

pets at home
Group plc

Delivering our purpose

Pets at Home Group Plc
Social Value Report 2020



A year in review



Louise Stonier
Chief People and Culture Officer

Supporting pets, colleagues and communities during the Coronavirus pandemic:

100k

donated to CaRe20 Retail Trust appeal

£1m

Colleague hardship fund appeal

£1.1m

allocated to support animal rescues

10%

discount for NHS workers

At Pets at Home we have an ambitious plan, to become “The Best Pet Care Business in the World” and a key part of delivering this in a sustainable way will be our most cherished assets : Our People and our Culture.

When we talk about our culture we are not only referring to our people culture, but also the role that we play in society, that’s why we are embedding in our vision a social purpose strategy that covers our activities and impact on pets, people and the planet. For me personally, I am delighted that the importance of these activities has been reflected in my new role as Chief People and Culture Officer. In this role, I am accountable for putting culture and our impact on society into the heart of our decision making. I am proud to be sharing our first Social Value report which summaries the fantastic work that takes place across our business to create a better world for pets and the people who love them. We have organised this report into or three areas of material impact: pets, people and planet.

This year has witnessed many unexpected events. From the terrible bushfires in Australia in November 2019, to the torrential rain and flooding in the UK in February 2020, the consequences of climate change are beginning to play out across the globe with disastrous consequences on communities. While we were delighted that the loyalty of our customers to the VIP lifelines scheme enabled a donation to be made to the WWF of £100k to support the restoration of habitats in Australia, these events served to focus our resolve to better understand our climate change risks and how we can further reduce our carbon impact, which will be a key part of our new strategy. Other highlights from this year’s report include the fantastic support of customers and colleagues to help pets in need, raising over £5m enabling us to reach over 800 pet rescue charities at a local and national level. This year we have also begun a partnership with the Woodland Trust which will allow us to mitigate residual carbon from our building energy use by planting 6,000 trees across the course of this year. This mitigation, along with our continued commitment to purchase renewable energy, makes our building’s energy use carbon neutral.

As we approached the end of the financial year, our attention was turned to the far reaching and devastating economic and social impact of the Coronavirus pandemic. We focussed on ensuring the wellbeing and safety of our colleagues, vet Partners, customers, suppliers and pets, the safe continuity of business across our operations and support for our most vulnerable colleagues and communities. None of us had prior experience of dealing with a pandemic but the strength of our culture and clarity of our purpose enabled us to remain agile and focussed during this difficult period, strengths we will no doubt need to draw upon across the coming months. While managing the operational side of the business, the majority of which remained open, we were equally focussed on supporting our people, customers and communities. We donated £1m to the colleague hardship fund, created a £1.1m coronavirus

“As we approached the end of the financial year, our attention was turned to the far reaching and devastating economic and social impact of the Coronavirus pandemic. We focussed on ensuring the wellbeing and safety of our colleagues, vet Partners, customers, suppliers and pets, the safe continuity of business across our operations and support for our most vulnerable colleagues and communities.

support fund to provide emergency financial relief to animal rescues and a donation of £100k was made to the Retail Trust CaRe20 coronavirus appeal. In addition to our comprehensive social distancing and safety measures, from 1st April vulnerable customers were supported with a priority shopping hour and NHS workers received a 10% discount. Communication and wellbeing support were an absolute priority and tailored support was created for colleagues in different situations, whether continuing to work, working from home, furloughed or shielding. In addition wellbeing support was made available to all colleagues covering topics such as mental, physical and financial wellbeing. The communication campaign was led from the very top with our CEO, Peter Pritchard, delivering the first daily weekday video update to colleagues on 17th March which continued on this basis through until the beginning of restrictions being lifted in the middle of May. I am really proud of our response to the crisis and how we operated with resilience, stayed true to our values and prioritised our most important asset, our people and our culture.

Looking ahead to FY21 our priorities will be the finalisation and launch of our 2030 social purpose strategy and within this the development of our diversity and inclusions strategy; our long term carbon target and sharing our plans on how we will continue to support pets in need in our communities.

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

Our pledge



Peter Pritchard
Chief Executive Officer

We believe that Pets at Home has a significant role to play in contributing to society and is creating value for stakeholders through how we operate our business everyday, supported by our pet, people and planet programmes. What makes our business unique is being united by our shared love of pets and being able to provide experience and support throughout the pet ownership journey.

The adversity presented by the coronavirus pandemic has demonstrated that now, more than ever, pets and nature bring so much joy and fulfilment to our lives. Pets deserve our very best which is why our number one value will always be “pets come first”. We also want to ensure that we treat our planet with respect and kindness and are helping to solve rather than contribute to the world’s problems. In this report we have shared the considerable progress we have made in creating the best pet care business in the world, through the lens of our activities and impact on pets, people and our planet.

We are excited to be developing a longer term and sustainable approach, recognising the need to reflect the importance of these areas within our strategy. We have described this long term commitment in a form of words called our “Pledge” and we look forward to sharing more of this multi-year plan with you during FY21.

Peter Pritchard
Chief Executive Officer
Pets at Home Group Plc

Acting Responsibly

Context

During FY2019/20 we have begun a process to create and embed into our vision a social purpose strategy which will describe the role that we play in society, and include our people culture and our environmental and community activities. The importance of this strategy has been reflected in the creation of two new roles. Firstly, a new Group Executive position of Chief People and Culture Officer, which Louise Stonier has been appointed to, demonstrating that culture is being put into the heart of decision making. Secondly, supporting Louise, a new position of Group Head of Social Value, responsible for the creation and delivery of the strategy and its integration into the business plan. Under Louise's guidance the Executive Management Team developed a set of words to encapsulate their intent.

Demonstrating our social value

The strategy will build on the strong foundations and current value that the Group is creating but not necessarily communicating effectively to all stakeholders.

"We care deeply about the role that we play in society and we want to share the value we create as a business. Therefore, the Executive Management Team, in consultation with key stakeholders, will write and then embed into the way we operate a 10 year promise that makes at least 10 quantified commitments across the three pillars of: Pets, People and Planet."

This report includes more data and information about our work in communities and our people and culture and how this aligns to the United Nations Sustainable Development Goals (UN SDGs)



Acting responsibly and sustainably is at the heart of our business

Governance

The Pets Come First and Corporate Responsibility Committee meets three times a year to manage the Group's most important ethical, social and environmental impacts. It is chaired by Susan Dawson, non-executive Director, and acknowledging the importance of these impacts to the Group, all other Board members are required to attend the meetings. It oversees the Group's pet welfare, clinical excellence, community, environmental and charitable initiatives. It is supported by the Corporate Social Responsibility Committee who work with the board in developing the strategic direction and then implementation of the Group's community and stakeholder initiatives centred around pets, people and planet.

A supplementary interim governance approach has been used during the year with an Executive Management Team member taking sponsorship of one of five Management Teams covering Climate Change and Waste, Product and Supply Chain, Pet Welfare, People and Charity and Community.

Materiality review

A materiality review has been developed to help identify what matters most. To inform this work we used international frameworks such as the UN SDGs.

The process has been inclusive. We have engaged with our colleagues and our external stakeholders through listening groups, emails and roundtable events.

Through this consultation the materiality review identified 20 high level topics that the strategy will address.

These have been mapped against the ten principal risks within the company wide risk and assurance approach to ensure clarity on governance.

Initial progress

Work has begun straight away to accelerate opportunity areas such as packaging, phasing out our single use carrier bags and partnerships that will help us to support more people from vulnerable groups through employment and mentoring opportunities. The Group is also considering how to approach longer term sustainability risks and opportunities which will require collaboration and partnerships. We have begun work to establish a Net Zero Carbon target for our scope 1 and 2 emissions. In parallel, the process is underway to assess our scope 3 emissions which will enable a carbon emissions target to be set in line with limiting global temperature rises to below 1.5c.

Next steps

High level targets have been developed, along with supporting milestones, and these will be published during FY20/21 on the Investor Website. We are taking the time to develop what will be a multi year social purpose plan that will reflect the changing environmental and social risks and opportunities that arise.

Materiality review



Alignment of sustainability material topics to principal risks

Sustainability Material Topic	Principal Risk	Main Governance Forum
1 Pets' physical and emotional health	1	CSR & PCF Committee
2 Pets' role in society	CSR	Pet welfare
3 Health and wellbeing	4	People
4 Climate change risk assessment & action	10	Climate change & waste
5 Social mobility and inequality	4	People
6 Diversity and inclusion	4	People
7 Biodiversity	CSR	Climate change & waste
8 Waste	CSR	Climate change & waste
9 Resource consumption & circularity*	CSR	Product & supply chain
10 Sustainability of product packaging	6	Product & supply chain
11 Data ethics	5	
12 Purpose led business & careers	4	People
13 Supply chain transparency	6	Product & supply chain
14 Community contribution	CSR	Charity
15 Ethical business practices	6,8,9	
16 Sustainable product raw materials	CSR	Product & supply chain
17 Labour practices and Human Rights	6,9	Product & supply chain
18 Sustainability of pet ownership*	CSR	Product & supply chain
19 Environmental impacts of product production	10	Product & supply chain
20 Animal welfare impacts of product production	6	Product & supply chain

* Emerging topic

Delivering our purpose

We are a business built on strong values that guide everything that we do every day. Our aim is to create a better world for pets and the people who love them and so we organise our activity into the three areas where we have a material impact and create value.

Pets

Our charitable foundation Support Adoption for Pets (SAFP) is the number one financial supporter of pet rescues in the U.K. and this year it raised over £3m. The VIP club, our customer loyalty scheme, runs a unique point system called Lifelines which enables every customer swipe to be converted into support for a charity. This year over £2.1m was raised through customers shopping on line, in the Groom Room, Vets4Pets or Companion Care or swiping their card when they shop in store.

Read more
➔ Page 8



Our big 3 highlights of the year:

Over £5m raised to support over 800 charities

People

For the first time the colleague engagement survey "We C.A.R.E." was extended to all colleagues including the JVCo colleagues. 75% of colleagues completed the survey and the engagement rate was 83%.

Read more
➔ Page 14



83% colleague engagement

Planet

At Pets at Home we have had another year of strong environmental performance, delivering a 7% reduction in carbon emissions while growing Group revenue by 10.2%.

Read more
➔ Page 20



7% reduction in CO₂e emissions vs. 2018/19

Pets

Pets are at the heart of everything we do and everyone who is a part of our Group has a special responsibility to help keep pets happy, healthy and safe. Each one of our First Opinion practices is owned and run by a member of the Royal College of Veterinary Surgeons and our Specialist Hospitals are run by some of the leading veterinary specialists in the world. Our retail and grooming colleagues are trained for many hours in order to provide the best welfare possible for the pets in our care.



Putting pets first

Looking after the pets in our care

Stores and grooming salons

It is very important to us that the pets in our stores are well looked after, happy and healthy. We invest heavily in colleague training to ensure they receive the best care during their time with us.

We continue to review the standards of pet care and welfare across the Group, and specifically within our stores and grooming salons. The results of all our internal audits were very high and in line with our expectations. The business retained the services of two third party auditors to review standards and processes at our pet suppliers and this has generated feedback and ideas to improve suppliers' welfare standards even further.

In October 2018, updates to the Animal Welfare Act (Licensing of Activities Involving Animals) (England) Regulations came into force. Our stores have been assessed by local councils and this will continue on an ongoing basis.

All our grooming salon colleagues undergo extensive training, aligned to the City and Guilds levels, before they are able to fully groom a dog and our specific grooming training covers almost all types of dog breeds so that each pet is groomed specifically to any requirements that breed may have. Grooming colleagues learn how to handle dogs sensitively during their groom, minimising any anxiety, and colleagues also take time to inspect coat and skin health, recording any concerns they may have and drawing the owner's attention to them. We encourage all our salon colleagues to use their full discretion to seek treatment from a vet if they believe it is the right thing to do.



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 and run these practices. All our Joint Venture Partners run their practices with complete clinical freedom which means they have total discretion to treat all the pets in their care in the way that they, as a professional, deem most appropriate. Overlaid upon this, our clinical services team of veterinary surgeons provide support to help our Joint Venture Partners improve clinical standards and services to clients. Excellent progress has been made in the First Opinion veterinary business, with over three quarters of practices now enrolled with the Royal College of Veterinary Surgeons' Practice Standards Scheme and an increasing number of practices achieving further awards within the scheme.

We are also leading the way in First Opinion clinical practice with ground breaking initiatives such as our quality improvement programme called QI2020. QI2020 provides granular detail about practice clinical standards, enabling clinical services support to be tailored and targeted to provide maximum benefits.

Supporting pets in our communities

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 three main programmes: our charitable foundation, Support Adoption for Pets, our customer loyalty community programme, VIP Lifelines, and our programme of fun educational workshops for children.

Support Adoption for Pets



Support Adoption for Pets (SAFP) is an animal rescue and pet adoption charitable foundation which has raised over £35m since it was established in 2006. The foundation is run by a small team of experts including a registered veterinary nurse, a fundraising manager and a number of colleagues with expertise in assessing and supporting the small rescues that we work with.

How SAFP raises money

390 of the Pets at Home stores selected a local animal rescue charity to support this year and hold regular fundraising events, including supporting the national events like the "Santa Paws" Christmas appeal where we collect donations in our stores and vet practices to help a pet in need at Christmas.

At the end of the year the local charities receive 50% of the funds raised in that store which reached £1.2m last year, the remaining 50% is invested in the SAFP grant programme.

How this money is spent

The money raised is used to issue grants on a quarterly basis to animal rescue charities across the UK. Last year 78 grants with a value of over £1.5m were issued. In addition at the end of the year an emergency fund of £400k was allocated to support rescues impacted by the coronavirus crisis.

The charity also runs a network of animal adoption centres in most of our Pets at Home stores. The adoption centres accept rabbits, guinea pigs, gerbils and other similar small pets. All animals are given a thorough health assessment and any required veterinary treatment.

The adoption centres received additional financial support from Pets at Home through the provision of free bedding, estimated at £325k at retail selling prices, and colleague time to provide care to the animals estimated at over £800k per annum.

We are proud that this activity makes SAFP the number one financial supporter of pet rescues in the U.K.

The impact of the money spent

The grants awarded cover a wide variety of requests from immediate veterinary bills, through to infrastructural investments like buildings and vehicles. Each grant request is individually considered by the Trustee board of the charity. Over 70% of the grant value awarded went to capital related projects that create a sustainable improvement to the rescue, enabling it to have a bigger impact on the pets in their care. The grants impacted rescues whose reach extended to over 19,000 animals in the last year.

£1.5m issued in grants to rescues

£1.2m Raised for local charities through the charity of the year programme

78

Grants awarded to rescue centres who, in the last year helped:



10,034 Cats



6,459 Dogs



197 Horses



2,573 Rabbits and small animals



Case study
Woodlands Animal Sanctuary
 SAFP funded the sanctuary (and four other animal rescue charities) to attend the two day Association of Dogs and Cats Homes (ADCH) conference. This enabled the rescue to review their strategy and to consider how they could reach more animals in need and have an even bigger impact. SAFP went on to grant their biggest ever grant of £176k which was used to build a new cattery at the sanctuary.

“The new cattery will give us first class facilities for our cats with much better infection control and ease of cleaning than our current cattery. We will have proper isolation and maternity facilities completely separate from our cats for rehoming which is a huge improvement on what we currently have.

We can't thank Support Adoption for Pets enough for helping us turn our dream of a purpose built, state of the art cattery into reality.”

Liz Gould, Trustee, Woodlands Animal Sanctuary

£176,422
 Grant awarded to Woodlands Animal Sanctuary

“The Cat Watch project helps the cats in our society that may not otherwise be reached by working with communities and offering support in unique ways. The interventions in place mean that cat caretakers have the opportunity and capability to improve the welfare of these cats. The grant received from Support Adoption for Pets has been so valuable in enabling this work to develop and recognises the impact it has had, for which we are very grateful.”

Jane Clements, Head of Neutering, Cats Protection



Case study
Cats Protection
 Cats Protection was awarded a grant of £100,000 in 2019 from Support Adoption for Pets towards the development of the Cat Watch project in Nottingham and Liverpool.

Cat Watch aims to improve our understanding of the unowned cat population in urban areas and to work with, and alongside, communities to improve cat welfare. Its long term aim is a citywide welfare approach to the community cats in our society.

£100,000
 Grant awarded to Cats Protection

VIP Lifelines

How VIP Lifelines supports charities

When VIP loyalty club members spend in a store, Groom Room or Vets4Pets practice they earn Lifelines, a unique type of loyalty point. Each 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 an impact - unredeemed points or those accrued without a chosen beneficiary charity are then used for further good causes where specific donations can be made that are important to our customers. This year, £2.1m has been raised by VIP members which makes a total of over £12.6m since the VIP club launched in November 2012.

The impact of Lifelines

This year 782 local 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.

782

Local charities supported with vouchers worth £716k

10

National charities supported with vouchers worth £909k

15,000

All dogs being cared for by the Dogs Trust fed with Pets at Home dog food



£100k

Amount donated to the Worldwide Fund for Nature, thanks to our VIP club members



Case study

Australian Bush Fires Appeal

As animal lovers it was heart breaking for us to see the news coverage of the bush fires burning across Australia and the impact on thousands of families and millions of animals. The loyalty of our customers enabled a donation of £100,000 to be made to the WWF, to contribute towards restoring habitats, emergency animal care and helping to protect the existing wildlife.

Case study

UK floods

During February 2020, the UK experienced the wettest February since records began in 1766 with record levels of rainfall after three weekends of successive storms battered communities across the UK. The subsequent flooding devastated many communities. Lifelines were used to support various communities in need including in Telford where, with the local store, Joe Whitaker travelled to Ironbridge to donate bedding and food to help the pets who had been evacuated from their homes due to the terrible flooding.





**Case study
Dogs Trust**

Dogs Trust cares for around 15,000 dogs each year at its 20 rehoming centres located across the UK. Our customers' VIP Lifelines have been used to provide Wainwright's dry dog food for the dogs being cared for while they await their their forever homes, and ensures that they have a bag of their favourite food to help them settle into their new home. The food provided equates to over £400k if the charity had purchased Wainwright's from our stores, meaning they can free up funds to help fund the rest of their vital works.



Case study

Soldiering On Awards

We understand the amazing impact animals can have on people, and that's why we also used VIP Lifelines to sponsor the Animal Partnership Award category of the Soldiering on Awards 2020. The special Award honours the unique relationships and companionship provided by animals, and/or the achievements of individuals or organisations engaged with animals that support or empower members of the Armed Forces community. The amazing stories of the finalists were featured on the Pets at Home social media pages during March so that our customers could then cast their vote for the winner. Over 6,500 votes were received for the four finalists; the winner will be announced later in 2020.

>6,500

Votes received for the four finalists; the winner will be announced later in 2020

over £400k

of dog food donated between December 2018 to December 2019



Every one of our incredible dogs has a special someone out there just waiting to give them a loving home. Until they find that perfect person, we're there to give them all the support they need. It takes a lot of love, a lot of walks, and several tonnes of dog food to keep our 15,000 dogs going every year, and we couldn't do it without the vital support of Pets at Home."

Nick Daniel, Director of Fundraising at Dogs Trust



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.

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. Beaver colonies and Cub packs are able to register to join a session at one of our stores to help build their understanding of how to be a responsible pet owner and care for pets to work towards these badges. Last year we ran 797 of these sessions across the year in our stores with 14,000 children registering to attend.

Pet Pals workshops

During the school holidays we invite children and their parents and carers to join us for some fun and educational My Pet Pals workshops. During the last year we were delighted to register over 124,000 children to over 50,000 workshops.



In addition there are other partnerships and activities across the Group that align with our aim to create a better world for pets and the people who love them.

- We partner with Battersea Dogs and Cats home and offer all dogs rehomed through them free vaccinations for the life of each pet adopted through our Vets4Pets "Vac4Life" care plan.
- Since 2018 we have been partnering with Street Vet, a new charity where veterinary professionals come together in key UK cities to volunteer, providing essential veterinary care for the pets of homeless people. Four of our practices have volunteered their veterinary premises to be the Street Vet base within the town they operate in and many of our vets and nurses across the country volunteer with this charity, giving their veterinary skills for free. We are the main supporters of their National Volunteer Conference which is now going into its third year and this year we provided media training for all lead Street Vet volunteers across the country.
- During 2019 the Vet Group selected Vetlife as its charity of the year. Vetlife provides mental health support to the veterinary industry through education, a 24/7 helpline, benevolent fund and online resources for industry members to name just some of the support available. Supporting the mental health of all our colleagues and our JVPs is of paramount importance and this is especially true in the veterinary industry where the incidence of mental health issues is reported to be higher than the general population.



51,000
Pet Pal and Scouting workshops

138,000
Children registered to attend

"At Scouts we are both delighted and grateful to be celebrating 10 years of partnership with Pets at Home.

Thank you for all you do to promote a key Scout value – caring for others and the world we live in, in this case animals in our care. Your partnership with us helps Scouts sustain our support for young people and help them to find their place in the world, especially when times are tough. We look forward to working with you for a long time to come. Once again, thank you"

Kathy O'Brien, Partnerships Manager, Scouts

- All of our vet practices are aligned to administer the Blue Cross Emergency Fund which enables vets to provide free veterinary care to those who may face financial barriers to paying for it themselves.
- We currently partner with two animal charities, Pets as Therapy and Dogs4Good, and split all proceeds from carrier bag sales in our stores equally between those charities.
- We have donated £185k to the Royal British Legion and £34k to Marie Curie from our Poppy and Daffodil appeals.
- Our colleagues are able to take a charity day every year for volunteering purposes. For example, during 2019 the Vet Group support office ran a third community day in Swindon where colleagues supported over 8 local community outreach projects and charities. Over 60 colleagues participated with over 500 volunteer hours being completed in one day.

Coronavirus

Our most pressing priority is to support the pet rescue sector who are facing financial uncertainty due to the impact of the coronavirus on fundraising and their ability to run their operations. At the end of March as a response to the impact of coronavirus on local rescues and animal charities we allocated £1.1m, comprising £400k from SAFF and £700k funding thanks to VIP Lifelines. We will continue to work closely with the rescue sector and support them in any way that we are able to over the coming months.

People

As we look to progress on our journey to achieve our vision of becoming ‘the best pet care business in the world’, our culture is the enabler to delivering our strategy. Focusing on our colleagues and our culture has never been more critical as we continue on our transformation journey. For us it is all about kindness: to each other, our Partners, communities, the environment, customers and pets. Kindness builds trust and creates an emotional connection to who we are and what we do. This year we have focused on reviewing and aligning the key people activities across the Group and creating our overall People Strategy for the next five years.



Our values and culture



I love the people I work with – we’re like one big family.”

“The culture is friendly, everyone is approachable and every day is different.”

Our values

Our values are what make us different from other organisations. They are unique to us and they reflect our very special culture. They give us clarity about what we do here.

We recognised that although our values have been tweaked over the years, they have fundamentally remained the same and as a Group we still passionately believe that our values reflect our business.

Our behaviours

Our behaviours underpin and bring to life our values. They run throughout our business from recruitment, through to on-boarding, through our learning and development programmes, our performance management and reward frameworks and our talent and succession.

- #1 be courageous
- #2 be honest
- #3 be respectful
- #4 be inspiring
- #5 be supportive

Colleague and leadership capability

We are currently shaping our colleague and leadership capability framework which will clearly articulate our expectations of what great looks like for colleagues and leaders. Our reward and grading schemes will be embedded within this framework which will also support career pathways and all future learning and development programmes.

All our learning and development programmes will be underpinned by our new capability framework, our leadership programmes are under review and will focus on leading and mobilising our business strategy and strengthening our change leadership.

Training and development

We are reviewing our colleague development programmes at store level to ensure our colleagues are able to bring the pet experience to life and thereby support our customers and their pet care needs. We will continue to map more training programmes to apprenticeships over the coming year, focusing on the development of critical clinical, customer facing and leadership talent groups to shape the future of the Group by attracting growing and retaining best in class next generation talent that inspires us to discover new ways of wowing our pet care customers. In England, on average we had 71 colleagues actively engaged in a dog grooming apprenticeship. Each month of the year we recruit new colleagues into the business, and take them through the animal care apprenticeship combined with our own industry leading training to become competent grooming stylists. We have other apprenticeship programmes in other areas of the business including our Support Offices, specialist division and distribution. We continue to develop a healthy pipeline of talented veterinary graduates through our Graduate Programme and in the last three years we have recruited over 300 graduates. This year we will be launching our Graduate Next Steps Alumni fund to support long term professional and personal development and increase retention of our graduates once they have completed the programme. We have an in house Learning Academy the aim is to support development, learning and to gain experience in any area that is relevant to an individual role or of great personal interest to a colleague.

Our aim is to provide the Continuing Professional Development (CPD) support required whether this is Clinical CPD, such as Emergency Surgery and Soft Tissue courses or non-clinical CPD such as Leadership Courses and Bereavement courses. We create learning and development opportunities as we develop and grow our business. For example the Discovery Project created cross functional teams who work together over a short timescale of a few months to find creative solutions to real business challenges, many of which will now be taken forward. The Store and Support Office Appreciation Days are another example of an opportunity for teams to learn from each other.

4,087
Number of grooming development and expertise training courses completed by colleagues across the Group

247
Average number of apprenticeships across the Group

Listening to colleagues

Listening is very much part of our DNA and we adopt an “always listening” approach, it is a very important part of our culture that everyone’s contribution is important and valued. There are many mechanisms available to colleagues to ensure that there is an accessible route for any idea or concern.

We have run our first Group Wide Listening Survey which we call “We C.A.R.E.” and we have action plans to support the key themes of flexible working, managing change and career pathways. The Annual Survey is supplemented throughout the year by Pulse Surveys and Listening Groups. The Remuneration committee chair, Paul Moody, has been appointed as colleague representative. In this capacity he has attended executive and store listening sessions. In addition, the Chairman has attended two listening sessions in April and November as well as regular store and vet practice visits.

Our response to the coronavirus crisis demonstrates our commitment to listening and communicating to our colleagues. Daily weekday video updates from the CEO or a member of the Executive Management Team started on 17th March to supplement the written protocols; Directors have buddied with an Area to ensure that every Store Manager received a weekly call; the social network platform SAP JAM was used to create networks of colleagues such as homeworkers; a wellbeing survey was sent to colleagues at the beginning of May to understand colleague concerns and how we can provide further support.



Diversity and inclusion

We are committed to developing a culture of inclusivity across the Group and we are at the start of our journey. We aim to create a culture where everyone is able to come to work, be themselves and make their best contribution. We believe that by focusing on creating an inclusive culture that welcomes everyone irrespective of what makes us each unique and different the benefits of diversity will be realised.

We were delighted that in the ‘We C.A.R.E’ colleague engagement survey 88% of colleagues agreed with the statement that “colleague individual differences are respected here (e.g. cultures, working styles, backgrounds, ideas)”.

The ‘We C.A.R.E’ survey highlighted that for some colleagues a more flexible and agile workplace was important. This has continued to be a focus for this year and in addition to our flexible working policies more digital platforms have been launched to make this possible.

This year we have also partnered with the Retail Week Be Inspired campaign for future female leaders and four of our colleagues have benefited from participating in the Senior Leadership Academy element of the programme. They have been bringing back their learnings to support our internal programmes. Information has been cascaded and accessible for all regardless of gender via our new collaborative working and social media tool, SAP Jam. Our CEO, Peter Pritchard, our Chief People and Culture Officer, Louise Stonier, and our COO for Retail, David Robinson, have all signed up to be ambassadors in supporting and promoting the programme both internally and externally. Although it began as a gender focused programme, we have recognised that the content and themes are applicable and valuable to all of our colleagues so we have made the content of The Be Inspired virtual conference in June 2020 available to all colleagues from across the business.

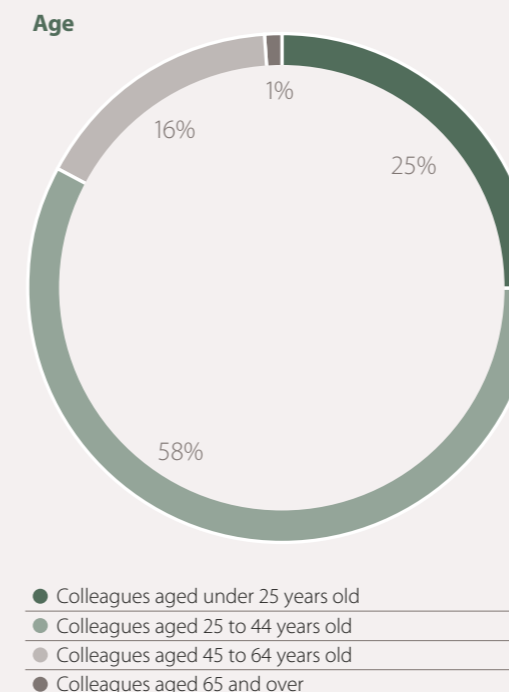


Gender pay gap report 2019

We have reported our gender pay information for the third year and we have reported for the second time this year on two parts of our Vet Group, in addition to information on colleagues in our Retail business. These are our First Opinion veterinary Support Office (Companion Care Services Limited) and one of our Specialist Referral centres, Dick White Referrals, which have both exceeded the reporting threshold of 250 colleagues. In the report we have included the comparisons across the years that we have published data. Overall we are pleased with our numbers and the progress we have made, however, there is still an imbalance. Whilst we are delighted we have over 50% female representation in management and senior management levels, our gender pay gap is caused by the factors we outlined last year; we have more men than women in the higher paying STEM careers across both Support Office and the veterinary Specialist Hospitals and more women than men in our hourly paid roles. The full report can be found on our investor site.

With the implementation of Success Factors in 2020, we will capture the data to provide us with a more detailed understanding of the diversity of our colleague base in addition to gender and age. This will help set out our ambition, starting with our policy and process reviews, to shaping an inclusive leadership approach. Diversity and inclusion will be embedded further within our leadership capability framework which launches in 2020. Our existing data enables us to view diversity through the lens of gender, age and tenure and the table on page 17 illustrates the position for 2019/20.

People data



Experience

53%

Pets at Home store managers have over 10 years’ experience

Retention

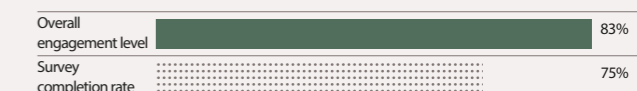
76%

colleague retention

Gender diversity all colleagues



Colleague engagement



Diversity data			
	Combined Group	Pets at Home retail	Vet Group
Gender			
% of women on plc board	25%	n/a	n/a
% of women on Executive Management Team	30%	n/a	n/a
% of roles held by women total business	76%	67%	88%
% of senior management roles held by women	39%	38%	42%
% of store managers women	n/a	41%	n/a
% of JVP women	n/a	n/a	54%
Age			
% Colleagues aged under 25 years old	25%	33%	15%
% Colleagues aged 25 to 34 years old	39%	36%	42%
% Colleagues aged 35 to 44 years old	19%	15%	24%
% Colleagues aged 45 to 54 years old	11%	10%	13%
% Colleagues aged 55 to 64 years old	5%	5%	5%
% Colleagues aged 65 and over	1%	1%	1%
Experience			
% Colleagues with under 2 years’ service	41%	38%	43%
% Colleagues between 2 and 5 years’ service	29%	27%	33%
% Colleagues between 5 and 10 years’ service	19%	19%	19%
% Colleagues over 10 years’ service	11%	16%	5%
% of store managers over 10 years’ service	n/a	53%	n/a
% of JVPs over 10 years’ service	n/a	n/a	17%
Engagement			
% engaged	83%	83%	76%
% completed	75%	90%	54%
Training			
Average number of apprenticeships across the Group	247	178	69
Number of grooming development and expertise training courses completed by colleagues	4,087	4,087	n/a
Turnover data			
Total turnover %	24%	22%	27%
Unplanned turnover %	20%	19%	22%



Colleague wellbeing

During the year we have developed our colleague wellbeing strategy. The strategy builds on the strong foundations from the last few years, when the Group began its wellbeing journey with an initial focus on mental health. The new strategy covers all the components of our wellbeing: emotional wellbeing, physical wellbeing, financial wellbeing and nutritional wellbeing. It also recognises that wellbeing is one element of the overall colleague experience and there is a high level of interdependency between wellbeing, our culture, listening to our colleagues and engagement.

Pets at Home became signatories to the "Time to Change" pledge in 2019 and committed to deliver the six standards of mental health at work, building on our successful partnership with the charity Mind. The resources and support that Mind have given us have been invaluable in supporting our colleagues and building our strategy. In FY20, the Vet Group has selected Vet Life as their charity of the year. Vet Life is a charity that provides emotional, financial and mental health support to those that work in the veterinary profession.

We have wellbeing ambassadors in place across our stores, Distribution centres and Support Offices. These ambassadors provide someone else to talk to instead of a line manager if that is what the colleague would prefer, and can also signpost the colleague to appropriate additional support.

Our colleague hardship fund has been in existence for a number of years. During FY19/20 we granted £30k in awards through this fund. It complements the support that colleagues can reach through our Retail Trust membership and enables colleagues to apply for grants to help them in times of financial hardship. The fund was topped up by £1m in March 2020 as a consequence of the coronavirus crisis and the impact that this may have on our colleagues and their families.



In April 2020 we established a wellbeing social media group that had over 1,000 members in the first few days of establishment. Our internal platforms include specific wellbeing pages where we are providing colleagues with resources to support their wellbeing, focusing on different topics across the year. Our new social media and collaborative working tool, SAP Jam, contains a wealth of information and resources across all of our wellbeing focus areas and will be updated throughout the year.

Coronavirus

We continue to monitor and review Government advice with regards to the coronavirus, to ensure the safety and wellbeing of all our colleagues and customers at this difficult time.

To ensure that colleagues have been kept fully informed and reassured by the measures taken to safeguard them and our business a selection of communication channels have been used. Detailed written protocols have been provided for colleagues, the first was published on 26th February and there have been 19 subsequent updates until 5th May. Daily weekday video briefings have been led by the CEO or one of the Executive Management Team. Additional briefing sessions have taken place for specific parts of the business to provide an opportunity for questions to be asked.

Looking ahead

Developing our future talent pipeline

We will focus on generating talent and skills to meet the needs for critical roles in the future and supporting those that face barriers to employment where we have opportunities.

Diversity and inclusion

We will create our strategy, supporting policies and measurement framework.

Wellbeing

We will be supporting our colleagues' wellbeing throughout the year and delivering support across our four wellbeing focus areas: emotional, physical, financial and nutritional.

Health and safety

We are committed to providing a safe and healthy environment for all of our colleagues, customers and third party contractors. The management team recognises its responsibility for Health and Safety and we have robust control measures in place.

Along with the management team we have a dedicated health and safety function which oversees compliance across the Group. In our stores and practices our colleagues are responsible for the implementation of the policies and procedures. We continue to promote health and safety through the Group to all of our colleagues.

Lucy Williams, our Group Legal Director and 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 of the Group.

We continue to benchmark Group accident rates. 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.

The number of RIDDOR accidents decreased 0.26 to 0.19 in our stores, practices and Specialist Referral centres. In our Distribution Centres, there was an increase of 0.17 accidents per 100,000 hours worked, and RIDDOR accidents decreased by 0.09 per 100,000 hours worked. During the financial year, we have continued to focus on colleagues reporting all accidents, no matter how small, and we believe that this focus has resulted in the total number of reported accidents across the Group increasing; there was an increase in the colleague accident rate by 1.13 from 9.16 to 10.29 accidents per 1,000 colleagues and there was an increase in customer accidents from 1.20 to 1.30 per 100,000 transactions.

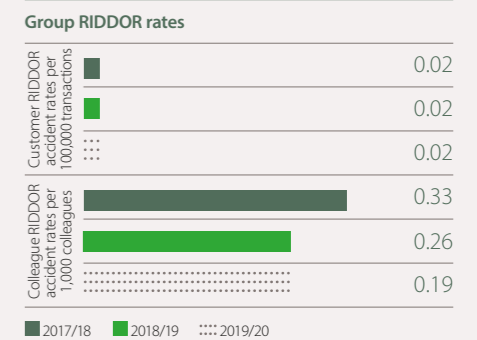
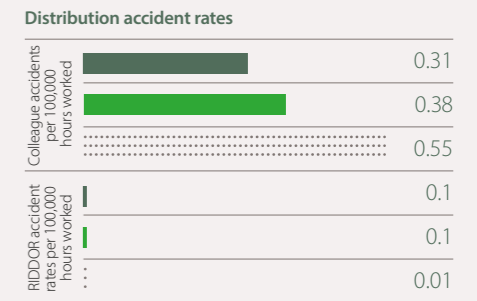
Our goal is to make the Pets at Home Group a healthier and safer place for everyone. We therefore expect our colleagues to manage all aspects of our business safely. We continue to promote health and safety, and a "Stay Safe" culture throughout the Group to all colleagues.

100%

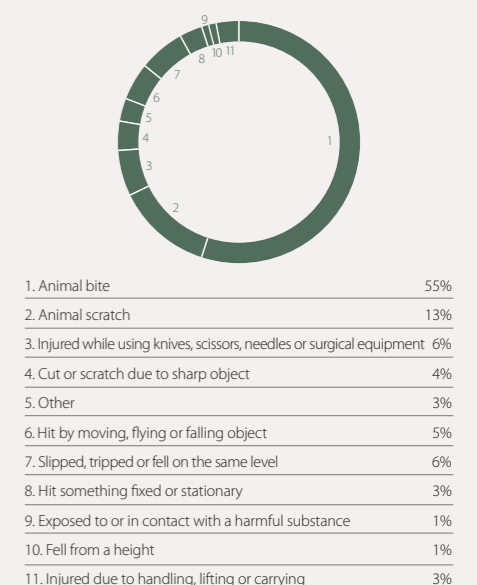
All our retail area managers completed 100% of the health and safety audits required of them during the year 19/20

100%

Vet practices have a valid audit and during the year 75% received an audit renewal



Accident causations



Planet

It is important that we minimise the environmental impact of our business and focus on the material impacts across the value chain. We have made significant progress on our direct operational impact and we are now focusing on our supply chains, particularly products, which are complex and diverse.



Acting Responsibly
Page 4

Product packaging

During the year we have completed a large project to review the primary packaging across all of our own brand and exclusive branded products. We have identified that over 75% of our packaging, by weight, is currently recyclable as defined by the OPRL guidelines. We have identified opportunities to progressively move existing packaging to improved materials and we have set a target to ensure that 100% of our packaging will be recyclable, recycled or compostable by 2025.



Case study

Wainwright's moves into recyclable packs

Wainwright's, one of our flagship dog food brands, has moved the entire core range of dry dog foods from multilayer laminated plastic polymer bags to a combination of paper bags for the smaller bag formats and a single polymer PE bag format, that is fully recyclable in the carrier bag recycling recovery system, for the much larger volume sacks.

In volume terms this is a significant shift from previously non-recyclable materials to simpler to recover products that continue to offer the strength and shelf-life required for heavy, bulky products whilst reducing their long term environmental impact.

As new ranges are introduced and our packaging is updated we will continue to review the use of un-recyclable material and remove it at every opportunity in line with our 2025 target.

Waste and recycling processes

During the year we have focused on building a full and detailed picture of all of our waste streams across the Group to enable us to optimise the reduction and treatment of our waste materials. Our Distribution Centres currently handle key waste streams backhauled from our stores. Our three main volume backhauled waste streams all have solutions to avoid landfill:

Animal bedding	All of the used animal bedding from the pets in our stores is returned to our Distribution Centres where it is composted, ensuring that none goes to landfill.
Plastic shrink wrap	All of the plastic shrink wrap used in our stores is returned to our Distribution Centres. Once at the centres it is graded and bulked together and sent for recycling, giving it the best chance to come back as something new.
Cardboard packaging	We ensure all cardboard is returned to our Distribution Centres for full central recycling.

Minimising our direct operational carbon footprint

Becoming carbon neutral in gas and electricity use

Since October 2017 we have become carbon neutral in relation to our use of natural gas and electricity across all of our stores, veterinary practices, Distribution Centres and Support Offices. We source green renewable electricity and we have moved our carbon mitigation scheme to a new partnership with the Woodland Trust to absorb 1,500 tonnes of carbon dioxide, equivalent to our use of natural gas in our buildings, through the planting of 6,000 trees, helping our strategy to reduce our business carbon footprint while helping to support the other benefits that our woodlands give us such as biodiversity and a sense of wellbeing.

We continue to reduce our carbon footprint. Electricity has the biggest environmental impact but we are buying renewable electricity. We continue to target other areas to reduce emissions, particularly our logistics fleet. We include electric and hybrid vehicles in our car fleet options for colleagues and the number of these vehicles in our fleet has increased by 32% in a year.



The Woodland Trust is a charity registered in England and Wales (No. 294344) and in Scotland (No. SC038885)

1,500
tonnes carbon mitigation purchased

Our energy reduction programme

We have installed Building Energy Management System (BEMS) in all our stores. These systems monitor and control the temperature and lighting in our stores, delivering two key benefits in line with our Pets and Planet Corporate Social Responsibility approaches – the pets in our stores benefit from temperature ranges which have been set by our Head of Pets, to ensure that we continue to provide the absolute best standards of pet care, and the energy savings that we achieve as a result of the management system save on energy consumption across our estate.

We continue to look for ways in which we can save energy and improve our operating environment for colleagues. LED lights are installed in all our in-store vet practices.

-1.9%

Reduction in electricity consumption during FY19/20 vs the previous year, through installing LED lighting and BEMS across our store estate

How our building energy management system works

Pets need to be kept at the appropriate temperature for their welfare and our BEMS helps us to achieve this. Temperatures are constantly monitored via up to eight sensors which are placed in key areas of our buildings. The temperatures are recorded every ten seconds which means live temperatures are recorded 8,640 times every day for each sensor. The BEMS ensures that these temperatures are within the welfare ranges set by the Head of Pets. In the unlikely event of a fault, additional manual reads are used, in combination with the system reads until this is rectified, to ensure the correct temperatures are maintained for the pets in our care.

Our carbon emissions in detail



Summary

We are pleased that our absolute CO₂e emissions have reduced by 7% vs 18/19. This is a particularly good result given that we have grown our Group revenue by 10.2% vs 18/19.

Our 19/20 performance has continued to benefit from the previous investments made in LED lighting and BEMS management systems in stores and in-store vet practices. We have included our 158 stand alone Joint Venture vet partners' carbon emissions in our 19/20 and 18/19 disclosure, although we are not required to do so by the Streamlined Energy and Carbon Reporting (SECR) requirements, in the spirit of transparency and increased value chain reporting.

Scope 1 emissions

Scope 1 emissions remained broadly flat. The biggest contributor to our Scope 1 emissions is diesel used by our haulage fleet which represents 74% of Scope 1 emissions and 22% of total emissions, and they have been broadly flat year on year. Our distribution network has become more efficient; we have travelled 123.4 km per 1,000 cases delivered in 2019/20 vs 119.4 km in 2018/19, an improvement of 3.2%. We have maintained our fuel efficiency at 2.89 km per litre. This performance also includes our backhauling operations where we collect goods from our suppliers on the way back from store deliveries. We made 4,468 collections during the year which is 3.6% growth vs 18/19 and represents 20% of our domestic intake. This adds to our km driven but will contribute to an overall societal carbon benefit compared to unique journeys taking place by our suppliers to make these deliveries. Natural gas usage in buildings has fallen by 3% vs 18/19 yr/yr and by 58% vs 17/18. The remaining 739 tonnes of CO₂e derived from natural gas use in buildings is driven by existing gas systems in leased buildings, including two office locations, one Distribution Centres and Retail Stores. We continue to offset this gas use and have moved our carbon mitigation to the Woodland Trust's scheme detailed on page 79.

Scope 2 emissions

Our electricity consumption decreased by 1.9% during the year. We continue to benefit from the investments made in LED lighting and BEMS. All of our Retail Stores and In-store Vet Practices now have LED lighting in place. Because of favourable carbon emissions conversion factors the 1.9% reduction delivered a carbon improvement of 11%. Since 2017 we have purchased renewable electricity and we continue to do so. The Asia office represents a very small proportion of our total energy use at 0.04% or 25,576 kWh in the year so we include this consumption in our total emissions table.

Scope 3 emissions

There has been a 2.6% reduction on our reported Scope 3 emissions. The majority of this reduction is due to the reduced electricity transmission and distribution losses that flow through from the reduced carbons emissions for our electricity use. Diesel use from our third party hauliers is included in this Scope 3 calculation and there has been a 4.3% reduction in CO₂e emissions in relation to this vs last year driven by a 3.4% reduction in km travelled. Personal business travel is included in Scope 3. It is a relatively small proportion of the overall carbon emissions at 3.7%. The number of hybrid or electric cars chosen by colleagues who qualify for a company car has increased by 32% from 38 to 50 during the year and they now represent 17% of the fleet. We expect this trend to continue at the point of lease renewal.

Looking ahead

ESOS phase 2 recommendations

Our priorities over the next year are to continue to reduce our direct operational carbon impact by implementing the ESOS phase 2 recommendations that remain viable and operationally feasible following the coronavirus crisis.

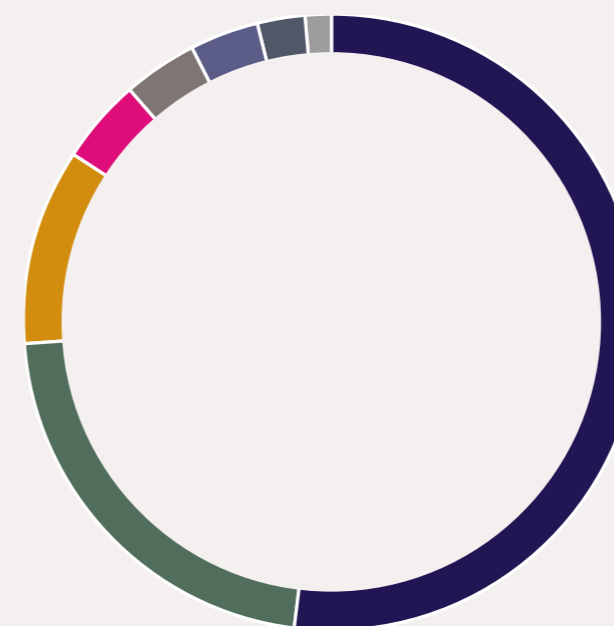
Gas removals – We will review the feasibility of removing a further 12 gas meters from our portfolio.

BEMS system – We plan to install the BEMS into our three buildings at the Pets at Home Support Offices in Handforth, to help with colleague comfort and to reduce energy consumption during both working hours and out of hours. This will ensure that essential heating is set to pre-determined temperatures and is switched off during closed office hours.

Long term Carbon Target

As part of our strategic review, we have begun the work to establish a net zero carbon target for our scope 1 and 2 emissions. In parallel, the process is underway to assess our scope 3 emissions across our value chain. This is an important but complex piece of work which will enable us to create an emissions reduction target in line with limiting global temperature rises to below 1.5c.

Carbon emissions breakdown by source 2019/20



	Tonnes CO ₂ e	%
Electricity	15,133	52.2
Diesel (Core Fleet)	6,279	21.7
Diesel (3rd Party)	3,039	10.5
Electricity T&D losses	1,284	4.4
Business Travel (Company Fleet)	1,082	3.7
Business Travel (Third Party)	1,071	3.7
Gas	739	2.6
Red Diesel	345	1.2

Carbon emissions summary by Scope 2019/20

	Tonnes CO ₂ e emissions		
	2018 / 19	2019-20 (Scope 2 location-based)	2019-20 (Scope 2 market-based)
Scope 1	8,431	8,445	8,445
Scope 2	17,066	15,133	677
Scope 3	5,538	5,394	4,110
Total	31,035	28,972	13,232
Inclusion of 1,500 tonnes of carbon mitigation		27,472	11,733
Scope 1 and Scope 2 kWh	66,359,660	65,069,778	
Normalisation of CO ₂ e to £m revenue	32.29	27.38	

- Methodology:** We have applied the UK Government's 2019 Conversion Factors for Company Reporting and GHG standards and the Streamlined Energy and Carbon Reporting guidance to quantify and report our greenhouse gas emissions.
- Methodology:** An operational control approach has been used to define the reporting process. This is the same approach as last year 2018/19.
- Additional inclusions:** We have included the emissions from our stand-alone vet practices and referral centres. The impact of these is de minimis.
- Exclusions:** Due to technical issues with data collection, fugitive emissions from air conditioning and refrigeration are not reported although these are considered minimal.
- Exclusions:** A small number of train and air journeys were not reported, as no carbon intensity data was available, this is de minimis.
- Estimation:** Forecasted energy consumption used for budgeting purposes has been applied in the occasional instance where estimation was required.
- Independent verification:** Our 2019 Scope 1, 2 and 3 emissions are verified to a limited level of assurance by Ramboll UK Limited using the ISO 14064-3 standard. A link to the verification statement is available on the Pets at Home website.
- 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 £22,500 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 1,500 tonnes of carbon dioxide (equivalent to our use of natural gas in our buildings and electricity procured outside of the Group renewable contract), through the planting of 6,000 trees, helping with our strategy to reduce our business carbon footprint.

Pets at Home Group Plc

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