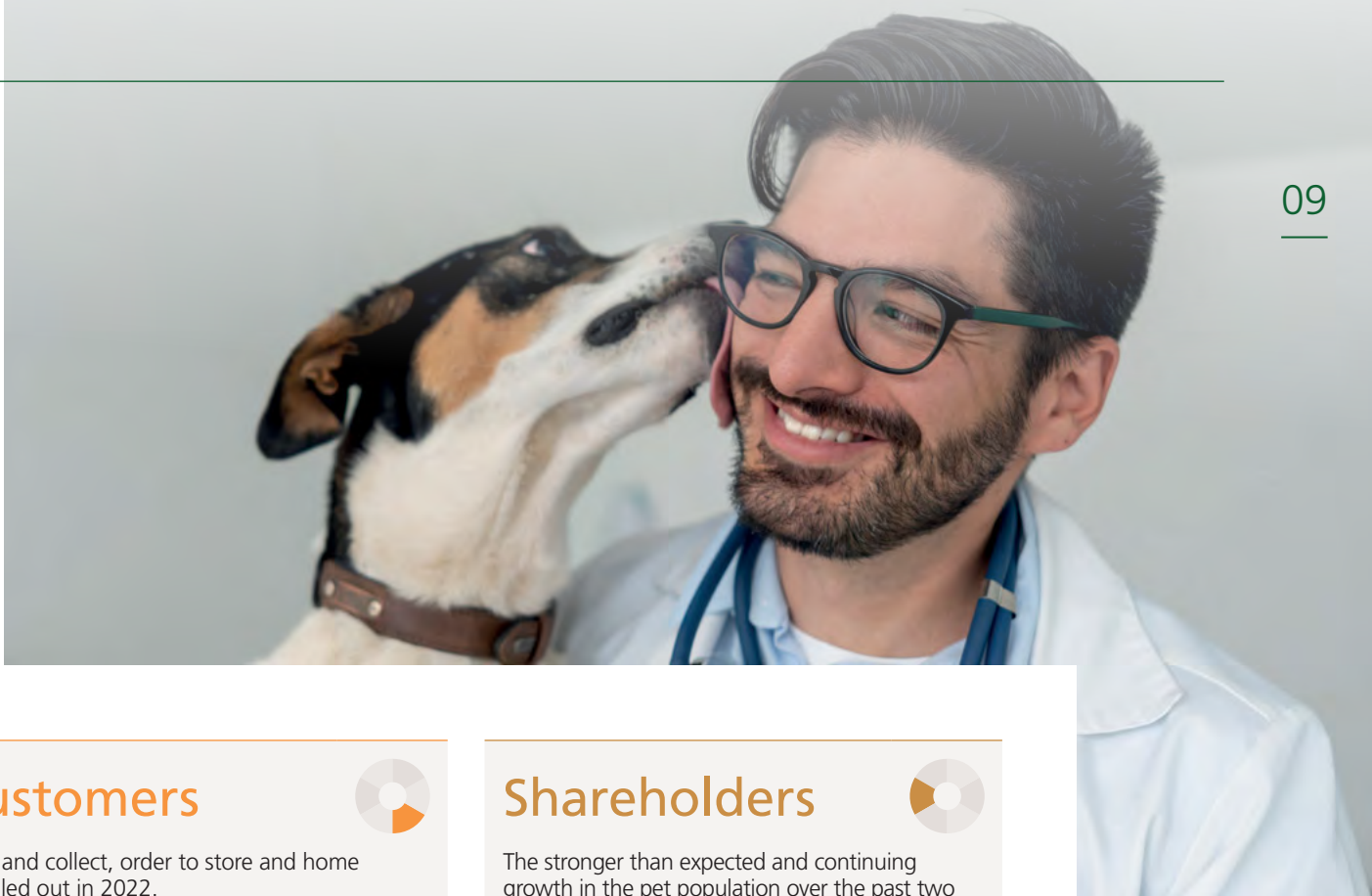


Pets



Leading the way in product innovation; for example our new small animal food and treat range has undergone a complete re-formulation and design that is much more tailored to the health requirements of the pets and is made in a carbon neutral factory.





Customers



Click and collect, order to store and home all rolled out in 2022.
Subscription plans make pet care easy convenient and affordable for our customers.



Shareholders



The stronger than expected and continuing growth in the pet population over the past two years, combined with continued customer themes of pet humanisation, premiumisation and renewal, has increased the size of our market and scale of the opportunity facing us, and we remain better-placed than ever to deliver value for all stakeholders in both the near and longer-term.



Partners



Signatories to the BRC climate action road map where our active participation is helping to accelerate the industry's journey to net zero by 2040.

Profession wide listening project launched to support the vet profession in identifying opportunities to enhance the experience of working in the profession.



Community Groups



86 grants awarded to rescues and pet/people charities by the PAH Foundation.

Over 800 pet rescues supported with vouchers funded by VIP Lifelines scheme.



Governance framework

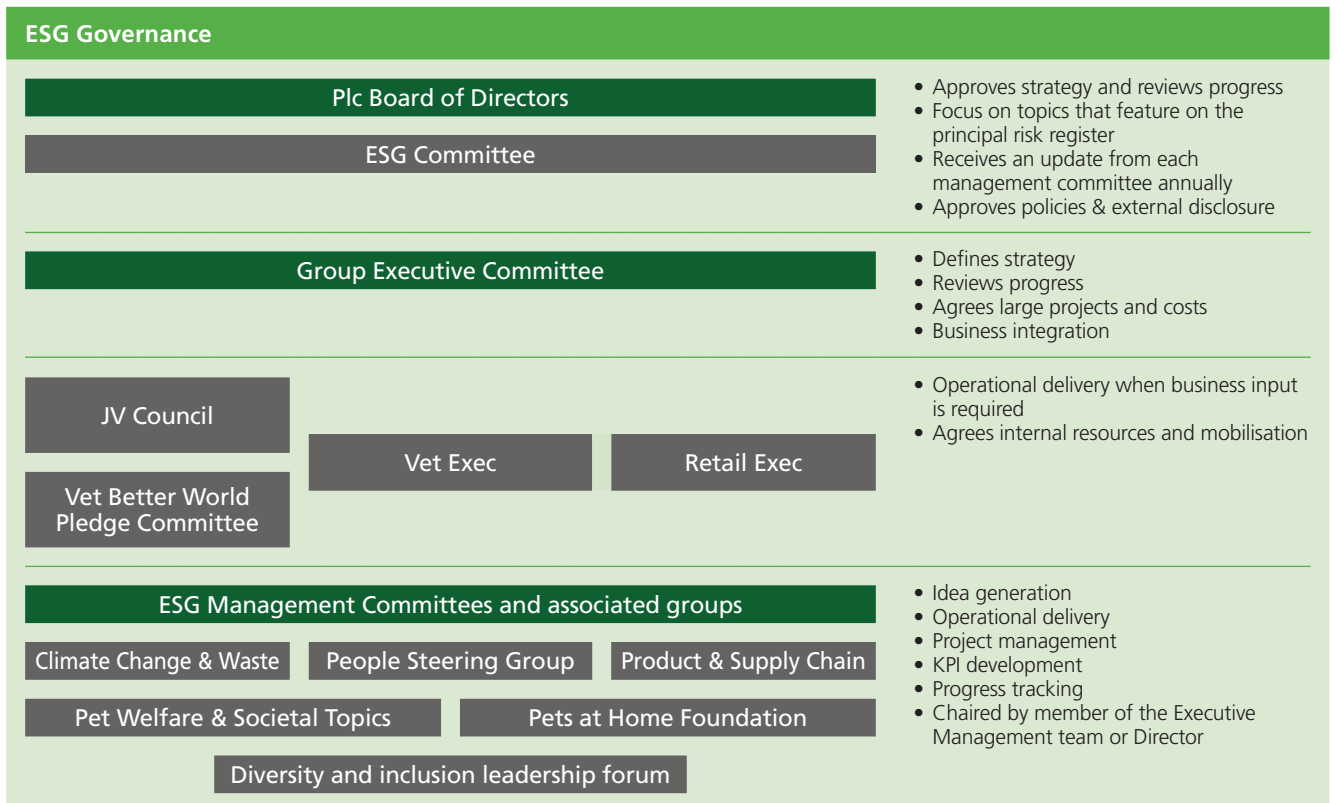
Our Better World Pledge Strategy is supported by a robust governance framework. The management committees and associated groups have continued to meet regularly across the year.

With the exception of product and supply chain which focuses on the retail part of the business all of the other groups contain colleagues from across the Group. Each of these is chaired by a member of the Executive Management Team or Director.

The mobilisation of the strategy into the Vet Group is being managed by the Vet Group Better World Pledge Committee. This meets on a monthly basis and is chaired by one of the Regional Directors. A Diversity and Inclusion Forum was established in 2021 It is chaired by Peter Pritchard, CEO and membership includes four other Group executive members.

The Group Executive Committee and ESG Committee receive a progress update from each committee at every meeting and there is an in depth 'deep dive' into each pillar of the strategy pet, people and planet scheduled across the year to enable more detailed review.

→ For the full ESG Committee report see pages 113–114 in the Annual Report



ESG Committee Chair's summary



Highlights

Continued to focus on the monitoring and delivery of our high standards of pet welfare across the Group and the impact of the pandemic on pet welfare more broadly

Discussed and approved the submission of the Group's near-term 2030 42% scope 1 & 2 and scope 3 targets and long-term 2040 net zero targets to the Science Based Targets initiative (SBTi)

Agreed the Group's approach to the Task Force on Climate-related financial disclosure (TCFD) scenario planning

Reviewed and approved five new ESG policies on Human Rights, Diversity and Inclusion, Raw Materials, Environment and Packaging

Introduction and strategic approach

The Committee oversees the governance of becoming the most responsible pet care business in the world. This will make the business sustainable as it will create value in the near and long term and protect the resources that everyone depends on. In my fourth year as Chair I am delighted to see the progress that we have made in embedding the Group's social value strategy, Our Better World Pledge, across the business.

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

Pet welfare remains a central part of the Committee's focus and a standing item on every Committee meeting agenda. The Committee maintains a regular and detailed review of pet welfare. The Committee regularly reviews the Group's policies and procedures in relation to pet welfare in its retail business and supply chain, and the development of its clinical governance framework in the veterinary services business.

The Committee's focus on people has included further progress in assessing salient human rights risks across the operations and supply chains and in recognising the significant wellbeing impact the pandemic has had on our colleagues and their families and reviewing the Group's comprehensive and thoughtful response to this.

The year of COP26 was always going to be a significant milestone for the future of our planet. At the Committee we have prioritised the review of the Group's plans in this area to ensure that they are aligned with the level of response required to meet the climate crisis and to ensure the governance and processes are established to enable a smooth transition to a low carbon future. We have also had detailed reviews of the Group's approach to TCFD qualitative scenario planning approach. This has enabled the Board to review and approve the approach and then to review the outcomes of the series of workshops held across the organisation. The thoroughness of this scoping stage will enable the detailed evaluation and planning to be carried out during FY23.

During the year the management committees established in FY20 to support the Better World Pledge strategy, have continued to meet on a regular basis. Each of them is sponsored by a Group Executive Team member and are developing and implementing programmes to deliver the long term targets. These committees present an update to the ESG Committee on their progress at the 'deep dive' sessions.

Looking ahead, our priorities for FY23

Develop and refine our qualitative and quantitative analysis of climate related risks in line with the TCFD requirements.

Continue to provide rigour and challenge as we embed the Our Better World Pledge strategy into the customer and colleague propositions.

Susan Dawson
Chair of the ESG Committee



For the full ESG committee report see pages 113–114 in the 2022 Annual Report

What sustainability means to Pets at Home



What sustainability means to us

Sustainability is about delivering for all of our stakeholders in the short and long term and ensuring the long term future of our business.

This is why we have developed four principles that guide how we develop and deliver Our Better World Pledge strategy:

- Getting the balance between prioritising topics important to our colleagues and customers while addressing a broad spectrum of environmental, social and ethical topics
- Ensuring that we align to our business strategy
- Embedding the delivery of the strategy in the organisation
- Remain externally focused through targeted stakeholder input and be adaptable to respond to important trends

Our strategy and goals

Our strategy is structured to respond to the macro environmental, ethical and social topics identified in our materiality assessment (see page 6). It is organised into three pillars which are our areas of material impact.

Pets

Our number one value is “Pets come first” and we value and prioritise our opportunity to positively impact pet welfare and wellbeing extending from pets in our care to pets in society as a whole. For this reason, we have set our goal intentionally challenging and aim to positively impact the life of every pet in the UK by 2030. This starts with pets

in our care and goes through to the impact of the pet care products and services that we provide. We also prioritise the education of children, the pet owners of tomorrow, on responsible pet ownership. Our leading position supporting pet rescues through the Pets at Home Foundation and the VIP Lifelines scheme is absolutely core to our brand and ensures that we extend our reach to pets in need. We are in a unique position because of the clinical expertise in the Group to make evidence-based veterinary led decisions regarding our products and services through our pet welfare committee. We know that decisions we make there to benefit pet welfare have the potential to be followed by others.

→ See pet pillar pages 18–29

People

People are central to our brand purpose “we’re better with pets”. This includes the positive experience we can provide to people who work in the Group, to the benefit that pets bring to our lives whether that is as a pet owner or someone who benefits from time spent with pets. It is, after all, the shared love of pets that unites us all. Our long term goal for the pet pillar is to enhance the lives of one million people through our shared love of pets. The FY22 extension of the Pets at Home Foundation to

support charities that help people through pets is enabling us to reach more people.

→ See people pillar pages 30–43

Planet

“Creating a better world for pets and the people who love them” is the purpose of Our Better World Pledge strategy and protecting the resources of the world we live in is a key part of fulfilling this. Our planet pillar recognises the impact of our own operations but it also extends to our value chains where our products are made, used and disposed of, where relevant. We are in a unique position to support our customers to be sustainable pet owners by leading the way in providing sustainable choices across our pet care ecosystem. Our goal for planet is to be Net Zero by 2040, this is an ambitious carbon reduction goal that aligns to the Science Based Targets Initiative. The activity covered in our targets and actions covered a broad selection of environmental topics that we have identified as being important to customers and colleagues. Although we represent these as separate, we recognise that there is a high level of interconnection between these issues, particularly biodiversity and climate change.

→ See planet pillar pages 44–59

Our 3 Social Value pillars and goals:



Pets

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

FY22 Progress

- 1.5m subscriptions +27% vs last year helping to make pet care affordable
- Pets at Home Foundation raised £4.9m and £45m since it was formed in 2006
- Pets at Home Foundation remains the biggest grant giver to UK rescues. In FY22 70 grants were issued totalling £1.1m
- VIP lifelines had its biggest year ever raising £2.9m, driven by a 163% increase in membership to 7.3m members which supported over 800 rescues and £17.9m raised since it was formed in 2012
- Innovation in own brand product putting pet welfare first such as locking clip mechanisms

FY23 Priorities

- Growth of subscriptions
- Growth of VIP membership
- Continuing to develop the PAH Foundation to support more pets and the people who love them
- Launch of our new nutrition matrix and continued innovation on own brand products with pet welfare at the heart of product design



People

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

- Approximately 7,000 new colleagues welcomed to the Group
- 173 colleagues have started a 6 month work placement through 'kickstart' programme
- 624 colleagues have completed a Mental Health First Aider course
- 16 grants totalling £565k awarded by the PAH Foundation in the inaugural year of the Pet/People grant programme
- OBWP days supported organisations that reach 122,490 people per annum

- Launch a 'Get into' employability programme with the Princes Trust
- Extend the Mental Health First Aid training course to more colleagues
- Extend OBWP days to management teams at our DCs and Stores and grow hours donated by 10% yr / yr

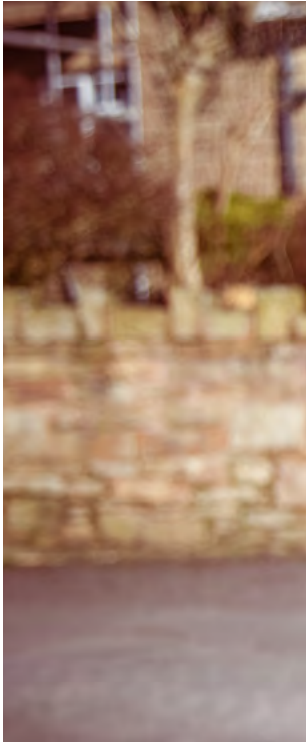


Planet

By 2040 become net zero

- Submitted and received approval from the SBTi for our carbon targets (see page 50)
- Partnered with Investors in the Environment to support our practices to improve their environmental impact
- Developed an insect based and vegetarian dog food
- Partnered with the PFMA to research the carbon impact of the most popular petfood ingredients
- Launched a low carbon company car list
- Continued to buy renewables for our main Group contract representing 98% of our electricity use
- Donated £257k to the Woodland Trust, creating, protecting and restoring over 2,000 acres of woodland with the potential to lock up 5,000 tonnes of carbon

- Launch our scope 3 carbon reduction programmes with our suppliers during the Autumn conferences
- Launch our product sustainability framework with our internal teams
- Support vet practices to achieve their Investors in the Environment Bronze accreditation
- Continue to improve our scope 1 and 2 carbon intensity relative to £m revenue



Our Better World Pledge strategy in summary

Our purpose
We're better with pets – is at the heart of everything we do and supports our strategy.

Our vision
To become the best pet care business in the world.

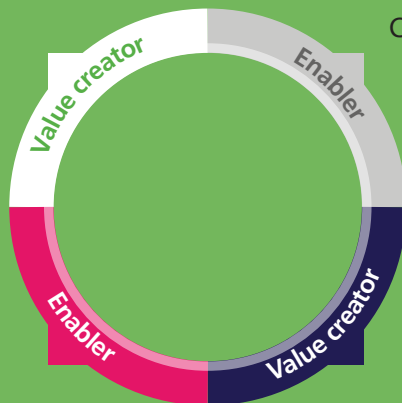
Our business strategy

Bring the pet experience to life

Use our data to better serve customers

Set our people free to serve

50% of revenue from pet care services



Our 3 Social Value pillars and goals:



Pets

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



People



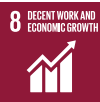



By 2030 enhance the lives of one million people through our shared love of pets



Planet

By 2040 become net zero



Our 10 initial targets:	UN SDGs	Links to business strategy	
<ul style="list-style-type: none"> – By 2025 set the standards for the safety and quality of pet care products – By 2030 increase the impact of grants, donations and skill sharing to the rescue sector – By 2030 educate 2m children in responsible pet ownership – By 2030 improve the health of the nation's pets by focusing on nutrition and health plans 		<ul style="list-style-type: none"> ■ Bring the pet experience to life ■ Use data and VIP to better serve customers ■ 50% of sales from pet services 	<p>➔ Read more see pages 18 to 29</p>
<ul style="list-style-type: none"> – By 2025 be the leading employer of pet care experts – By 2025 create opportunities for 5000 people who face barriers to employment to experience work with us – By 2030 increase the number and diversity of people who can benefit from time with pets 	 	<ul style="list-style-type: none"> ■ Set our people free to serve ■ Bring the pet experience to life ■ Use data and VIP to better serve customers 	<p>➔ Read more see pages 30 to 43</p>
<ul style="list-style-type: none"> – By 2025 be leading the way in sustainable pet care products – By 2030 maximise the value of our waste by adopting circular economy principles – By 2040 become net zero across scopes 1, 2 and 3 using a science based initiative approved methodology 	  	<ul style="list-style-type: none"> ■ Bring the pet experience to life ■ Use data and VIP to better serve customers 	<p>➔ Read more see pages 44 to 59</p>

Key achievements

1.

Pets at Home Foundation

We have completed our first year with the renaming of our charity as the Pets at Home Foundation. During FY22 we have raised £4.9m and since being formed in 2006 our charity has raised over £45m to support pets and the people who love them.

During FY22 we extended the type of charities that we support to include charities that support people through pets and we awarded 16 grants totalling £564k to charities like Dogs For Good. They were awarded £99,296 with £199k also committed over the next two years to expand their services into Scotland with a focus on their dementia dog project.



£4.9m

raised by the Pets at Home Foundation in FY22

2.

VIP Lifelines

When VIP loyalty club members spend in a store, Groom Room or Vets4Pets practice they earn Lifelines.

Every quarter we convert Lifelines into vouchers for animal charities which they can spend in our stores or grooming salons.

Every point earned has a direct impact – this year as part of the changes to our charity 'The Pets at Home Foundation' unredeemed and unallocated lifelines vouchers are donated to the Pets at Home Foundation meaning it can have an even greater impact across the UK.

This year, £2.9m has been raised by VIP members which makes a total of over £17.9m since it was founded in November 2012.



£2.9m

raised through VIP Lifelines during FY22

3.

Contributing to our communities

FY22 saw the launch of our volunteering days which we call Our Better World Pledge days. Our office based colleagues were able to volunteer for a day in their local communities to support pets, people or our planet. The results have been astonishing with 1,682 colleagues donating 9,683 hours of time. This will create a lasting legacy with new community partnerships formed:

Out of 1,682 colleagues

- **98%** would attend their day again
- **97%** scored their day four or five stars out of five
- **30%** booked another day in their own time or have started volunteering long term for the organisation
- **32%** signposted other colleagues and friends and family to volunteer for the organisation

9,683

of volunteering hours donated to local communities

Our Better World Pledge



Pets



People



Planet

4. Investing in our colleagues

Our colleagues are at the heart of everything we do. Our reward strategy engages colleagues in the long term success of our business. Colleagues were recognised for their efforts throughout the year with a £12.7m bonus in June 2021. In June 2021 we granted an additional 1.2m shares to over 9,200 colleagues.

Over 500 colleagues had invested £2.96m in the 2018 scheme which generated a potential value of £14.7m based on the closing share price of £4.69 on the maturity date.

We have continued to develop our culture and focus on the wellbeing of our colleagues with 624 colleagues completing mental health first aider training.

Our four colleague diversity networks are acting as agents of change across the organisation and providing support and challenge to the Diversity and Inclusion Leadership Forum.

624

colleagues completed mental health training

5. Growing our business while reducing our operational carbon impact

During FY22 our carbon intensity was 19.1 CO₂e. This is our strongest performance since our base year of FY16 and represents a 12.5% improvement on FY21. We calculate this by measuring our scope 1 and 2 location-based emissions relative to our sales revenue.

Our absolute scope 1 and 2 emissions grew by 3.3% vs FY21. This was driven by our sales growth of 15.3% and in some areas (such as colleague travel) returning to pre COVID-19 activity levels.

We purchased renewable energy for our main group contracts that represent 98% of our electricity use. This is the fifth year that we have purchased renewable energy.



39%

reduction in absolute scope 1 and 2 emissions since 2016

6. Progressing our long term carbon reduction strategy

During FY22 we completed our first CDP climate change programme submission, obtaining an overall score of B. The CDP questionnaire is a voluntary energy and carbon rating exercise, requested by investors and other financial stakeholders. The B score indicates a strong performance at the 'management' level – in line with the average for the convenience retail sector.

Responding to the urgency and scale of the climate emergency, the SBTi has ratcheted up its expectations for businesses, releasing a new Net-Zero Standard at the end of 2021. To be confident our ambitions remain robust and in line with the first global science-based standard, we identified clear next steps to adjust our previous near-term commitments. Our long term 2040 target has not changed and remains net zero across all scopes by 2040.

➔ For more information on our carbon reduction targets see page 54



'B'

CDP score



Pets

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



Our goals and approach

Pets come first is our number one value at Pets at Home. Every colleague in the Group has a part to play to ensure that we deliver on this value every day. Our love and understanding of pets has led us to develop our long term goal to positively impact the life of every pet in the UK by 2030. 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 leading change in society and the wider pet care and veterinary industry.

Our focus areas

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

→ [Read more page 20](#)

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

→ [Read more page 22](#)

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

→ [Read more page 24](#)

Pet charity the charity work that we support for pets and the people who love them when they need our help

→ [Read more page 26](#)

The value of the pet people relationship has been highlighted by the pandemic, with two million new pet owners, 33% of whom had not owned an animal before. During the last year we have remained as focused as ever on looking after the nation's pets to the very highest standards and sharing the benefit that pets bring to all our lives.

Performance highlights

152+

vet graduates, 92 joining this year, continued their training modules, many utilising virtual webinars

1500+

physical pet welfare audits conducted in our stores in FY22

61k+

children booked onto face-to-face PetPal sessions since they relaunched in March, educating children about responsible pet ownership

454

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

£7.5m+

raised for pet charities through the Pets at Home Foundation and VIP Lifelines bringing the total to over £56m since 2006

800+

local and national pet rescues supported in FY21 through vouchers from the VIP lifeline scheme

70

animal rescues supported with grants totalling over £1.1m

16

charities helping people through pets supported with grants totalling over £565k

1000+

pallets of pet food and bedding donated

928k

grooms given across the year

Our actions

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

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

→ [Read more](#)
page 60

Pets in our care

A safe and healthy journey to a happy home

Our Head of Pets is an experienced veterinary surgeon and 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. The new 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.

Unannounced 'mystery shops' are performed by an ex-RSPCA officer, and all breeders receive annual audits by independent veterinary surgeons together with regular third party inspections. 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 Pet Welfare Act, 2006, and to our codes of practice. Breeders are also audited at least annually by independent veterinary surgeons, and receive regular independent third party inspections.



Health check

Before the journey from the breeder to store every single pet is examined 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.

Case studies:



Small pets

This year saw a first: an extensive and in-depth review of our range of small animal food and treats with the aim of providing more natural, low sugar products. The removal of unnecessary or unsuitable ingredients, the reformulation of recipes, and the introduction of portion control will help pets live healthier lives. The range will be launched in June 2022. We have removed the small hamster homes from our range and our two-year plan is to only offer our extra-large hamster accommodation as the starting point for customers. Although we advise some pets, such as rabbits, guinea pigs, rats and gerbils be sold in pairs or groups, we recognise hamsters may fight. Therefore, we have taken the decision to recommend all hamsters be housed singly once in their forever home.

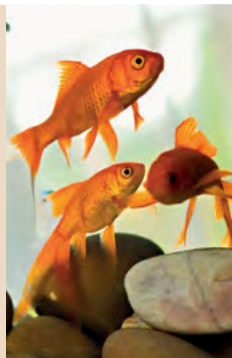


Rabbits

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 recommend rabbits be housed as compatible pairs or groups, and actively discourage the purchase of single animals. The development of accommodation in line with RSPCA and RAWF guidelines continues.



and prototypes have now been reviewed. Following a comprehensive review of our small animal food and treat range our rabbit nuggets have been reformulated to provide a cold-pressed, low sugar product based on natural ingredients. The introduction of this new range will benefit dental and digestive health, and weight management. The new range will be available from June 2022.



Fish

We choose to transport fewer fish per volume of water than the maximum permitted in UK Government 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 have now removed the seven litre tanks for Betta fish, and colleagues ensure customers have at least a 60litre tank prior to the purchase of coldwater species. Customers must have their tank set up 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 coldwater fish entirely from the scheme.

Petcare expertise

A passion for pets and their wellbeing is at the heart of everything we do, and our knowledgeable colleagues are a trusted source of advice and help for existing and new pet owners. Pet welfare is a priority as demonstrated by us continuing to pause the sale and adoption of rabbits over the Easter period, and empowering our colleagues to refuse the sale of any animal if they are not certain the welfare needs of the pet can be met. We also ensure customers have a stable tank or vivarium environment prepared in advance of introducing fish or reptiles.

Store colleagues

We launched a brand-new expertise offering for our store colleagues called 'Pet Care Development Programme' which includes 50 hours of development for new retail colleagues to enhance and build their expertise over a three- to six-month timeframe. Over 500 new colleagues have progressed through this programme ensuring we provide the very best customer service and expertise advice for our customers. In summer 2022 a Pet Care Specialist programme launches further enhancing and driving our colleague's knowledge and expertise.

We now have over 2000 SQP (suitably qualified person) colleagues. Each year

we invest and train around 450 new colleagues ensuring customers receive the very best advice when looking to buy this type of product. All SQP colleagues have access to ongoing SQP CPD to maintain and update their knowledge ensuring they can retain their qualification and provide the best advice.

Grooming colleagues

We set the standards in this unregulated industry and provide leading levels of training and a welfare focused environment.

Every consultation, in our fully air conditioned 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 treatment that's right for the dog as well as sensitively bringing any concerns to the owner's attention. Over 80% of our salons have a vets onsite and all salons are fully air conditioned for the comfort of our dogs. All colleagues are first aid and dog behaviour trained, and are therefore able to handle dogs attentively, and react quickly if first aid is required. All colleagues are equipped with high end scissors, clippers, combs and a range of shampoos to cater for all coat types

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 are able to fully groom a dog.

Their qualifications come with a tight quality assurance process regulated by Ofqual, but more importantly, the criteria is being set by industry experts. 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 to get all of our salon managers and stylists qualified within the next three years.

443

veterinary practices

457

stores

260

stores with vet
Grooming colleagues

55

company managed
veterinary practices

337

groom rooms





Pet Pal sessions which now run alongside our digital offering. Since relaunch in March 22 over 60k children registered to attend a workshop.

Supporting the Scout Association.

We are really proud to work with the Scout Association, a national charity helping 400,000 young people across the UK to build skills for life. Our partnership involves sponsoring the 'Animal Friend' Beaver activity badge and the 'Animal Carer' Cub Scouts activity badge. During FY22 these sessions moved to an online resource that leaders were able to download from the scouting website. We are looking forward to welcoming children back into our stores for our education sessions.

Vet practices

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

veterinary care as we emerge from the pandemic.

Vet graduates

Our award-winning graduate programme is a two year programme which supports graduates to make the transition from university to practice and equips them to thrive. Our Next Steps programme for alumni is now in its second year and offers them the opportunity to apply for £1,000 grants to fund a variety of clinical and non-clinical development activities related to their veterinary careers.

Pet care education

At Pets at Home we bring animal welfare to life by using our store network, at the heart of communities, to engage with children (and their parents and carers) about how to look after pets through knowledge, empathy and kindness. During FY21 our face to face sessions were paused due to the pandemic. We were delighted to restart our face to face



A unique proposition of products and services

Case study:

Our new adoption club

Following the success of our kitten and puppy clubs we could see a big opportunity to support new owners of older pets so we have developed a new club, aimed at owners that have gained a new pet through an adoption route. It contains advice and offers specifically tailored to this customer.



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

Making a lifetime of care affordable and convenient

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

Our extensive product ranges

Products that put pets first

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

With pet welfare in mind, during FY22 we completed an extensive and in-depth review of small animal foods and treats with the aim of providing more natural, low sugar products. The removal of unnecessary or unsuitable ingredients, the reformulation of recipes, and the introduction of portion control will provide benefits to dental and digestive health, and weight management thus helping pets live healthier lives. The new range will be available from June 2022.

To improve the welfare of pets we have removed the small hamster homes from our range and our two-year plan is to only offer our extra-large homes as the starting point for customers. Additionally, the seven litre tanks for Betta fish have been removed from sale, and we ensure

customers have at least a 60litre tank prior to the purchase of coldwater species.

Locking safety clips have now been applied to all Pets at Home own brand and exclusive branded product. Our novelty clothing collections are all fire retardancy tested.

Food products have been updated with pet welfare in mind. Within our treats section rawhide alternative treats are being launched to offer customers a choice should they wish to not buy rawhide, along with increasing our natural range of dog treats. All of our own brand treats do not contain any artificial colours, flavours or preservatives.

Our Pets at Home 3 Peaks in car safety collection is crash tested to the child safety standards. This collection includes our new safety car harness, seat belt tether & booster seat and back seat bumper cover. These meet the UK law requiring all dogs to be restrained when travelling in a vehicle (for the safety of pets, drivers and passengers).

Case study:

Frisbee re-design

It's not just pets that we put first. In conjunction with the RSPCA we have completely redesigned our flying ring dog toys to reduce the potential for them becoming caught around the necks of seal pups should the toy be lost in the sea.



Nutritional expertise

Being a pet specialist, customers turn to us for advice on what to feed their pet so it's important that we are able to provide them with advice tailored to their pet and individual circumstances and preferences. We have created a 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.

This has been developed with an expert nutritionist and we will be launching it at our pet nutrition conference in June 2022. A full suite of learning and development resources have been created to support the training of all of our stores colleagues in the second half of 2022.



Technical and ethical compliance

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

There are no formal regulations specific to pet care accessories so we have developed our own testing protocols for each product category. For example, with dog toys we have developed a bite test, endorsed by the Pet Behaviour Council, that provides additional assurance to customers. Where there is relevant legislation such as toys then the relevant regulation is applied. We also independently test our product categories using third party testing houses, and are constantly looking at ways to improve our products based on customer feedback and product surveillance.

We have a highly experienced team of technical managers who manage all of this work and ensure our protocols are kept under regular review, up to date and monitor product feedback from our customers and colleagues, including the Pet Team. We are the only UK pet retailer to have invested in a dedicated sourcing office in Asia with a team of trained technologists who work to ensure the quality of our products and the ethical and environmental standards at our suppliers.

In addition to audits from our own technical team, which we have been able to resume again with UK suppliers as COVID-19 restrictions have lifted, factories are also required to provide independent third party ethical audits.

1.5m

subscription customers

23%

growth in the number of subscription customers

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.



About us

The Pets at Home Foundation is the largest grant giver to animal rescues in the UK and FY22 was the first full year when our grant programme supported charities that help people through the love of pets.

The Foundation engages with pet charities on a regular basis and began a regular survey in the Autumn of 2021 which has been repeated twice since then, this allows us to understand where we can have the most impact. This year has continued to be difficult for pet charities,

fundraising opportunities have significantly reduced. For pet rescues, relinquishment levels are not to the levels that had been feared, however there is still the need to care for these pets and provide veterinary and behavioural support to enable them to be rehomed wherever possible.

Our work is focussed on four pillars :



Fundraising

Fundraising

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



Adoption Centres

Adoption Centres

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



Communities

Communities

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



Grants

Grants

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

Case study:

Dogs For Good

Received £99,296 (with further £199,260 over next two years) to expand their services into Scotland, with a focus on their dementia dog project.



LIFE CHANGING
DEVOTION

Case study:

RSPCA

Received £75,634 (with further £84,212 pledged for second year) to expand their pet food bank project across the North West.



Our year in numbers

£45m+

raised since founded in 2006

86+

grants awarded

£3.5m+

donated and pledged through grant funding and charity of the year donations

£200k+

raised for Ukraine and their pets and the people who love them. £100k from our Lifelines and £100k by our customers

336

Pet rescues supported through our Valentine's campaign

£4.9m+

raised in FY22

£190k+

raised in online contributions

350+

community relationships between Pets at Home stores and rescues

1000+

pallets donated to pets in need

£443k

of essential products donated to pets in need

£960k+

donated to local charities

Pet charity continued



Case study:

Ukraine

It has been devastating to see the events that are unfolded in Ukraine and which continue to develop.

The Pets at Home Group understood that this was and continues to be an upsetting and worrying time for many, especially those with friends and relatives directly impacted.

Response

As animal lovers, we took the decision to pledge £100,000 from the Pets at Home Group to help the pet care professionals, pet owners and animals who have been caught up in the terrible crisis.

The ability to make this level of donation is helped by the incredible generosity and loyalty of our amazing customers and clients through our VIP Lifelines scheme.

We worked with several domestic and international charitable organisations to determine how to best utilise support as the situation developed.

£20,000 of the pledge has been donated to IFAW (International Federation for Animal Welfare) and Four Paws.

The Group launched an online fundraiser for those customers, clients and colleagues that wished to donate on the 9th March, which has raised over £100k to help pets and the people who love them. We continue to work with charities that are working in Ukraine and across the borders to help where it is needed most.



When VIP loyalty club members spend in a store, Groom Room or Vets4Pets practice they earn Lifelines.

Every quarter we convert Lifelines into vouchers for animal charities which they can spend in our stores or grooming salons.

Customers can choose their favourite charity to support with their Lifelines from ten national charities or a charity registered locally to them. Every point earned has a direct impact – this year as part of the changes to our charity 'The Pets at Home Foundation' unredeemed and unallocated

lifelines vouchers are donated to the Pets at Home Foundation, meaning that more local charities across the UK can apply for funding for support. This year, £2.9m has been raised by VIP members which makes a total of over £17.9m since the VIP club launched in November 2012.

The impact of Lifelines

This year 801 local and national charities across the country have received funds that have helped charities buy essentials from our stores to feed their pets and keep them healthy and comfortable whilst they await their forever home.

Looking ahead: Pets

Pets in our care

The enhanced audit process that was introduced in April 2021 to ensure stores and Groom Rooms maintain the highest level of pet care and welfare has been very successful so we will continue to identify where support is required and provide opportunities for colleagues to develop their knowledge, whilst at the same time raising the bar and rewarding good performance.

Pet care expertise

During FY22 colleague training was updated with the enhanced Pet Care Development Programme. With over 50 hours of detailed, specialist training, the curriculum ensures all colleagues are equipped with the most up-to-date pet care information available. A revised

programme of cat and dog nutrition training, developed by a panel of highly experienced veterinary surgeons and respected pet nutritionists, will be launched to store colleagues early in FY23. This training will strengthen colleague knowledge ensuring they continue to offer the best and most up-to-date nutritional advice. The nutrition consultations and matrix permit the selection of carefully designed dietary recommendations that will suit each individual pet and owner's circumstances.

In FY23 we have an ambition to recruit 100 new apprentices into the Groom Room. All apprentices are supported over a 15 month learning journey to achieve a level 2 qualification in dog grooming. This provides a great foundational

knowledge before progressing onto more advanced learning.

Products and services

The development of rabbit accommodation in line with RSPCA and RAWF guidelines continues and prototypes have now been reviewed ready for launch during FY23. We are also in the process of developing testing for hutch covers to test for thermal insulation qualities.

Pet charity

The Pets at Home Foundation will continue to be there for pets when they need us through its fundraising and grant programme. We will build on the fantastic start to our work supporting charities that help people through the shared love of pets.



People

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

3 GOOD HEALTH
AND WELL-BEING



8 DECENT WORK AND
ECONOMIC GROWTH



Our goals and approach

People sit at the heart of Our Better World Pledge strategy, whether that is our colleagues, our customers or the communities we operate in across the UK and in our Asian office in Hong Kong. People are the beating heart of our business, and it is their belief in us doing the right thing by pets that creates the unique bond that unites us all.

Last year we shared our ambitious goal to positively impact the lives of one million people by 2030 through our shared love of pets. We believe that pets bring such joy to our lives that this is possible, and our plans continue to take shape. We remain committed to bringing the joy of pets to more people and to use our unique position to reach more people through our pet ecosystem.

Our focus areas

Our culture and values.

Our unique culture differentiates our colleague and customer experience

→ Read more
Social value
report
page 32

Wellbeing. Leading the way with workplace emotional and physical wellbeing

→ Read more
Social value
report
page 38

Diversity and Inclusion.

Pets don't discriminate and neither should we. We want everyone to feel welcome and part of our Group

→ Read more
Social value
report
page 34

Learning and Development -

Building pet expertise to empower our people to be ambassadors for pets every day and to be experts in their fields.

→ Read more
Social value
report
page 40

Health and Safety.

We are fully committed to continuous health and safety improvement across all areas of the Group and understand that it is the way we work and behave that protects our colleagues, customers, and other stakeholders

→ Read more
Social value
report
page 42

People are the foundation of our business and central to our purpose. Our passionate talented colleagues are what creates our special culture. They, and we, care as much about each other as the communities we impact and depend upon. Together, our shared love of pets and making a difference unites us all. 'We're better with pets' – this unites us all

Performance highlights

3.8*

Glassdoor score moved from 3.2 to 3.8* since FY21

624

Mental Health First Aiders trained across the Group

1

Wellbeing handbook launched for all colleagues

173

Kickstarter colleagues welcomed

76%

colleague engagement in our Pulse Survey

1st

Winner of Best Place to Work at The Retail Week Awards 2021

9,683

hours of volunteering donated to community projects by colleagues

1st

Winner of the Best Workplace Wellbeing Strategy (large company) at the Wellbeing in the Workplace Awards 2022

+500

Over 500 colleagues had invested £2.96m in the 2018 Sharesave which generated a potential value of £14.7m based on the closing share price of £4.69 on the maturity date

+5,000

colleagues became new shareholders or had their shareholding enhanced in the fifth year of our Colleague RSP with £1.2M of shares being gifted

Our actions

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

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

→ See Social value report page 63

Our culture and values

We have always been a purpose led business and it is something we are incredibly proud of. Our purpose really matters to our colleagues and in turn helps us inspire and connect emotionally with our customers. Our people live this every day through our values and behaviours.

Our values are an important part of our heritage and help protect our special culture. It is important our teams, customers, investors, suppliers and communities always feel connected to our values. As we have grown and the external environment has changed, we recognised it was time to evolve our values. We engaged our people across the business to ensure our new values truly reflect our purpose and represent our unique culture. We're now on a path to embed our revised values. It is an exciting time.

Our behaviours

Our behaviours bring our values to life. It's how our colleagues act each day in everything they do – be that providing expertise 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

Listening is an integral part of our culture. Our listening programme 'Tune In' continues to go from strength to strength. All colleagues can be involved and regular two-way sessions across the business are attended by our Exec team. These are deliberately two-way sessions with Chatham house rules so colleagues can express how they feel and ideas that they have in a safe space.

The collated output is shared through multiple channels with all colleagues ensuring everyone is engaged and can see tangible actions happen because of the sessions.

We continue to run our 'Tell David' and 'Tell Jane' email channels. These provide an alternative way for any colleague to contact our Retail and Vet Chief Operations Officers to share feedback and ideas about any area.



Engagement Pulse Survey – temperature checking

To make sure we are continually temperature checking how our colleagues are feeling we run engagement pulse surveys. This year because of ongoing impacts from the pandemic there was a specific focus on colleague wellbeing. Encouragingly, despite being in a challenging environment as with previous years colleague engagement benchmarks favourably in the industry. A recurrent theme was our mental health and wellbeing interventions had been well received by colleagues, and were most importantly making tangible differences.

- Colleague Engagement 76%
- 89% of colleagues feel a sense of belonging when their line managers demonstrate they care about the health and wellbeing of their team

Our values



We put pets first.

Pet welfare is our first priority. It's at the heart of everything we do.

We help pet owners be their best.

We know the power of the pet - owner bond and help owners be the best they can be.

We're experts in our fields.

We are experts and trusted advisors – the best in our industry.

We're proud of what we do together.

We take pride in our diversity and celebrate every colleague's contribution.

We lead the way.

We never stop striving to improve our industry, support our communities and protect our planet.

Project listen

Throughout COVID-19 every one of us had to deal with a huge upheaval and change like we have never seen before. The vet professions were no different. Like the medical profession many different factors have led to a reduction in the number of practising vets and nurses. The rapid increase in pet ownership and the pandemic put an already strained workforce under growing pressure and increased demand from the public.

To ensure our support was targeted we launched a profession wide conversation called Project Listen to challenge the status quo and strive for a better working environment for all colleagues and veterinary teams within our profession.

The profession responded and shared their views, from good to the not so good, on wellbeing, work/life balance and benefits. It helped us and the profession see how it has changed through the pandemic, and it's obvious there is still a great passion within teams across the UK.

Support with client's challenging behaviours, mental health support and flexibility in the role were identified as the top three factors which were important to respondents for good health and wellbeing.

We published a report highlighting the key outcomes and, importantly, outlining the changes Vets4Pets and Companion Care Vets will implement as a result.

730

respondents from across the vet professions

60%

rated their wellbeing as good, excellent or neutral

Case study:

Annual Support Office Conference Award Winners

Be Courageous

Clair Kelly

Clair always does her best to pull the thinking back to its impact on the customer. She always does it with a smile on her face and never seems to be flustered, does the right thing for our customers but also considers the user and their experience with buckets of courage and tenacity. Amazing colleague really challenging the status quo, and driving positive change at pace. Clair, you are utterly amazing - thank you for everything :)

Be Honest

Supply Team

The Supply Team have gone through endless challenges with Brexit, COVID-19, supplier production issues, haulier issues. They all do an amazing job in getting what needs to be done, done.

Be Respectful

Georgina Connor

George is an incredibly hard worker and someone who is always available to listen to my questions/queries. She is an altogether respectful person who consistently treats everyone with the same positive and accepting attitude I have seen since knowing her.

Be Inspiring

Candice Vali

Candice has been the rock that has held the Handforth payroll team together over a very tough year. She has been an outstanding leader and I think she is really deserving of this award. Candice is one of the loveliest people I have met at Pets at Home, she is always working so hard, but is always happy to help with any questions or last-minute requests. She is a true role model.

Be Supportive

Liz Bhandari

Liz is extremely supportive and always has time for her team, she works hard to ensure we are all well and helps us to achieve our goals. Liz is always going above and beyond the 'manager's' role and is one of a kind! She thoroughly deserves this award! She always makes time to listen, and to talk as a colleague, a manager or a friend. She has championed wellbeing and mental health in the PCAG team, providing updates and monthly team meetings and being a driving force. She has supported them both in pure work terms but more importantly as people.

Diversity and inclusion

Highlights
87% of Support Offices colleagues have completed our diversity and inclusion foundation e-learning and 81% of retail colleagues have completed it
Over 15 'Be Inspired' events and colleague network lunch and learns run which were accessible to all colleagues
Inclusion Leadership Forum chaired by Group CEO met four times
All new women's leadership course 'Springboard' launched to develop our next generation female leaders with 20 colleagues participating in our first intake
four active colleague networks
£90,000 committed to fund ten vet school student scholarships
173 Kickstart Colleagues welcomed and to date 52 have secured a role with us post placement
£40,000 EMS bursary scheme to reduce the financial stress veterinary students face when undertaking mandatory clinical and non-clinical placements
Colleagues to incorporate inclusion objectives into Great Conversations FY23
Diversity and Inclusion customer marketing group established to share ideas and actions to create a more inclusive experience for diverse pet owners

Pets just see people, and this is the foundation of our approach to diversity and inclusion. Our business, people and our communities really care and really want to make a difference. Our vision is that 'everyone is welcome and feels part of our Group' and the focus this year has been to bring this to life. We are continuing to make a lot of positive improvements and are starting to see tangible changes but we recognise there is still work to do.

Our Diversity and Inclusion Objectives

Increasing understanding and awareness	Inspiring engagement	Improving our policies and data
We will lead inclusively, collaborating with each other to provide training and education that inspires and supports our colleagues to be more inclusive towards each other and our customers and clients.	As part of our One Inclusive Culture we will explain what we are doing and why, to our colleagues, our customers and our clients. We will encourage our colleagues to get involved and share their own experiences	We will make diversity and inclusion an everyday part of what we do by integrating it into our policies and practices. We will use data to understand the diversity of our colleagues and of pet ownership and appreciation in society, and the barriers and opportunities this presents.



Increasing understanding

We want all our colleagues to feel supported to perform at their best and realise their potential. One example is the new springboard programme we have launched with 20 of our female colleagues taking part in the programme in 2022, and we look forward to sharing their journeys.

Inspiring engagement

Inspiring engagement is one of three pillars of our diversity and inclusion strategy. Our colleague networks have run 12 virtual 'lunch and learn sessions' over the last year, inspiring colleagues to understand and learn from the experiences of others. More than 80% of our retail colleagues have completed our formal diversity and inclusion e-learning, which now forms part of our induction training for new colleagues.

Our quarterly Diversity and Inclusion newsletter continues to be well received.

In September 2021, during National Inclusion Week we encouraged colleagues across the business to celebrate the uniqueness of their teams, and value differences by sharing three words to describe themselves with us, which we collated into a montage video.

Improving our policies, data and processes

We continue to undertake a systematic review and refinement of all our policies, data and processes across the business. This year, inclusive recruitment has been an important focus with us refining and redefining our approach to ensure we are as inclusive as we can be. We have added inclusive wording to our role advertisements, are actively encouraging applications from candidates with diverse backgrounds and circumstances, and have made it easier for candidates to find out about our approach to inclusion with the launch of a new section on our recruitment website.

The introduction of a gender decoder on our role advertisements is helping us appeal equally to female candidates. In 2022 we are participating in the Digital Her programme from Manchester Digital, which has a mission to engage more young women to consider careers in digital and technology.

Flexible and hybrid working is a key enabler of inclusion. By striving to offer a truly flexible work offering it gives us access to a national talent pool, enabling us to attract a much wider range of candidates than ever before. To further

support flexible working arrangements throughout the Group, we are creating a bespoke toolkit for our veterinary practices. It remains a core focus for us as to how we support our practices to transition to modern ways of working that meet the needs today's veterinary surgeons and nurses but don't compromise on clinical care. We have also increased our support for working families through improvements to maternity and shared parental pay.

Inclusive pet ownership

Alongside contributing to our inclusive culture, by showing kindness, trust and respect to each other, we encourage our colleagues to consider the direct impact of inclusive actions on our customers and their communities. This year we have considered this in relation to the visual imagery used in our marketing, our store format layout, including the signage we use in store, and the accessibility of our technology. We launched a course on accessibility as part of our new pet care development programme for store colleagues, to help them feel more confident meeting the needs of diverse pet owners in-store. Our new customer marketing inclusion panel will help us continue to shape how we meet the needs of all pet owners and ensure everyone feels welcome in our stores.

Working with others

We remain active participants in all our external commitments, including the Race at Work Charter, the Valuable 500, Stonewall, the Business Disability Forum and the British Retail Consortium's Diversity and Inclusion Charter. These frameworks help to focus what we do and provide access to a network of other signatories. We regularly participate in Retail Week's diversity and inclusion steering group, sharing experience and knowledge with other retailers. We have once again partnered with Retail Week's Be Inspired campaign and six colleagues have joined their Senior Leadership Academy this year.

Colleague networks

Our four colleague network groups, launched in 2020 continue to go from strength to strength. They cover gender, disability, LGBTQ+ and multi-cultural (covering race and ethnicity). They play an active part in informing and contributing to our activities, running events, representing themselves at the Inclusion Leadership Forum, strengthening the voice of our colleagues, and collaborating to inspire engagement from people across our business.



Diversity and inclusion continued

Kickstart Testimonial:

Aimee from our Abbotsinch store

Doing my Kickstart placement is a time in my life I will never forget. I was lost coming out of lockdown. Working at Pets at Home helped me to get back on my feet and I got into a routine, and it shot up my confidence. Through this placement I have discovered things about myself like how well I can manage my time, and how I cope in stressful situations. I'd say confidence in myself is my biggest takeaway from the programme.



Social Mobility

Apprentices

We continue to raise educational and employment aspiration and attainment for all by offering a range of non-graduate routes via Apprenticeships that support long term development and career growth. This year we have supported over 350 apprentices across the group on programmes ranging from Animal Care, Vet Nursing, Leadership, Data Analytics and Finance. We have successfully led and had ministerial sign off for the new Level 2 Dog Grooming Apprenticeship and in FY23 we will be creating 100 Groom Room Apprenticeship opportunities.

Kickstart scheme

In response to the pandemic, we continued to grow our partnership with The Prince's Trust developing work placements as part of the Government's Kickstart scheme. We have welcomed 173 Kickstart colleagues to the Group; creating opportunities in both support offices, our Pet Care Centres (Pet Care Advisor and Groom Room Front of House roles), Distribution Centre and supported our JVCOs to create placement opportunities. To date, 60 Kickstarters have secured a role with us.



Supporting emerging vet talent

As part of our social mobility strategy we launched a scholarship programme in partnership with The University of Nottingham's School of Veterinary Medicine and Science, providing £90k to fund ten student scholarships. We hope these will empower more people to enter the profession who otherwise will have faced financial barriers to a costly course, and to promote social mobility across the industry.

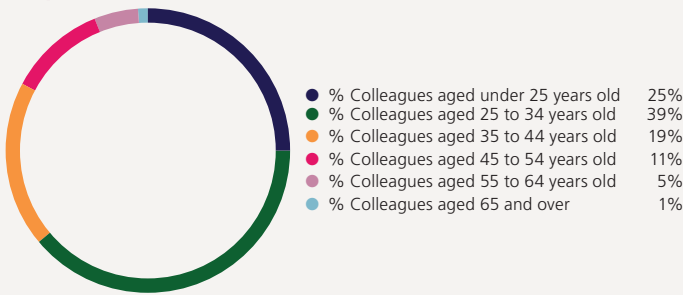
Following the pandemic we also re-established our extra-mural studies (EMS) bursary scheme, the first of its kind, offering up to £40,000 across 60 bursaries to support veterinary students as they undertake the required pre-clinical and clinical placements providing much needed financial support to enable them to focus on their veterinary training without other worries.



5,000

opportunities will be created for people who face barriers into employment

People Data



Gender Diversity all colleagues



Looking ahead

To build on our achievements so far, next year we will be asking all colleagues to incorporate inclusion into their performance objectives, either as a stand-alone action, or as part of the work they already undertake. This will support accountability and enable colleagues to make inclusion start to be part of their everyday job and for it to become 'what they do'. Our aim is to create a ripple effect across the business so that diversity and inclusion impact is considered in the same way that cost and time are, in relation to new projects and business developments.

- ➔ Read more in our Gender pay gap report <https://investors.petsathome.com/responsibility/policies-and-reporting/gender-pay-gap-report/>
- ➔ Read more in our Diversity and Inclusion strategy

“ I have seen the opportunities you have provided for young people and all the hard work and commitment from you and your colleagues have such a positive impact on the lives of so many young people... ”

Lisa Lepper, Operations Manager at Prince's Trust

Colleague Diversity data

	Combined Group	Pets at Home Retail	Vet Group
Gender			
% of women on plc board (NED)	37%	–	–
% of women on Group Executive team	30%	–	–
% of roles held by women total business	75%	67%	88%
% of senior management roles held by women	44%	44%	43%
% of store managers women	–	42%	–
% of JVP women	–	–	57%
Experience			
% Colleagues with under two years service	43%	44%	42%
% Colleagues between two and five years service	26%	24%	28%
% Colleagues between five and ten years service	19%	17%	23%
% Colleagues over ten years service	12%	15%	7%
% of store managers over ten years service	–	55%	–
% of JVPs over ten years service	–	–	35%

34%
colleague turnover

Colleague wellbeing

Looking after our colleagues and supporting the communities where we operate has never been more important. If our people are in a good place from a wellbeing perspective, they enjoy coming to work, are more productive, are more likely to stay and are more likely to tell their friends and family about us.

A recap on our wellbeing commitments

- In FY21 we launched our wellbeing commitments, and they continue to be a reference point for all colleagues and us as a Group.
- They continue to remind us what we're all about and the part we all play, no matter our role, in creating a culture with wellbeing at its heart.

We are continuing to evolve and develop our colleague wellbeing strategy with our focus on the five pillars of wellbeing: Mental Health, Financial, Physical, Nutritional and Social Wellbeing.

How we connect our colleagues to what we are doing remains incredibly important to us and our communication platforms also provide safe spaces for

colleagues to engage with each other and ourselves. Our wellbeing social media group continues to grow from strength to strength with over 2800 members; a growth of 12% from FY21.

We launched a new bespoke wellbeing handbook for all colleagues. Please find it on our investor site. <https://investors.petsathome.com/investors/>

Following on from our commitment to the Mind 'Time to Change' pledge in 2019 mental health continues to be a focus for us. As part of this partnership all colleagues were offered an opportunity for a 1-1 session with a counsellor from MIND, alongside sharing real colleague stories around mental health and reaching out for help, to help bring our wellbeing commitments to life.

We launched Mental Health First Aider training to colleagues across the Group and Line Manager training for all managers. In our first year we have 624 colleagues become accredited as Mental Health First Aiders and 250 accredited in Line Manager Mental Health. We are committed to training a colleague in every vet practice this year and with 421 of our sites now having a Mental Health First Aider on site we are almost there. Our next focus will be our stores.

We extended our partnership with the Retail Trust and colleagues can access up to eight sessions of counselling. We also launched a package of mental health support and counselling for children in colleagues' households who are aged 5-15 further expanding our holistic offering and increasing our impact and reach.

Like most businesses we are acutely aware cost of living increases may affect our colleagues. As part of our support we remained committed to our colleague hardship fund with £500k of investment in the last 12 months. In the last year 429 grants were awarded totalling £574,014 being made to colleagues in need. We remain committed to providing a holistic set of financial wellbeing resources for colleagues as well as fairly rewarding them for their work.



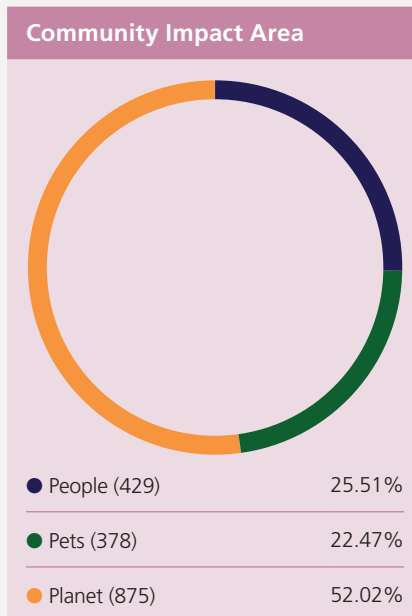
Community action

Our Better World Pledge days

The communities we operate sit at the heart of our 'Our Better World Pledge' strategy. Our colleagues are equally as passionate as we are about giving back and supporting the communities they live and work in.

To support this, we refreshed and relaunched 'Our Better World Pledge' community activity for colleagues. Eligible colleagues can take a paid volunteering day annually and use it to support pets, people or environmental activity. Colleagues are given freedom of choice as to where they spend the day and are encouraged to think about how they can provide support that goes beyond day-by-day activities. It is also an underpin for variable pay for all employees on a Group salaried bonus scheme to further help drive participation. Our colleagues are really passionate about making tangible differences in their local communities and we hope to foster and create a culture of volunteering which grows year on year outside of work. Over 9600 hours were donated by colleagues this year with 52% of projects supporting environmental, 25.5% people related, and 22.5% pet related.

Community Impact Area	Total no. of hours	Number Impacted
People	2800	122490
Pets	2410	1865822
Planet	4473	90350
Grand Total	9683	2078662



+1.8m

pets impacted

+122k

people impacted

52%

of colleagues chose to volunteer to local environmental projects



9,683

hours donated by colleagues

Learning and development

We remain as committed as ever to developing all our colleagues to be the best they can be at work and to equip them for success with us, and after us. Lifelong learning will always be at the heart of what we do.

The launch of Success Factors My Learning has helped support and drive our Learning strategy as it gives our colleagues single system access to their learning and provides access to an extensive library of always-on content.

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

Developing leadership capabilities

Aligned to our Leadership Capability framework we launched our apprenticeship levy funded Discovering Leadership programme targeted at Support Office colleagues with up to three years management experience and designed to shape the leaders of the future. Our first intake has 17 colleagues who have embarked on their leadership development journey. Innovative learning partners Multiverse and MindGym are helping deliver the programme.

Career pathway development for colleagues continues to be a focus. The retail 'Fearless Manager' programme prepares deputy managers to become our store managers of the future and a further 70 colleagues are in the process of working through this programme.

In our distribution centres, we introduced the Fearless Manager and Fearless Leader programmes with over 75 colleagues attending six cohorts of this programme at present.

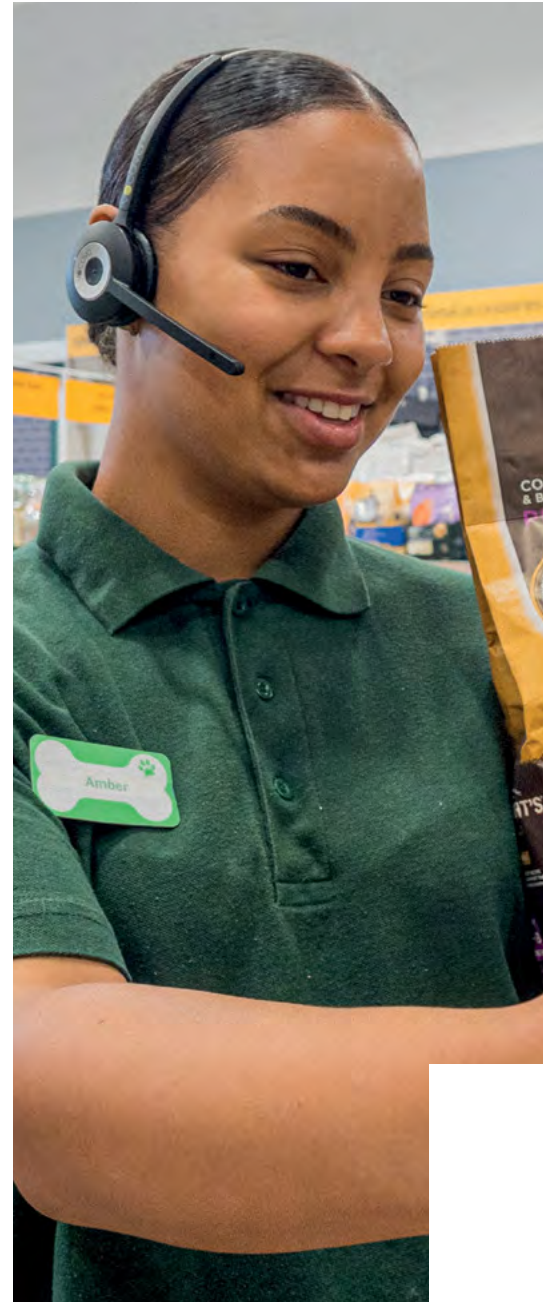
In our Vets teams we introduced a new development programme for all our field-based Area Relationship Managers, focused on developing their leadership and commercial skills and knowledge as well as building their personal brands.

Our award winning vet graduate programme continues to go from strength to strength with 92 graduates recruited in 2021. Following on from our ISE graduate programme award win in 2020 in 2021 we were shortlisted finalists for the Personnel Today awards Graduate Programme of the year. Our focus remains steadfast to help prepare the vet graduates for success in their first jobs and beyond.

Whilst in our support offices we have launched two new apprenticeship-based management and leadership programmes designed to build and enhance managers and leaders' skills and knowledge over a 12-month timeframe.

Performance management

Wellbeing formed part of all colleagues' quarterly check in meetings this year as a further build to integrating wellbeing across every area of our business. The check ins also enable our new leadership capability framework to be used on a regular basis.



Pets at Home Data Academy

This year saw the launch of our apprenticeship Data Academy. Developing and nurturing a pipeline of talent and capability in analytics and AI is critical to Pets at Home. We have 15 Colleagues embarking on one of three different programmes, Level 4 Data Analyst, Level 6 Data Scientist and Level 7 AI and Data Science. We are developing the next generation of specialists in their field and at the same time upskilling the broader business population in their use and understanding of data and AI.



“ The structured CPD offering that is part of the Graduate Development Programme is fantastic! It gives great CPD targeted at the right level, for new grads and focuses on the most important skills.”

Eliza, Vets4Pets Graduate Programme 2020 cohort

90+

new online courses created and published in the past 12 months across all campaigns, with more in the pipeline.

322,300

views of videos hosted on the L&D Vimeo page via My Learning – resulting in 330 days worth of learning videos being watched.

736

hours of webinars and online training sessions delivered to 4091 attendees.

+50

bespoke webinars delivered to colleagues throughout the year

6

new flagship leadership courses

92

veterinary graduates recruited

Looking ahead: People

Diversity and Inclusion

We will continue to collect diversity data and build our understanding of diversity amongst our colleagues and customers and develop targeted action plans from the back of it. All colleagues will be asked to incorporate inclusion into their performance objectives, either as a stand-alone action, or as part of the work they already undertake. This will support accountability and enable colleagues to get involved in inclusion as part of their everyday job.

Wellbeing

We will continue to train mental health first aiders across the Group with our ambition to have at least one colleague at every site across the country and in every support office department.

We will continue to commit to Project Action which is implementing the actions from the veterinary professions wide Project Listen survey. We are committed to supporting as many practices as possible to sign up to the British Veterinary Association Good Workplace Code of Conduct by FY24 to further play our role in helping address systemic profession wide workforce shortages.

Community action

Our Better World Pledge volunteering days bonus structure will be rolled out to more colleague groups from our stores and distribution centres. These days enable our colleagues to support pets, people or environmental activity in their local communities and help us have a lasting positive impact on the communities we operate in.

Health and safety

We are fully committed to continuous health and safety improvement across all areas of the Group and understand that it is the way we work and behave that protects our colleagues, customers, and other stakeholders.

The safety and wellbeing of our colleagues and partners remains our top priority, whilst the year presented significant challenges, our colleagues and partners worked hard to ensure everyone's safety and continued to respond to the pandemic against a backdrop of rapidly changing risks and regulations. This reinforced how important it was that we looked after each other during the year.

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

During the financial year, total accidents across the Group increased; colleague accident rate increased by 1.76 from 7.13 to 8.89 accidents per 1,000 colleagues, with an increase in customer accidents from 0.47 to 0.61 per 100,000 transactions. The number of RIDDOR accidents decreased 0.16 to 0.10 in our stores and practices. In our Distribution Centres, there was an increase of 0.21 accidents per 100,000 hours worked, and RIDDOR accidents increased by 0.01 per 100,000 hours worked.

Lucy Williams, our Group Legal Director/ Company Secretary, chairs the Group Health and Safety Committee with representatives from each business unit. The Group Health and Safety Committee meets four times per year and discusses various Health and Safety issues as well as undertaking deep dive projects.

Throughout the year, the Distribution Centres also host their own Health and Safety Committees.

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

Our Health and Safety training modules have launched across the Group, with Stay Safe, Get a Grip, Slips, Trips and Falls and Fire Safety now in place across the Group for all colleagues and partners.

During the year we introduced a new Health and Safety Compliance centre using smart software to instantly give us up to date information in recording and reporting giving us a better understanding of compliance as well as removing paperwork from our stores and practices, with the aim to be fully digital on all Health and safety reporting and recording in the next 12 months.

Our commitment to continuous health and safety improvement is demonstrated by:

- The further development across our stores and practices of our online training programme ensuring every colleague has the competence, understanding and awareness to work safely and at minimum risk.
- A new Group Health and Safety team aligned with our business regions
- Our health and safety team conducts an annual audit to ensure the highest safety standards are maintained
- Continuous review of our policies and processes to ensure best practice in all areas of our business.
- Full investigation and scrutiny of serious RIDDOR accidents.

During the year

- Launched a new Health and Safety compliance centre and accident reporting helpline.
- We have reviewed and revised various risk assessments across all areas of the business.
- Our quarterly Group and monthly Distribution Centre health and safety committee meetings allow colleague engagement in health and safety, with all colleagues having the opportunity to raise safety concerns through their committee representatives.

Our focus in the coming year will be:

- Continued safety management in all our stores and ensuring no Local Authority or Fire Authority enforcement notices are served on the Group.
- To further improve the levels of compliance and Group standards.
- The further implementation of our health and safety information, training and record keeping software across all locations that we operate.
- Our Health and Safety team will undertake a Fire Risk Assessment at every premises this year, replacing the existing Fire Risk Assessments to improve levels of compliance and awareness across the Group.
- Embed our safety management system and support the Group in readiness for our transition to our new distribution site at Stafford.

Accident Causations



● Injured Due to Handling, Lifting or Carrying	5%
● Animal Bite	45%
● Animal Scratch	7%
● Cut or Scratch Due to Sharp Object	6%
● Exposed to or in Contact with a Harmful Substance	2%
● Fell From a Height	1%
● Hit By a Moving, Flying or Falling Object	7%
● Hit Something Fixed or Stationary	9%
● Injured While Using Knives, Scissors, Needles or Surgical Equipment	6%
● Slipped, Tripped or Fell on the Same Level	12%
● Expose to Heat Source / Hot Substance / Fire	0%
● Contact with Electricity or an Electrical Discharge	0%

Accident Rates Stores / Practices

Retail Colleague Accident Rates per 1,000 Colleagues	2019/20	10.29
	2020/21	7.13
	2021/22	8.89
Customer Accident Rates (/100,000 transactions)	2019/20	1.3
	2020/21	0.47
	2021/22	0.61

Distribution Accident Rates

Colleague Accidents per 100,000 hours worked	2019/20	0.55
	2020/21	0.44
	2021/22	0.65
RIDDOR Accident Rates per 100,000 hours worked	2019/20	0.1
	2020/21	0.5
	2021/22	0.6

Group RIDDOR Rates

Customer RIDDOR accident rates (/100,000 transactions)	2019/20	0.02
	2020/21	0.01
	2021/22	0.01
Colleague RIDDOR accident rate per 1,000 colleagues	2019/20	0.19
	2020/21	0.16
	2021/22	0.01



Planet



Goal: By 2040 become net zero

Our goals and approach

When we developed our new strategy we intentionally set the bar high. In the first year of reporting our progress we are really proud of our achievements but very aware of how much still needs to be done.

The environmental goals we have set are challenging and require us to change the way we work, as well as the way we think about the impacts of products and services that we offer to our customers. We will use less energy and resources, generate less waste and packaging, while offering more sustainable ways to care for our pets. We have already done a lot of work to minimise our operational scope 1 and 2 emissions and we will continue to work to decouple our business growth from this operational impact. By 2040 we have committed to be net zero across our value chains.

To achieve this, we must recognise the importance of partnership and collaboration. We will achieve progress faster if we can learn from each other, and together influence change where we need it to happen.

We have committed to the Science Based Targets initiative methodology, the United Nations 'Race to Zero' and the British Retail Consortium's net zero roadmap.

In other areas, we are working with the Woodland Trust to promote biodiversity through the protection, creation and restoration of 20,000 acres of British woodland, and we are working to support our vet partners to be more sustainable through our partnerships with Vet Sustain and Investors in the Environment. We are also partnering with our suppliers to create better, more sustainable products, using raw materials from sustainable sources, and to create sustainable packaging.

Our focus areas

Our business impacts

The operational environmental impact of our stores, Groom Rooms, vet practices and logistics operations

→ [Read more Social value report page 52](#)

Our value chain impacts

The environmental impacts of our full value chain products being made, used and disposed of

→ [Read more Social value report page 54](#)

TCFD Statement: Our progress against the Task Force on Climate-related Financial Disclosures

→ [Read more Social value report page 56](#)

Our world faces an environmental crisis.

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

Performance highlights

ALL

main suppliers received a letter from our CEO outlining our carbon commitments and their role in supporting this delivery

12.5%

improvement in scope 1 & 2 CO₂e intensity relative to £m revenue vs FY21

£257k

raised for the Woodland Trust through the first year of our Pet Memory Scheme

1st

Corporate supporters of Vet Sustain

300

Pet Pouch recycling scheme rolled out to over 300 stores

'B'

Score of B in the first year of completing the CDP climate change programme submission

2030

2030 and 2040 carbon reduction targets submitted to the SBTi for approval

100%

main Group energy contract renewable and 98% of group energy use

80%

own brand packaging recyclable

98%

operational waste diverted from landfill

Our actions

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

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

→ See Social value report
see page 66

Our business impacts

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

Using energy more efficiently

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

FY22 we opened a new pet care centre in Brighton where we trialed a number of sustainability initiatives for the first time. These included energy, waste and water reduction measures. Two carbon innovations delivered were air source heat pumps for heating water and heat recovery which ensures heat is not wasted. Both of these will reduce our scope 2 emissions. We are carefully

reviewing our energy usage and plan to implement the most impactful initiatives across our pet care ecosystem.

During FY22 we have removed two gas meters from our store estate. As a result of this and our previous gas removal we have reduced building gas use by 12.4%. Our electricity consumption increased by 1.62% which was caused by our consumption during FY21 being reduced by COVID-19 related events including the closure of our groom rooms for ten weeks.

Driving more kilometres efficiently

Our distribution network has been operating near full capacity as we serviced the additional demands of our growing business. We are pleased to have

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

Improving our carbon intensity performance

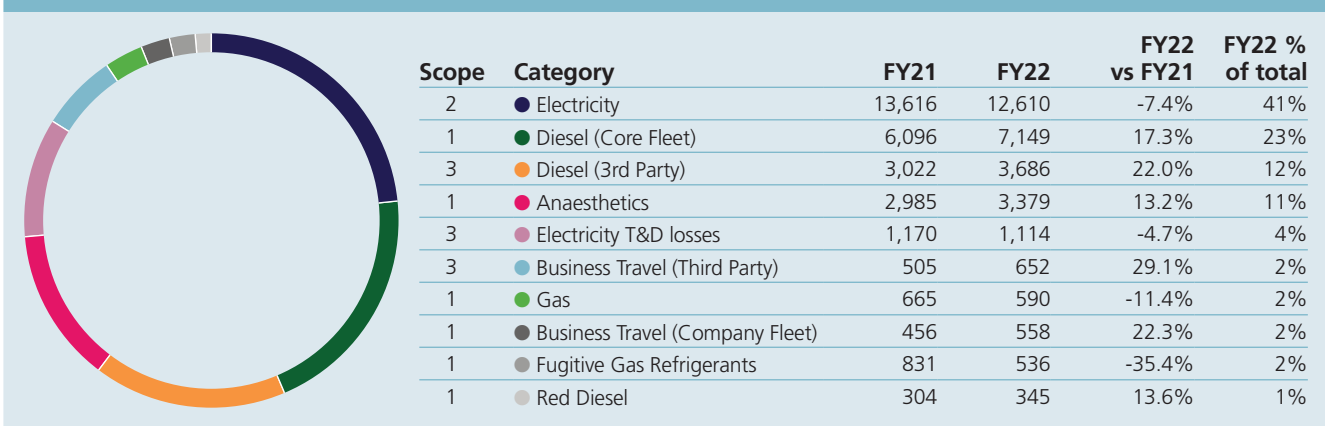
During 2022, we have continued to improve our scope 1 and 2 CO₂e intensity relative to revenue £m with a performance of 19.1 compared to 21.8 the previous year. Our absolute operational greenhouse gas emissions have increased by 3.3% to 30,621 tonnes compared to 29,651 tonnes in FY21, this is a 6.1% reduction compared to 32,612 in FY20. Since 2017 we have purchased renewable electricity through our main Group contracts to power the majority of our stores, veterinary practices, distribution centres and support offices. As electricity accounts for 41.2% of our overall energy use, this continued investment enables us to operate in a very low carbon way already and means that our market based scope 2 emissions are low at 173 tCO₂e. We are firmly committed to maintaining this approach, while also driving down energy use. We also make checks to ensure that the electricity we buy is from a certified and verifiable source.

Scope 1 and 2 carbon emissions seven year performance Tonnes CO₂e emissions

		Tonnes CO ₂ e emissions							
		FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY22 vs FY16
Emissions	Scope 1	9,498	9,619	9,649	8,431	12,085	11,337	12,558	32%
	Scope 2 (location based)	31,680	28,840	21,584	17,066	15,133	13,616	12,610	-60%
	Total	41,178	38,459	31,233	25,497	27,218	24,953	25,168	-39%
	% change		-7%	-19%	-18%	7%	-8%	1%	
Group Revenue	£'000,000	779	834	899	961	1,059	1,143	1,318	69%
	% change		7.1%	7.8%	6.9%	10.2%	7.9%	15.3%	
Normalisation / Intensity		52.9	46.1	35.1	26.5	25.7	21.8	19.1	-64%
% change			-13.0%	-25.0%	-24.0%	-3.0%	-15.0%	-12.5%	

Normalisation: Intensity has been calculated using Group revenue and location based scope 1 and 2 emissions. It will differ to the intensity calculation in the carbon emissions by Scope 2020/21 table which includes our reported scope 3 emissions. Exclusions: Anaesthetics and Fugitive emissions are included in years FY20, FY21 and FY22 only. Since 2017 our main Group electricity contracts have been renewable and we have mitigated residual buildings carbon to ensure that our buildings have been carbon neutral in relation to energy use.

Our scope 1 emissions were 12,558 and have increased by 11% compared to the previous year. These emissions include a small amount of natural gas used to heat our business, but is dominated by the fuel used to run our distribution fleet and company cars. Diesel used by our haulage fleet which represents 57% of Scope 1 emissions and 23.3% of total emissions. Eliminating these scope 1 emissions remains the most significant challenge we face in terms of further reducing our operational impact. For that reason, we are closely monitoring the development of new technologies that will reduce the emissions associated with distributing our products.

Carbon emissions (tCO₂e) breakdown by source 2021/22

Delivering long term carbon reduction

In the last seven years since 2015/16 we have grown our sales by 69% while reducing our scope 1 and 2 emissions by 39%. This means that our scope 1 and 2 carbon intensity has more than halved. The investment in an LED lighting installation programme, BEMS, fuel and driver efficiency programmes and our low carbon company car fleet have driven this reduction.

Transforming our car fleet

In FY21 we overhauled our company car fleet list to a low carbon car selection. As cars have come up for lease renewal they have moved to these lower carbon options. By March 2022 over 170 cars had moved onto the new list saving over 500 tonnes of carbon annually. FY22 company fleet CO₂e increased 23% vs FY21, which was a year when usage significantly reduced due to COVID-19, however its reduced 48.4% vs FY20.

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 the seven year performance table. Anaesthetic gas is a significant emission source at 26.9% of scope 1 emissions. As part of our carbon footprint, we also report on emissions from our use of third party logistics, personal travel and electricity distribution and transmission losses. In total our reported scope 3 emissions have increased by 16.1% which has been mainly driven by third party logistics servicing our growing business.

Carbon emissions summary by Scope 2021/22

	Tonnes CO ₂ e emissions		
	2020/21 (scope 2 location-based)	2021/22 (scope 2 location-based)	2021/22 (scope 2 market-based)
Scope 1	11,337	12,558	12,558
Scope 2	13,616	12,610	173
Scope 3	4,697	5,453	5,453
Total	29,651	30,621	18,184
Inclusion of 2,000 tonnes of carbon mitigation		28,621	16,184
Scope 1 and Scope 2 kWh	90,400,963	96,425,923	
Normalisation of CO ₂ e to £m revenue	21.8	19.1	

- 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 2021 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 2020/21.
- Additional inclusions:** We have included the emissions from our stand-alone vet practices and referral centres.
- Exclusions:** Only anaesthetics sourced from preferred Pets at Home suppliers has been included in the calculation.
- Exclusions:** A small number of train and air journeys were not reported, as no carbon intensity data was available, this is de minimis.
- Estimation:** Where this year's data was not available 1.8% of sites used last year's consumption data.
- Independent verification:** Our 2021/22 scope 1, 2 and some scope 3 emissions (third party diesel, electricity t&d losses and third party business travel). Please refer to page 69 of the social value report for their assurance statement.
- Normalisation:** We have chosen to report gross scope 1, 2 and 3 emissions tonnes of CO₂e per £m revenue as this is a common metric used in corporate greenhouse gas reporting.
- Market-based criteria:** Since October 2017 we have procured 100% renewable electricity backed by REGOs and assessed for conformance with GHG Protocol scope 2 Quality Criteria. An emission factor of zero has therefore been applied since that date to calculate our scope 2 market-based figure, whilst a location-based factor was used to calculate scope 3 emissions from transmission and distribution losses. A small amount of electricity has been purchased outside of the Group renewable energy contract and this is included in the market based calculation.
- Carbon mitigation:** Pets at Home Ltd is donating £50,000 to the Woodland Trust (a company limited by guarantee (Company Number: 1982873 and a registered charity, Charity Number England and Wales: No. 294344, Scotland No. SC038885 whose registered office is at Kempton Way, Grantham, Lincolnshire NG31 6LL) to absorb 2,000 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 8,533 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.

Managing our waste better and recycling more

This year we have increased the proportion of waste we have recycled or recovered from 73% in FY21 to 77% and maintained our diversion from landfill broadly flat at 98.2%. We have generated more waste as our business grows and activities such as construction and projects resume after being reduced during the pandemic.

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 FY22

Waste Type	FY21 Tonnage	FY22 Tonnage	FY22 vs FY21	% of total FY22
Cardboards and paper	4,346	4,860	11.8%	35.4%
General waste	3,509	3,921	11.7%	28.6%
Animal bedding & wood	1,299	1,506	15.9%	11.0%
Clinical & related wastes	1,257	1,242	-1.2%	9.1%
Mixed recycling	569	524	-8.0%	3.8%
Plastics	552	779	41.2%	5.7%
Construction & projects	182	748	311.0%	5.5%
Other	44	141	219.7%	1.0%
Total	11,758	13,721	16.7%	

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

Pet pouch recycling scheme

We are really pleased to have been able to accelerate the roll out of our in store pet pouch customer collection scheme. This scheme accepts pet pouches and other flexible plastics for onward recycling by our recycling partner Enval. We have partnered with our supplier Nestle Purina and Mars on this initiative. At the end of May 2022 this was located in 300 of our stores and we will complete the roll out to larger stores by the end of the summer 2022.



Case study:

Sustainability in our grooming salons

To make our grooming business as sustainable as possible, we manage the sharpening of our blades and maintenance of our equipment through an expert in-house team located in our distribution centre. The team now sharpen over 300 blades a week, as well as completing electrical repairs on our blasters to prolong the life of our equipment and minimise wastage. Salons now have to plan their equipment orders once a month, rather than ordering weekly, to reduce the number of deliveries made into their salons. The shampoo bottles are now 100% recycled and recyclable as we moved to PCR bottles in January 2022, allowing teams to combine these bottles with other recycling materials for return to the DC for onward recycling.

Case study:

The Pet Memory Scheme in partnership with the Woodland Trust

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 2022 marked the first 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 £257k of donations made in FY22, over 2000 acres of woodland and an area with over one million trees has been created, restored and protected.



The Woodland Trust is delighted to be celebrating the first year of the Pet Memory Scheme, which is the first one of its kind for the Trust. The impact of the partnership is significant supporting our work to create, protect and restore woodland right across the UK. We are looking forward to continuing to work together with Vets4Pets and the Pets at Home Group to make a difference to our woods and the wildlife that they support. ”

David Moorcroft, CEO Woodland Trust



Our value chain impacts

We realise that the reach of our business extends far beyond our pet care centres. The products we sell and the services we provide have an impact that we must consider and manage. This year we have continued to develop our approach to move beyond our business boundaries to consider the environmental impact across the full value chain.

Our scope 1/2/3 targets

Responding to the urgency and scale of the climate emergency, the SBTi has ratcheted up its expectations for businesses, releasing a new Net-Zero Standard at the end of 2021. To be confident our ambitions remain robust and in line with the first global science-based standard, we identified clear next steps to adjust our previous near-term commitments. Our long term 2040 target has not changed and remains net zero across all scopes by 2040.

Our updated targets are as follows:

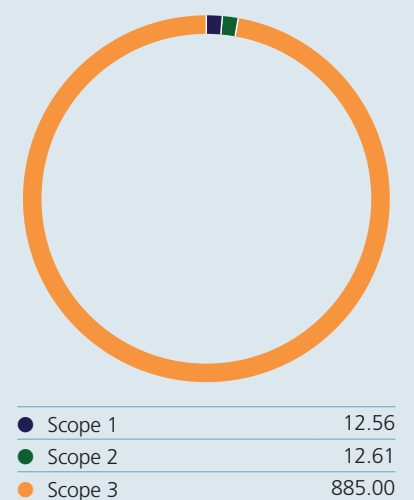
- Near-term: Pets at Home commits to reduce absolute scope 1 and 2 GHG emissions 42% by FY2030 from a 2020 base year.
- Near-term: Pets at Home commits to reduce absolute scope 3 GHG emissions 42% by FY2030 from a 2020 base year.
- Long-term: Pets at Home commits to reduce absolute scope 1 and 2 GHG emissions 90% from a 2020 base year. Pets at Home also commits to reduce absolute scope 3 GHG emissions 90% within the same time frame.

Prioritising emissions reduction in our value chain

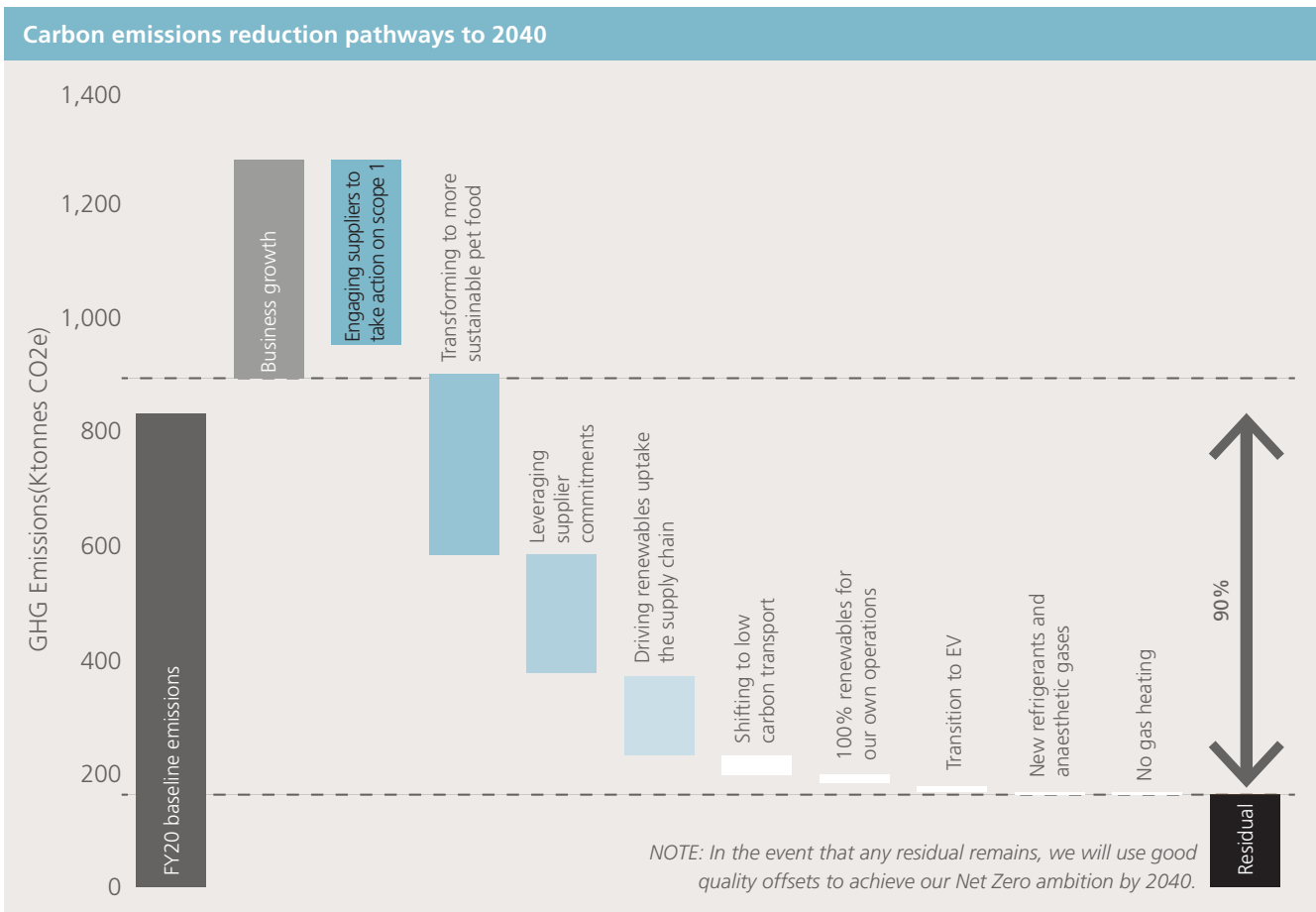
This year we have built on the FY20 scope 3 assessment that was conducted last year by developing the pathways that will help us to deliver our long term carbon targets. We have submitted these reduction assumptions and programme plans with our three targets to the Science Based Targets initiative for their review and validation. The first target is our near term 2030 42% reduction in scope 3 and the second target is our net zero 2040 target. Both of these are in line with preventing global temperatures to exceed 1.5°C above pre industrial levels.

Our priority pathways to net zero are focussed on raw material switches to lower carbon options, working with our suppliers on their scope 1 and 2 reductions, switches to renewable electricity and a particular focus on pet food both from an ingredients and manufacturing perspective from purchased goods and services, and upstream transportation and distribution.

Our Scope 1, 2 and 3 emissions



We've worked to reduce our YOY scope 1 and 2 emissions as in the chart above. Scope 1 FY22, scope 2 FY22 (location-based), scope 3 FY21



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

External benchmarking

For the first time in 2021 we completed the CDP climate assessment, obtaining an overall score of B. The CDP questionnaire is a voluntary energy and carbon rating exercise, requested by investors and other financial stakeholders. The B score indicates a strong performance at the 'management' level – in line with the average for the convenience retail sector. With our increased focus on risk management around climate change, commitments to SBTi and the steps we will be taking to Net Zero, we anticipate that the Group climate change score will continue to improve over the next few years from this very good start.



Collaborating on climate action

We have continued to play an active role in the British Retail Consortium (BRC) Climate roadmap and our Group Head of Social Value is chair of pathway four, sustainable sourcing. In partnership with the Pathway 4 Partner, IBM, the Pathway Chain Scope 3 Emissions. During the year we became the first corporate members of Vet Sustain, the sustainability non for profit organisation for the vet profession. We have also become official partners of Investors in the Environment (IIE) and are supporting our vet practices, that want to do so, to become accredited to the IIE accreditation scheme.



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

Focusing on our products

Sustainable products framework

Our scope 3 assessment demonstrated that like most retail based businesses the largest part of our impact comes through our products being made, used and disposed of. To help us to assess our existing and new products, during the year we established our sustainable products framework. This includes six different attributes where we expect our products to meet our minimum standards and to be working towards best practice and beyond. This framework will also be used to build capacity and understanding in our internal teams and to communicate our requirements to our suppliers.

Products sourced responsibly

Products designed and manufactured in a responsible way

Product development

We make decisions about our products and ranges to ensure that pets' welfare and safety come first

Responsible manufacturing

We work with companies that demonstrate a responsible approach to manufacturing and managing their emissions

Supply chain human rights

We work with companies that uphold the highest human rights standards through their operations and supply chain

Products made sustainably

Products that use sustainable materials or are designed to minimise their impact

Sustainable raw materials

We ensure that our products use the most sustainable materials and ingredients available

Sustainable packaging

We use innovative formats and materials using minimal resources. We aim to lead the way in sustainable pet care packaging

Circular business

We follow circular principles, to ensure products are designed in ways that maximise the value of the resources used

Sustainable packaging

Packaging on our products provides a vital function in terms of protection and providing information to our customers, but we acknowledge that in most instances when packaging is removed it simply becomes waste. Last year the proportion of recycled materials used was just under 80%. This is good, but we want to go further and so have set ourselves a new target to ensure that 100% of our packaging will be recyclable, contain recycled content, re-usable or compostable by 2025. We have made good progress in the year changing packaging materials and construction which we will see the benefits flow through during FY23.

80%

packaging recyclable

42%

packaging contains some recycled content

Human rights

This year we have joined Sedex <https://www.sedex.com/> to help us manage audit data more efficiently and understand individual supplier risks and opportunities for improvement. Our new Responsible Sourcing Specialist is out visiting suppliers, talking to the people making our products and helping our suppliers take positive steps to improve human rights in their own organisations, build transparency and understand risks in our shared supply chain.



More information about our progress and activity in this area can be found in our Human Rights and Modern Slavery Statement <https://investors.petsathome.com/responsibility/policies-and-reporting/human-rights-and-modern-slavery-statement/>

Case study:

Sustainable pet food

Pet food

One particular area of focus has been the sustainability and carbon impact of pet food.

The pet food industry is renowned for adding value by using surplus products from the human food chain in our pet food ingredients. By giving these surplus products a purpose, the industry contributes to the circular food economy by ensuring full animal utilisation.

As the squeeze on resources and food availability continues, we are committed to looking at further solutions to minimise the environmental impact and sustainable use of resources in the manufacturing of pet food including the introduction of new innovative protein sources.



New low carbon product launches

We are delighted to have developed and launched an insect based dog food and a plant protein based dog food as part of the re launch of the exclusive Wainwrights brand of products.

The Wainwrights insect based dog food is produced from black soldier flies which are high in protein and other essential nutrients. Nutritionally their amino acid profile is similar to fish meal.

We are also offering two plant based recipes in wet and dry dog food which provide our customers a choice of lower impact foods as part of their dog's diet.



Working with others

Over the year we have engaged with nutritional, veterinary, pet food industry and agricultural experts to understand the pathways to carbon reduction and how we can make progress together.

We have partnered with the pet food Manufacturers Association (PFMA) to support a piece of research with sustainability consultants 3Keel. The research will be analysing the carbon impact aims of eight of the most widely used ingredients in pet food from field to factory (to be representative of 80% of UK cat and dog foods – wet and dry).

The outcomes of this will be published in a report later in 2022. This will help us understand and identify carbon reduction opportunities and will lead to other pieces of research being commissioned.



Sustainable raw materials

In 2021 several raw materials, associated with deforestation and other negative environmental impacts, were identified that may be ingredients in some Pets at Home branded products.

As part of Our Better World Pledge strategy we set a target to ensure that priority raw materials, specifically: soya, palm oil, timber, textiles will be sustainably sourced by 2025.

To ensure that products contain sustainable raw materials when they are being redeveloped, sourcing requirements have been built into commercial processes, internal and external documentation and training rolled out to all commercial colleagues.

The product development plan in place will enable a significant improvement during FY23.

Raw material FY22

Waste Type	Total SKUs containing raw material (FY21)	Total volume raw material – tonnes (FY21)	Vol. certified raw material – tonnes (FY21)	% Certified (FY21)	Change YOY
Palm Oil	155 (145)	90 (79)	37 (23)	41% (30%)	11%
Soya	104 (98)	1016 (893)	0 (0)	0% (0%)	0%
Timber, Wood, Paper & Card	147 (138)	50883 (41627)	47725 (39042)	94% (94%)	0%

TCFD Statement

Managing our climate risks

We recognise the climate emergency poses both risks and opportunities to our strategy and operations, to that end, climate change is featured as a principal risk within our Annual Report. In this section we report our climate-related disclosures, consistent with the TCFD Recommendations and Supporting Recommended Disclosures. This year our focus has been on refining our understanding of the climate-related impacts and TCFD disclosures under a range of climate scenarios.

Pets at Home is required to implement the reporting recommendations of TCFD (as set out in Listing Rule LR 9.8.6R) for the accounting period starting on or after the 1st January 2021.

We first reported earlier than required in our FY22 Annual Report and Social Value Report as part of the development of Our Better World Pledge. Over the last year we have further developed our approach, most notably through our qualitative scenario analysis.

In the table below, we have set out details of our progress in implementing the TCFD reporting recommendations against the 11 disclosure requirements.

On page 60 we have provide more detail about our qualitative scenario analysis process that we have undertaken during FY22. We plan to share more detail on our TCFD work and in particular the quantification of our risks and opportunities in next year's report.

Governance

Disclosure requirement	Description/progress	Read more
Describe the Board's oversight of climate-related risks and opportunities	The Board led by the Chair, Ian Burke, has ultimate responsibility for sustainability and climate change and ensuring that the strategy creates value for the mutual benefit of key stakeholder groups including colleagues, customers, shareholders and society. Oversight of the sustainability strategy is a matter reserved for the Board. The Board provides challenge to the Executive Management Team on progress against the goals and targets of the sustainability strategy, and ensures that the Group has an effective risk management system in place over sustainability related matters. This is principally governed via two main committee meetings: Audit and Risk Committee and the ESG Committee which meet at least three times a year.	<p>Annual Report 2021/22 ESG committee report see page 113</p> <p>Annual Report 2021/22 Audit and Risk Committee see page 107</p> <p>Annual Report 2021/22 Section 172 see page 32</p>
Describe Management's role in assessing/managing climate-related risks and opportunities	The Chief Executive has overall responsibility for climate change and other environmental topics. The Chief Executive is supported by the Group Executive team to develop and implement the strategy through a number of management committees which are chaired by an Executive Management Team member or Director. Our Better World Pledge is one of the Group's key programmes and as such receives an overall update at the Executive Management Team member meeting at the end of each four weekly financial period. In terms of the management committees, climate change is considered across three principal committees. The climate change and waste committee meets every four weeks and is responsible for developing and implementing the Group's strategy relating to operational environmental impact. This includes the scope 1 and 2 carbon emissions, including buildings and logistics energy and waste management. The product and supply chain committee which meets every six weeks is responsible for developing the strategy for managing the value chain environmental and ethical impacts of our products. This includes packaging, raw materials and the scope 3 impact of products through ingredients, manufacturing, use and disposal. The Vet Group OBWP committee which meets every four weeks is responsible for interpreting the Group strategy within the Vet Group and identifying vet specific climate related risks and opportunities such as anaesthetic gas use.	<p>Social Value Report Governance see page 10</p> <p>Social Value Report Business Impacts see page 46</p> <p>Social Value Report Value chain impacts see page 8</p>



Strategy

Disclosure requirement	Description/progress	Read more
Describe the climate-related risks and opportunities identified over the short, medium, and long term.	During FY22 we have focused on conducting high quality qualitative scenario analysis. Three scenarios were developed and a series of internal workshops were conducted to answer the question 'what would the potential implications for our strategy be if these different scenarios came to pass?' eight high level risks/ opportunities were identified during this project. Of these, five are particularly relevant to the nature of our business focusing on pets and pet ownership, the remaining three are more broad risk areas that would be expected for a retail based business with a network of stores and global supply chains. These risks were categorised on an immediate, medium term (five years) and longer term (ten years +) impact basis. Our initial assessment has identified two as immediate, three as medium term and three as longer term. Of the eight risks, five were identified as transition risks and three physical risks. These risks have been included under the 'emerging risks' within our principal risks.	<p>Social Value Report TCFD scenario analysis see page 54</p> <p>Annual Report risks and uncertainties section see page 72</p>
Describe the impact of climate-related risks and opportunities on businesses, strategy, and financial planning.	Climate risk is an input into our standard business processes such as business planning and strategy planning. The strategic review process during FY22 was kicked off with an immersion session for the Executive Management Team in June 2021 on sustainability issues, this focused on climate and also included connected issues such as biodiversity and resource scarcity. The strategy review in the Autumn of 2021 could then use this insight and as a consequence a number of strategic opportunities are being progressed. The future pet food project was initiated in FY22 based on the climate-related risk work that had already been undertaken. The eight high level risk / opportunities identified in the qualitative scenario analysis will be further analysed and developed as projects, where they were not already underway, and they will be fed into the FY23 strategy review process. This will include changes to ranges and services to reflect the changing needs of pets and their owners in a warming climate.	<p>Social Value Report TCFD scenario analysis see page 58</p> <p>Social Value Report Our value chain impacts section on pet food see page 53</p>
Describe the resilience of your strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	When we developed Our Better World Pledge, we intentionally set the bar high. Our environmental goals are challenging and require us to change the way we work, as well as the way we think about the impacts of our products and services. Our strategy is to use less energy and fewer resources, generate less waste and packaging, while offering our customers more sustainable ways to care for their pets. To achieve this we are commencing a programme of work with our suppliers to reduce climate risks as much as possible, aiming to build resilience to minimise the negative impacts of both physical and transition risks. A key focus of our work is the development of an all scopes carbon reduction pathway and establishing our product sustainability framework.	<p>Social Value Report TCFD scenario analysis see page 58</p> <p>Social Value Report Our value chain impacts, Targets and initiatives to focus on product sustainability see page 50</p>

TCFD Statement continued

Risk Management

Disclosure requirement	Description/progress	Read more
Describe the processes for identifying and assessing climate-related risks.	Climate change is included as a principal risk in the Group's Risk Register as part of the risk we have identified relating to sustainability. Failure to comply with TCFD reporting is identified as a reputational risk in addition to the need to be meeting the requirements of TCFD in order to identify and act on climate related risks to ensure the Group's long term sustainability. The functional risk approach also provides accountability for identifying relevant risks, three ESG risks have been identified in this way which provide more detail around climate related risks. The three ESG risks are integrated into our corporate risk management approach.	Annual Report Risk section see page 72
Describe the processes for managing climate-related risks.	Climate-related risks are managed using our risk management framework. Climate change is a principal risk and as such is owned by a member of the Executive Management Team. The Chief Executive has overall responsibility for climate change and environmental topics. Three ESG risks are integrated into our corporate risk management approach. Each risk is given a target score which is based on an agreed risk appetite relating to climate-related issues. Owners are identified for each action that has been identified to mitigate the risk and they are responsible for managing the risk to achieve the agreed risk score over the relevant timescale.	Social Value Report TCFD scenario analysis see page 58 Annual Report Risk section see page 72
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into overall risk management.	Climate-related risks are managed through our overall risk management approach. The status of each risk is tracked on a regular basis by the relevant business function. Threats on the watch list are reviewed alongside the risk registers to monitor any changes to the impact and proximity. Internal Audit informs the Board, the Executive Management Team and the Audit and Risk Committee on how effectively risks are being managed. The Audit and Risk Committee, the Board and the Group Executive review risks and the watch list four times a year. Risks, together with emerging or developing threats are reviewed as part of the annual strategy planning cycle.	Annual Report Risk section see page 72



Metrics and Targets

Disclosure requirement	Description/progress	Read more
<p>Disclose the metrics used to assess climate-related risks and opportunities in line with its strategy and risk management process.</p>	<p>This corporate risk approach is used to assess climate related risks. It scores each of these risks on the basis of five different levels of likelihood and on the level of potential impact, this is aligned to standard risk management principles. The impact measure considers ten different dimensions of impact including financial, impact on customers, impact on colleagues and impact on the environment. There are five levels of severity of impact across each of these ten dimensions.</p>	<p>Annual Report Risk section see page 72</p>
<p>Disclose scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks</p>	<p>Pets at Home have been measuring and disclosing our scope 1 and 2 CO₂e emissions since FY14 and trend data from FY16 is updated and reported annually in our Social value report. We conducted our first scope 3 assessment for FY20 and this has been updated to produce an FY21 estimate and to restate FY20 to reflect improvements in assessment methodology.</p> <p>Pets at Home reports using the SASB methodology Pets at Home completed the CDP climate change disclosure for the first time in FY22 gaining a Score of 'B' and will repeat this on an annual basis.</p>	<p>Social Value Report Business impacts SECR table see pages 46-47</p> <p>Social Value Report Value Chain impacts glidepath see page 51</p> <p>Social Value Report Value chain impacts CDP disclosure see page 51</p> <p>Social Value Report Assurance statement see page 69</p> <p>Social Value Report SASB table see page 70</p>
<p>Describe the targets used to manage climate-related risks and opportunities and performance against targets.</p>	<p>At Pets at Home, we have taken the decision to set our carbon emissions target using the guidance of the Science Based Targets initiative (SBTi). We have made this decision because science-based targets provide companies with a clearly defined path to reduce emissions in line with the Paris Agreement goals.</p> <ol style="list-style-type: none"> 1. Near-term: Pets at Home commits to reduce absolute scope 1 and 2 GHG emissions 42% by FY2030 from a 2020 base year. 2. Near-term: Pets at Home commits to reduce absolute scope 3 GHG emissions from purchased goods and services, and upstream transportation and distribution 42% by FY2030 from a 2020 base year. 3. Long-term: Pets at Home Group commits to reduce absolute scope 1 and 2 GHG emissions 90% by FY2040 from a 2020 base year. Pets at Home Group also commits to reduce scope 3 GHG emissions 90% emissions within the same time frame. <p>These targets are currently in the science based targets initiative approval process.</p> <p>We also identify other opportunities to align our targets to climate reduction goals. For example, our new revolving credit facility (RCF) with HSBC acting as sustainability co ordinator, agreed in March 2022, 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.</p>	<p>Social Value Report Business impacts SECR table see pages 46-47</p> <p>Social Value Report Value Chain impacts glidepath see page 51</p> <p>Social Value Report TCFD scenario analysis see page 58</p> <p>Annual Report Director's report see page 140</p>

TCFD Statement continued

Developing the scenarios

Our qualitative scenario analysis was conducted in a detailed, methodical way over a period of three months. The Executive Management Team and the ESG Committee reviewed and shaped the approach that we took before the workshops took place. After the workshops they were taken through the outcomes to provide additional insight, challenge and to agree the next steps.

To answer the question of ‘what would be the implications for our strategy if different levels of global warming or scenarios came to pass?’, a cross section of colleagues – from head office, retail and vet operations – were asked to consider three scenarios describing changes that the planet and society might experience because of escalating temperatures.

These were rooted in prevailing scientific evidence from the Intergovernmental Panel on Climate Change (IPCC), the International Energy Agency (IEA) and Principles for Responsible Investment (PRI):

“What would be the implications for our strategy if different levels of global warming or scenarios came to pass?”

Short description of three scenarios based on different levels of temperature increase

Scenario	Name	Description
1.5°C	A better world	Action taken has achieved the aims set out in the 2015 Paris Agreement to limit climate change to below 1.5°C of pre-industrial levels, but with significant shifts in policy, cost and consumer behaviours.
2.0°C	An uncertain and volatile world	Not much has changed from today. Some action has been taken, but it's very much business as usual. Uncertainty increases, and impacts of a changing climate manifest themselves in vulnerable parts of the world.
3.0°C	An irreversible change	Economies around the world have continued to be powered by fossil fuels. As a result, the planet is in crisis and well past the point of no return by 2030. Global warming has accelerated and changes in climate are all around, tangible and, in some cases, catastrophic.



Making the scenarios relevant to our business

Workshop participants were asked to identify potential risks and opportunities, in the three temperature scenarios, through the eyes of our key stakeholder groups: Pets, Vets, Store Managers, Customers and Suppliers. The aim was to pinpoint those risks and opportunities considered to be 'significant' and which would warrant further investigation.

Pets at Home's key stakeholders



A pet's view:

Hamish is ten years old. His people deeply care about his welfare, but he's getting on a little bit now. He loves long walks and playing, but sometimes he doesn't feel as energetic as the young puppy he used to be.

Thinking about Hamish, we considered how he will be affected in terms of:

- Comfort
- Health
- Nutrition and food choices



A vet's view:

Dave has been a vet for the past ten years. His passion is for small animals, so he's found the ideal home working with Pets at Home.

Thinking about Dave, we considered how he will be affected in terms of:

- Changes in pet care trends
- Health and treatment options
- Nutrition and food choices



A customer's view:

Ben and Frankie (the dog) are loyal customers of Pets at Home and frequently visit their local store. It's a bit of a long drive out of town, often through traffic, but Ben likes speaking to colleagues in-store and often asks for advice on what are the best products for Frank, from food to grooming and playthings.

Thinking about Ben, we considered how he'll be affected in terms of:

- Product choice and cost
- Visits to store
- Making climate-friendly decisions



A supplier's view:

Kai has worked with Pets at Home for five years manufacturing and selling cat toys and bedding. It's been a good relationship over the years, and he's always been able to meet the needs of his customers. He takes pride in his ability to adapt and flex as order specifications change.

Thinking about Kai, we considered how he will be affected in terms of:

- Sourcing raw materials
- Meeting customer demand
- Distributing goods



A store manager's view:

Chloe has been Store Manager for the past three years, after working her way up through the business. She's passionate and committed to making sure her store is amongst the best performing in the Pets at Home portfolio. Chloe's approach is very hands-on – she cares about the detail and her store team.

Thinking about Chloe, we considered how she and business operations will be affected in terms of:

- Meeting customer expectations
- Operating efficiently
- Growing sales and managing costs

Results and next steps

The workshops identified a long list of risks and opportunities that we then prioritised into eight high level areas. These were then classified based on the risk type (physical or transitional), significance (high or modest), exposure type (specific and unique to Pets at Home or relevant to other retailers and business) and time horizon when we will begin to see any impact emerge. Finally 'deep dives' or next steps were identified for each risk or opportunity area to build a greater understanding. During the course of FY23 these eight areas will be further explored to be able to provide more detailed analysis and next steps. This will include consideration to the implications of climate change on our financial planning and capital allocation and on our business strategy.

Looking ahead: Planet

Our business impacts

- We will continue to work to minimise our operational environmental impact. As we continue to increase the number of petcare centres and to move to a single DC we are identifying opportunities to minimise our environmental impact. Examples in FY23 include the development of our new DC in Stafford and opportunities for energy saving and generation technologies to be incorporated

Our value chain impacts

- Using our sustainable products framework to work with our suppliers to reduce their scope 1 and 2 emissions and to begin the programmes to measure and reduce the embedded carbon within our products that we have identified in our scope 3 assessment

TCFD

- Developing the eight priority focus areas identified in our qualitative scenario analysis
- Further integration of our climate change risks into our risk processes

Pets

Setting the highest standards of care for our pets

1

Our performance

- We have led the way with the standards that we set for pets in our care
- We have long standing relationships with a selection of breeders who share our values
- All our small animal and reptile breeders are based in the UK and receive quarterly audits conducted by our Pet Team against our code of practice. They also receive at least an annual audit by an independent vet and third parties at regular intervals
- Colleagues ensure customers have a tank of at least 60 litres prior to the purchase of cold-water fish
- In FY22 we rolled out a new update audit for all our stores
- All our small animals are transported in air-conditioned temperature-controlled vans
- On arrival at stores all pets are allowed time to settle into their new environment and adjust. Small animals time acclimatise in a specially designed Quiet Room
- All pets are sold from our stores have a six-week health promise whereby we will cover the cost of treatment for conditions confirmed by a vet to have been present at the time of purchase

Long term targets and ambitions

- Our new and updated Store and Groom Room pet welfare audits which contain updates to reflect the latest welfare knowledge have had their first full year now
- The audit report has also changed to better reflect improvement opportunities for stores, highlighting where support is needed while at the same time raising the bar and rewarding good performance
- In FY23, after an extensive review of our small animal food and treat range was completed with the aim of providing more natural, low sugar products to Pets at Home customer we will be launching a completely new range. The removal of unnecessary or unsuitable ingredients, the reformulation of recipes and the introduction of portion control will help improve the dental, gastro-intestinal and overall health of small animals

Empowering our colleagues to be ambassadors for pets every day

1

Our performance

- Our trained and dedicated colleagues take care of the pets in store, help customers to choose the right pet and then support them throughout their pet ownership journey
- Health and welfare checks are carried out at least twice a day for small animals and every two hours for fish
- Only stores which have a vet practice present in them are able to sell rabbits
- There isn't a budget for veterinary care for our pets, pets come first
- The Pet Pad helps our colleagues to get the right match of pet to owner through a selection of carefully developed questions
- Our colleagues are empowered to refuse the sale of a pet
- We have a pet promise helpline set up so that any colleague can report confidentially any concerns that they have about pet welfare in their stores
- All stores receive unannounced welfare audits by our internal Pet team on a quarterly basis and at least annually by an independent veterinary surgeon and on a regular basis by an independent third party
- An enhanced audit process was introduced in April 2021 for stores and Groom Rooms to ensure they maintain the highest possible standards
- We have small animal adoption centres in most of our stores, funded by the Pets at Home Foundation, and we accept all small animals for adoption. In FY21, despite the pandemic we maintained our high standards.
- In FY22 as we emerged from COVID-19 restrictions we maintained our high standards of pet welfare and almost all breeder and store audits were completed in-person

Long term targets and ambitions

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

Pet care education

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

4

Our performance

- Pet Pals workshops have been running in our stores since 2008 and have welcomed over 400k children since 2015.
- During FY22 we continued building and developing our online PetPal resources. Over 47,000 downloads have taken place
- We restarted our face to face PetPal workshops in stores in March and in the first month over 26,400 children attended

Long term targets and ambitions

- Our virtual workshops complement the face-to-face sessions and mean we are able to access more children across the country and further afield
- Our sessions cover cats and dogs and this year we launched new programmes that cover small animals fish and reptiles.
- By 2030 we will educate 2m children in responsible pet ownership

Access to veterinary care

Work to ensure access to veterinary care for every pet

2 6

Our performance

- During the pandemic, in line with RCVS guidelines, remote consultations helped ensure the delivery of essential treatment
- The Group's health plans, and insurance services are designed to make it more affordable for our clients to be able to afford the costs of veterinary care for their pet
- Over 1.5m pets are in our subscription plans across the Group
- Several of our practices support the charity Street Vet and the VIP lifelines scheme continued to support Street Vet with Lifelines and subsidised veterinary care
- The Vet Connection, has conducted over 90,000 remote consultations providing support to 76,000 clients

Long term targets and ambitions

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

Pet care products and services

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

4

Our performance

- We have several subscription models and health plans that help our customers spread the cost of pet care and ensure preventative treatments are not missed.
- Our loyalty scheme VIP builds customer loyalty (and raises money for pet charities through its unique points scheme called Lifelines) and our puppy and kitten club welcomes pet owners at the start of their journey. These all create a virtuous circle of loyalty and pet welfare support.
- Easy repeat offers the lowest cost option and free delivery for pet food and pet care essentials
- Subscribe and save makes preventative health care easy
- Over 1.5m pets in one of our subscription plans
- Over 7.3m active VIP members
- 48% growth in kitten and puppy club members year / year

Long term targets and ambitions

- We will continue to develop solutions that make healthcare easy and affordable.
- By 2030 improve the health of the nation's pets by focusing on nutrition and health plans

Pets

continued

Delivering the highest standard of pet welfare through our product offering

3

Our performance

- Within both our food and accessory ranges we benefit from a high level of private labels, this means that we can develop unique and exclusive products for our customers and their pets with pet welfare at the heart of our developments
- All our own brand pet food has been tested to required industry standards set by the European Pet Food Industry
- We also independently assess these test results with our suppliers on a scheduled basis to ensure compliance There are no formal regulations specific to pet care accessories, so we have developed our own testing protocols for each product category. Where there is relevant legislation such as toys then the relevant regulation is applied. We also independently test all product categories using third party testing houses
- We introduced fire retardancy to our Halloween collections this year for all of our seasonal dress up outfits
- A new locking mechanism on our own brand leads has now been introduced as a standard feature

Long term targets and ambitions

- We will identify and act on opportunities to impact pet welfare leveraging our reach through our product offer and our voice
- By 2025 set the quality and standards of pet care

Access to veterinary care

6

Our performance

- 74% practices accredited to RCVS practice standards scheme and a further 4% enrolled
- Vet4Pets launched an in-house quality improvement framework in 2020, called Q12020. The pandemic slowed practices completing the self-assessment process which enables feedback and support to be developed by the clinical teams. 194 practices have completed our framework to date
- Vets4Pets established a quality assurance programme called ACE (aspiring to clinical excellence) in the summer of 2017. Since then over 440 practices have been visited, further visits are on a risk based approach

Long term targets and ambitions

- Achieve over 90% of practices accredited to the RCVS practice standards scheme
- Working in conjunction with the VetCompass research team at the Royal Veterinary College, Vets4Pets have secured a PetPlan PetSavers research grant to undertake an antimicrobial stewardship intervention study which will be peer reviewed and published externally
- Expand the range of Clinical Excellence toolkits to provide our practices with evidence based, best-in-class assets and ways of working to enhance service provision for patients and clients

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

People

Sustainable and fulfilling careers

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

7

Our performance

- Our new pet care development programme which replaced our STEPS programme launched in FY22. Each new starter is given 46 hours of dedicated training time and over 500 colleagues have completed it to date
- Over 2000 SQP (suitably qualified person) colleagues. Over 450 new colleagues accredited this year
- 92 vet graduates recruited to our graduate programme with 155 in total on the programme
- Our grooming training is industry leading in an unregulated market. Colleagues completed over 1400 hours of training to complete our nine levels of assessment to be a fully qualified stylist. We continued to focus on first aid with colleagues
- 55% of store managers (PY 55%) and 35% of JVPs (PY 29% have over ten years experience
- Colleague turnover 37% Group combined; 37% Pets at Home retail; 36% Vet Group
- Overall Colleague engagement level in 2022 annual survey 76%

Long term targets and ambitions

- Increase the quality and quantity of training delivered per colleague
- Retain engaged pet care experts in the Group
- Continued commitment to lifelong learning for our colleagues with launch of a Pet Care Specialist programme in FY23
- We are developing a bespoke pets at home Grooming qualification that builds on IPET's Ofqual accredited 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 accredited to this level within the next three years

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

7

Our performance

- National Living Wage (NLW): In April 2022 we increased our entry level rates by 6% to a minimum of £9.60, 10p above the current NLW of £9.50
- Hourly paid retail and grooming colleagues can reach the Real Living Wage (RLW) on completion of the first stage of training which takes six months. 67% of colleagues are paid at, or above RLW
- 2018 Sharesave scheme matured on 1st Dec 2021. Over 500 colleagues had invested £2.96m in the scheme which generated a potential value of £14.7m based on the closing share price of £4.69 on the maturity date
- Fifth year of colleague share ownership: Our second restricted stock plan (RSP) vested in July 2021, which resulted in enhancing or creating new shareholders in over 5000 of our colleagues. We granted a further 1.2m shares to over 9,200 colleagues via the RSP in June 21
- Over £107k shared with colleagues in recognition of the Best Place to Work Award
- New colleague self-serve benefits platform launched called My Reward Hub with almost 63% of colleagues registered in first year. Over £1m spent on Retail discounts by our colleagues, with a saving of £76k in year one

Long term targets and ambitions

- Continue to invest in our colleague reward and measure continued progress on;
 - the average % above the NLW paid to hourly based colleagues
 - % of hourly-based colleagues reaching the RLW
- Continue to share our success with our colleagues by developing our RSP and Sharesave offering

People continued

Volunteering programmes

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

Our performance

- All colleagues are eligible to receive a day's paid volunteering leave
- Community days relaunched to colleagues as 'Our Better World Pledge' days with introduction of impact tracking mechanism
- All salaried support office colleagues bonus scheme was given completion of the days as an underpin
- Colleagues given freedom of choice as to project they chose to support and area of impact
- 9,683 hours donated to local communities with 26% projects supporting people initiatives, 22% pet and 52% planet

Long term targets and ambitions

- Ongoing development of our impact measurement mechanism to quantify and track pet, human and social capital impact
- Extension of bonus underpin to additional groups of colleagues in our stores and distribution centres

Diversity of pet ownership

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

Our performance

- The diversity of pet ownership in the UK isn't deeply understood in the pet care or pet charity sector industries, although there is building interest in developing this understanding
- A new Inclusion customer marketing panel has been formed which will help us to start our journey to move forward
- The new People and Pet grant programme through our Pets at Home Foundation is helping us support a more diverse group of organisations and areas. Over £560k was committed to 16 initiatives in year one
- A better understanding of whether there are parts of society that are underrepresented in terms of pet ownership and the reasons for this could enable action to be taken to ensure that the value that pets bring is appreciated more widely and pets are better understood (and therefore their welfare protected)

Long term targets and ambitions

- Develop and launch impact reporting for the Pet/People grant programme from the Pets at Home Foundation
- Undertake research with the customer panel and through other avenues and develop a set of recommended actions

Diversity and inclusion

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

Our performance

- Continued to make significant progress in the year establishing the D&I strategy and governance
- 87% of Support Offices colleagues completed our diversity and inclusion foundation e-learning and 81% of retail colleagues have completed it
- Over 15 'Be Inspired' events and colleague network lunch and learns run which were accessible to all colleagues
- Four executive sponsored colleague diversity networks continue to grow and develop
- 44% of women in senior positions (PY41%); 37% of women on the Board (PY37%); 75% of women all colleagues (PY 75%)
- 13% of ethnic groups on the Board (PY13%)
- Ongoing membership of Stonewall; The Business Disability Forum
- External commitments with BITC Race at Work Charter, the BRC Diversity & Inclusion Charter, the Valuable 500
- Over 350 apprentices at all levels and across most areas of the Group
- 173 Kickstarter colleagues welcomed and to date 60 have secured a role with us
- Over £130k invested in vet school scholarships and paid EMS placements with the Vet Group
- Diversity and Inclusion commitments launched to all colleagues

Long term targets and ambitions

- Continue to review existing policies and recruitment processes through a D&I lens and extending the reach and impact of the colleague networks.
- Roll out new employability programmes and other social mobility initiatives to achieve our long term target by 2025 to create opportunities for 5000 people who face barriers to employment to experience work with us
- Begin to report on placements provided and job outcomes at 12 months after completion
- By increasing the diversity of our business we will support increasing the diversity of pet ownership and our long term target:
- By 2030 increase the number and diversity of people who can benefit from time with pets

Wellbeing

Advocating and supporting emotional and physical wellbeing 7 9

Our performance

- Ongoing signatories to Time to Change in 2018 and long-term partner with MIND and supporter of VetLife in 2022
- 624 colleagues trained as MHFA across Group with colleagues in 421 practices accredited
- 200+ line managers trained in Line Manager Mental Health First Aid
- New colleague wellbeing handbook launched to all colleagues
- Wellbeing social media page seen 12% growth with over 2800 members
- Listening project run across whole vet professions to understand profession wide systemic wellbeing challenges and develop targeted action plans
- BVA Good Veterinary Workplace code launched to practices with view to supporting large scale adoption
- £500k added to our colleague hardship fund. In April 2021 over 450 colleagues have received support through the fund
- Hybrid working model adopted for colleagues to ensure we attract and retain talent
- Extensive wellbeing support through newsletters and on our colleague sites covering financial, physical and emotional wellbeing
- Ongoing commitment to support our colleagues' wellbeing
- Ongoing roll out of mental health first aider training with aim to have at least one colleague in every vet practice, store, DC team and Support Office department by end of FY23
- Ongoing roll out of British Veterinary Association (BVA) good workplace code of conduct to veterinary practices
- Launch of Project Action which will implement actions from Project Listen in veterinary practice and professions. Develop mechanism to track and report impact

Wellbeing benefits of spending time with pets

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

- New Pet/People grant programme launched through Pets at Home Foundation which committed Over £1.2M to 16 initiatives committed by the trustees
- New summer charity partner, Hearing Dogs chosen by colleagues for FY23. Aim is to raise £500k in inaugural year
- £100k donated to charities supporting pets and people in Ukraine and an online fundraiser launched with had raised £100,000 within first six weeks
- Long term relationship with charities like Dogs 4 Good and Pets as Therapy
- Over £125k of single carrier bags proceeds donated to Dogs 4 Good and Pets as Therapy in FY22
- The Pets at Home Foundation has broadened its objectives to enable it to support charities that help people to benefit from time with pets which along with our plans on diversity will contribute to our target
- Start reporting the impact of year one of the Pet/People grant programme
- By 2030 increase the number and diversity of people who can benefit from time with pets

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

Planet

Sustainable pet care products

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

Our performance

- 80% of our own brand packaging is recyclable based; an improvement of 1% from FY 21 (FY21 79%)
- A new strategic packaging partner has been appointed and a new database has been created to enable measurement of sustainability performance as well as regulatory requirements
- Our flexible plastics recycling trial has now launched across 300 of our stores enabling us to provide an in-store solution for the largest category of non-recyclable via kerbside collection packaging format in our own brand products

Long term targets and ambitions

- By 2025 be leading the way in sustainable pet care products
- Our supporting targets to deliver this:
- By 2025 all our packaging will be recycled, recyclable or compostable
- Extend the flexible plastic recycling points to all store locations by 2023
- By 2025 our priority raw materials will be sustainable (soya, palm, timber, textiles)

Nature based impacts

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

Our performance

- Third year of carbon mitigation programme with the Woodland Trust with £50k being committed which has planted and protected 8,533 trees
- Pet memory scheme developed in partnership with the Woodland Trust. Over 400 of our practices make quarterly donations in memory of the lives of loved pets. In FY22 this enabled 833 hectares of UK native woodland to be created, restored and protected providing a haven for wildlife and people

Long term targets and ambitions

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

Operational environmental impact

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

Our performance

- Between FY16 and FY22 turnover has grown by 69%, absolute emissions (scope 1 & 2) have reduced by 39% and emissions intensity (CO₂e per £t/o) has reduced from 52.9 to 19.1
- BEMs and LEDs have been introduced into the majority of Group owned locations
- Company car fleet list now only has low carbon options leading to a reduction in absolute emissions of 500 tonnes on a two year basis
- The main Group electricity contract has been renewable since 2017. In FY22 98% of Group electricity use was renewable (PY 96%)
- 98.2% of waste is diverted from landfill which is broadly flat on last year (FY22 98.3%)

Long term targets and ambitions

- Near-term: Pets at Home commits to reduce absolute scope 1 and 2 GHG emissions 42% by FY2030 from a 2020 base year
- Long-term: Pets at Home commits to reduce absolute scope 1 and 2 emissions 90% by 2040 from a 2020 base year
- Environmental considerations included in all of our business cases and decision making
- Continued integration of sustainability into plans for our new distribution centre
- Test and roll out some ambitious building sustainability initiatives for vets, stores and groomers

Uphold human rights

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

16

Our performance

- Ethical audit programme in place for own and exclusive brand product sourced via our Hong Kong office
- New ethical trade expert started in FY22

Long term targets and ambitions

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

Scope 3

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

13 14 15 17 18 19 20

Our performance

- Ongoing update and assessment of scope 3 emissions during FY22
- Engagement with all key suppliers with supplier emissions survey
- Action plan developed to work with suppliers on carbon emissions reduction programme
- Net-zero and Near-term targets submitted to SBTI (Science Based Targets initiative) and approved
- Signatories to the BRC climate roadmap

Long term targets and ambitions

- Near-term: Pets at Home commits to reduce absolute scope 3 GHG emissions 42% by FY2030 from a 2020 base year
- Long-term: Pets at Home commits to reduce absolute scope 1,2 & 3 GHG 90% by 2040 from a 2020 base year
- By 2030 maximise the value of waste in our value chain by adopting circular economy principles Identify recycling or reuse opportunities for non food product
- Launch supplier engagement programme in FY23 with development of clear actionable plan for progress

Circular economy

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

15 17 18

Our performance

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

Long term targets and ambitions

- By 2030 maximise the value of waste in our value chain by adopting circular economy principles Identify recycling or reuse opportunities for non-food products

Planet continued

Future pet food

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

17 18 19

Our performance

- Scope 3 assessment included high level analysis of carbon impact of different protein ingredients and manufacturing process. Pet food is a complex area as a large proportion of the meat protein ingredients are a by-product from the human food chain and so dependent on that value chain. Nutritional considerations are also important from a pet welfare perspective
- Future of pet food project developed and started. Workshop designed and run for internal and external stakeholders to kick off project with action plan for moving forward developed afterwards
- Active collaborators with PFMA and external consultant project to further understand carbon impact of pet food and where it occurs and how
- New insect based and vegetarian dog food launched

Long term targets and ambitions

- Future pet food project established in FY22 which forms significant part of the scope 3 work
- Ongoing action plan developed internally and in partnership with external parties such as PFMA

Vet practice framework

Develop a framework for a sustainable vet practice

17 20

Our performance

- Governance forum ongoing for the Vet Group which includes Joint Venture Partners, vet nurses and practice managers which includes within its scope reviews of different available environmental (and social) frameworks to support vet practices on their sustainability journey
- Corporate partnership launched with Vet Sustain who are a not for profit committed to progressing sustainable veterinary practices
- Corporate partnership launched with Investors in Environment the leading environmental business accreditation scheme. Enhanced offering to practices to sign up for accreditation

Long term targets and ambitions

- Use our flexible framework to support our practices to become sustainable including tackling vet specific areas like clinical waste and anaesthetic gases
- Up to 25 practices to become accredited with Investors in the Environment in FY23

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

Assurance statement

Independent accountant's assurance report on Pets at Home PLC's Greenhouse Gas (GHG) Statement

Scope

We have been engaged by Pets at Home 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 PLC's Greenhouse Gas Emissions (GHG) – Scope 1; Indirect GHG emissions – Scope 2; and Scope 3 GHG (category 6 – business travel) (the "Subject Matter") as of 1st June 2022 for the year ended 31st March 2022 for the period 26 March 2021 to 31 March 2022.

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 PLC

In preparing the Subject Matter, Pets at Home PLC applied the WBCSD/WRI's Greenhouse Gas (GHG) Protocol, reporting criteria as established under the Streamlined Energy and Carbon Reporting (SECR) requirements (as updated 29 March 2019), and any specific criteria outlined in Pets at Home's Basis of Preparation (Criteria).

Pets at Home's responsibilities

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

EY's responsibilities

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

Our engagement was conducted in accordance with the International Standard for Assurance Engagements on Greenhouse Gas Statements ('ISAE 3410'), and 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 on 26th April 2022. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

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

Our Independence and Quality Control

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

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

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement.

Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. 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.

The quantification process of Greenhouse Gases (GHG) is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

The engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other relevant 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.
2. Performing a desktop review of the draft Report and data sets (Pets at Home's GHG inventory excel and associated information) to gain a detailed understanding of the approach taken by Pets at Home 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 movement 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 Social Value Report 2022 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. Performing recalculations of energy and emissions estimates.
8. Assessing the reasonableness of any estimates for consistency in accordance with SECR.
9. Conducting a review of the final Report and confirming disclosures with the information provided.

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

The scope of our engagement was limited to the reporting period, and we have therefore sought evidence to support the 2021/22 performance data. We do not provide conclusions on any other data from prior years. We have not provided assurance over claims made by Pets at Home that are statements of belief or forward looking in nature.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Scope 1, Scope 2 and Scope 3 (Business Travel) GHG emissions disclosures as of 1st June 2022 for the year ended 31st March 2022 for the period 26 March 2021 to 31 March 2022 in order for it to be in accordance with (or based on) the Criteria.

Restricted use

This report is intended solely for the information and use of Pets at Home and is not intended to be and should not be used by anyone other than those specified parties.

**Dr Matthew Bell, Partner
Ernst & Young LLP**

London 1st June 2022

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 46 of our Social Value Report FY22, entitled 'Our business Impacts'.
Data Security	Discussion of management approach to identifying and addressing data security risks	CN0403-02	See page 82 of our Annual Report FY22, entitled 'Information Security and business systems'.
Workforce Diversity & Inclusion	Percentage of gender and racial/ ethnic group representation for (1) management and (2) all other employees	CN0403-04	See page 37 of our Social Value Report FY22, entitled 'Colleague diversity data'.
Fair Labour Practices	Average hourly wage and percentage of in-store employees earning minimum wage, by region (country)	CN0403-06	See page 63 of our Social Value Report FY22, entitled 'Sustainable and fulfilling careers'.
	(1) Voluntary and (2) involuntary employee turnover rate for in-store employees	CN0403-07	See page 37 of our Social Value Report FY22, 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 66 of our Social Value Report FY22, entitled 'Sustainable pet care products'.
	Description of strategies to reduce the environmental impact of packaging	CN0403-11	See page 48 of our Social Value Report FY22, entitled 'Generating less waste, and recycling more' and page 48, entitled 'Generating less customer packaging'.

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

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



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