



Human Rights and Modern Slavery Statement 2022

This is the Pets at Home Group's sixth statement made under section 54 of the Modern Slavery Act 2015 ("Act") and constitutes our Group Modern Slavery Act Statement for the financial year 2021/22.

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

It has been another year of significant disruption for global supply chains. Ongoing COVID-19 restrictions, armed conflict, climate change pressures, inflationary pressures and labour shortages all contribute to a climate of heightened modern slavery risks. It has never been more important for brands to work in partnership with their suppliers and in collaboration with industry to manage these risks together.

We have made progress in some key areas this year including better use of data and analytics, developing our Responsible Sourcing Handbook and exploring high risk areas of our operations and our supply chain

We continue to assess ourselves against the [IASC Modern Slavery Maturity Framework](#) and have progressed in the category 'Evolving Good Practice' with future activity planned in 'Leading on Human Rights Innovation'.



About Us

Pets at Home Group plc is the UK's leading pet care business; our commitment is to make sure pets and their owners get the very best advice, products and care. Our pet care centres, Groom Room salons and First Opinion vet practices are located throughout the United Kingdom allowing us to offer convenient pet care to customers across the country. Pet food and pet accessory products are available online or from our 457 pet care centres, many of which have a vet practice and a grooming salon. Pets at Home operates the largest branded network of First Opinion veterinary practices in the UK, with a total of 443 practices operating under the Vets4Pets and Companion Care brand

names. Our preferred model has always been to build value through shared ownership. We operate a total of 388 Joint Venture First Opinion practices which are all established as individual small businesses. The remaining 55 First Opinion practices are operated under a company managed model. Just over 16,500 colleagues are employed either directly or indirectly (via the First Opinion Joint Venture Companies). We operate the distribution centres in house and have a fleet of leased HGVs and vans. Our growing home delivery network is supported by carrier partners from our distribution centre in Northampton.

457

Pet care centres with a vet and groomer



1.7m

Active vet clients

337

Groom Rooms



> 10,000

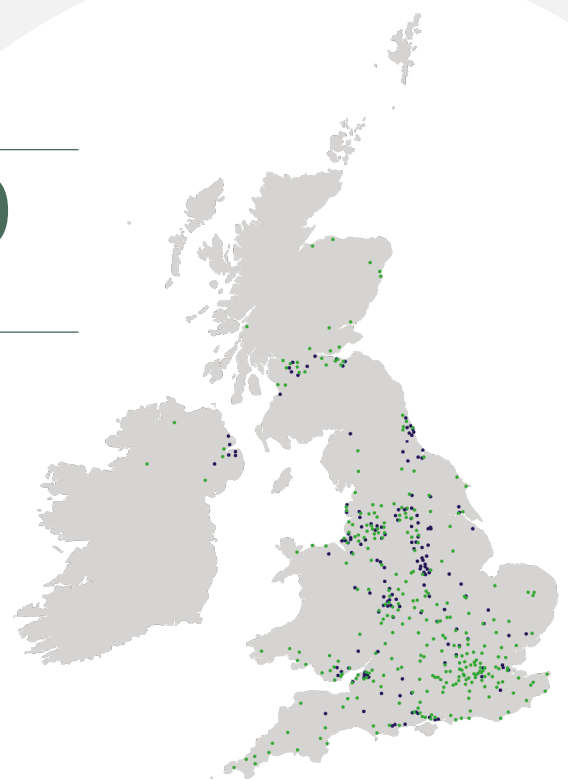
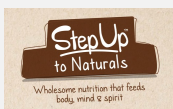
Products in our extended online range

443

Veterinary practices
(388 joint venture First Opinion practices and 55 company managed First Opinion practices)



Our own label brands:



- Pet care centres with a vet and groomer
- Standalone vets

Over
16,500

colleagues across our Group

3

Own Operations Distribution Centres. 2 located in Stoke-on-Trent and 1 in Northampton

2

UK Support Offices in Handforth and Swindon

1

Regional Sourcing Office in Hong Kong

Our Supply Chain

We have a clear supplier strategy which supports our commitment to responsible sourcing.

1. We carefully select business partners who share our values and commitment to uphold and continuously improve labour and environmental standards.
2. We seek to build long term stable supplier relationships and use our buying power to influence improvements in workplace and supply chain standards.
3. We set clear expectations for supplier standards and provide guidance and support to help our suppliers to achieve these standards.

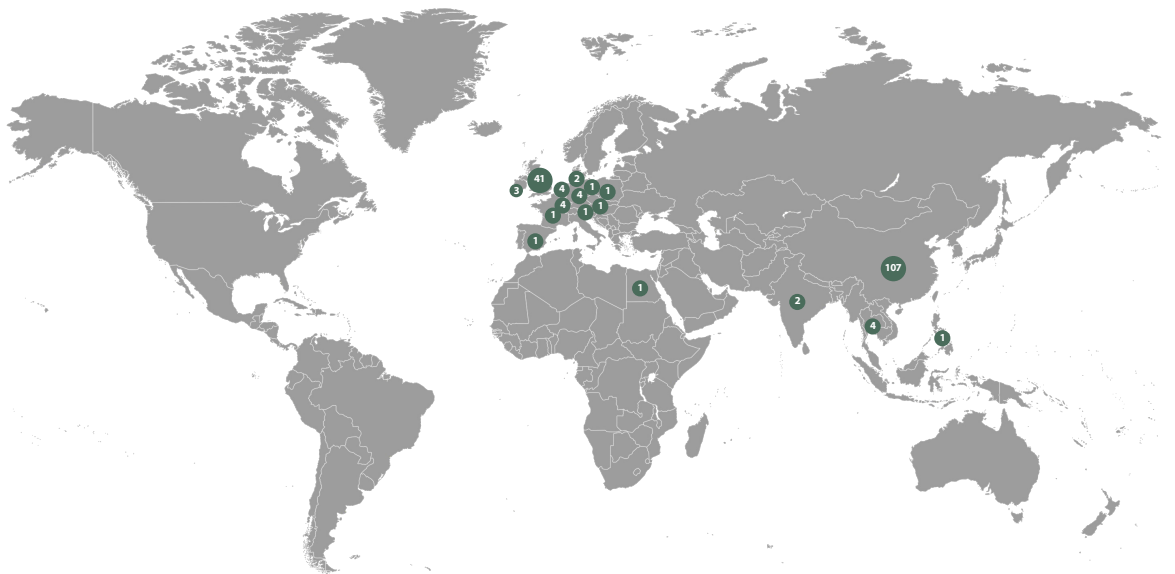


130 Suppliers of Pets at Home own label products

Supplying from

179

manufacturing sites located in 17 countries



Over **30,000** workers in the first tier of our own brand supply chain. Over **50%** of these are reported as female and over **30%** are migrant workers (defined as having moved either domestically or across country borders for work).

250

In addition to our 130 own label suppliers there are over 250 suppliers of supplier label products into our retail operations.

70

Key suppliers of products and services for our First Opinion veterinary practices sourced by our Vet Group.

807

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

What's next?

We recognise the importance of transparency in demonstrating our accountability for standards in our supply chain and helping us to identify and remediate human rights violations; so next year we're planning to publish details of our first tier (final production) own label product manufacturing sites. For high risk areas, we continue to work with our suppliers to map and gain better visibility of our downstream supply chain for components, primary processors and raw materials sources.

Policies and Governance



Policies

We have group policies which outline our commitment to upholding human rights and prevent modern slavery. We continue to develop these policies and supporting implementation guidance to ensure we are recognising best practice and driving continuous improvement in our operations, in our supplier operations and in our shared supply chain.

Human Rights Policy

Our [Human Rights Policy](#) confirms our commitment to respect internationally recognised human rights in line with the International Bill of Human Rights, the International Labour Organisation Conventions, the UN Guiding Principles on Business and Human Rights and the Children's Rights and Business Principles.

Supplier Code of Conduct

This year we have updated our [Supplier Code of Conduct](#) to ensure that it continues to provide clear and comprehensive supplier expectations in relation to human rights, environmental, ethical and legal standards. We have added additional elements relating to supply chain transparency, business ethics, environmental compliance and animal welfare.

Responsible Sourcing Handbook

Our updated [Responsible Sourcing Handbook](#) brings our Supplier Code of Conduct to life with detailed implementation requirements, guidance and signposting to additional resources. We provide insight into how we embed these principles into our own operations and make commitments to our suppliers on how we conduct business; inviting them to tell us (confidentially if preferred) if we ever don't meet these commitments.

Whistleblowing mechanism

In 2022 we launched a new dedicated reporting mechanism for workers within our supply chain. We now require all Pets at Home own label product manufacturers to prominently display our whistleblowing poster containing our contact information so this is accessible to their workforce. A documented whistleblowing procedure on how to respond to any reports (including specific actions for safeguarding vulnerable persons) has been developed to support the investigation of any reports.

We have not yet received any whistleblowing disclosures via this route but we've identified next steps to ensure that it is effective. This includes: developing further translations of the whistleblowing poster so that we cover key supply chain languages, continuing to ensure that the poster is displayed during all supplier visits and checking colleague awareness during our Responsible Sourcing Audits.



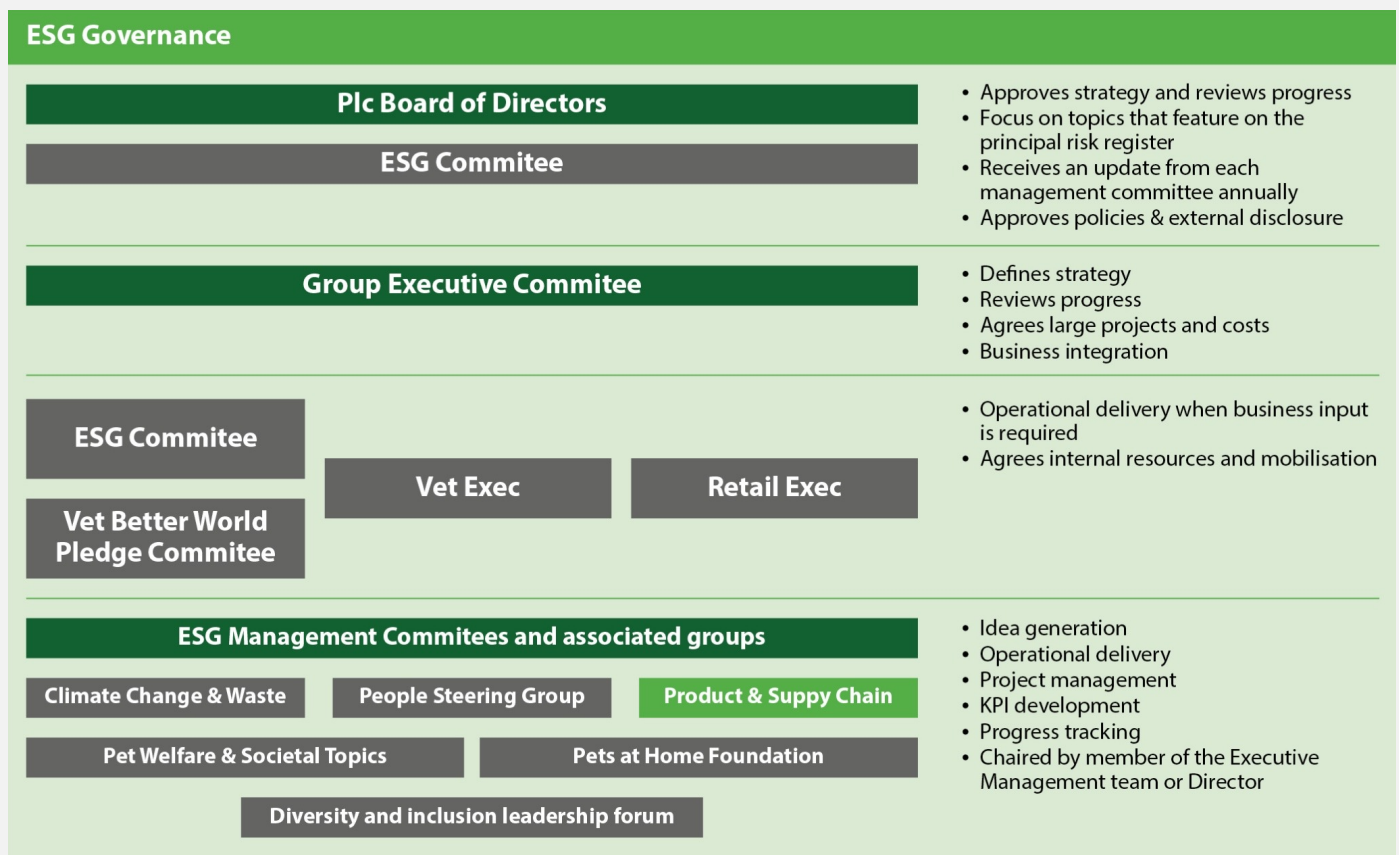
Governance

Acting responsibly and sustainably is at the heart of our business and last year we formally launched our social value strategy, Our Better World Pledge. This pledge ensures we operate our business sustainably and ethically whilst also applying high standards of governance.

The Board, led by the Chair, Ian Burke, has ultimate responsibility for our social value strategy including our approach to uphold human rights and prevent modern slavery.

Our ESG Committee meets at least three times a year to approve and review the implementation of Our Better World Pledge. The Group Executive management team is supported by a number of management committees that oversee different areas of the agenda. The Product and Supply Chain Committee, which meets every six weeks, is responsible for developing the strategy for managing the environmental and ethical impacts of our products on our value chain.

Our ESG Committee, Group Executive, Retail and Vet Executive receive an annual briefing on our modern slavery risks and our strategy.



This year the Product and Supply Chain Committee have developed a product sustainability framework to support the implementation of our environmental and social requirements across our teams and with our suppliers. Supply chain human rights is a key workstream under the products sourced responsibly pillar.

What's next?

Next year our internal audit programme will review our approach to modern slavery and an independent specialist will be engaged to oversee the audit.

Risk Assessment & Due Diligence

Unauthorised subcontracting

Along with other retailers and brands, we have identified a heightened risk of unauthorised subcontracting within our product supply chain as a result of disruptions caused by regional and national COVID-19 restrictions. Production capacity for some of our suppliers has been impacted by closures or disrupted raw material supply chains, which means there may be more indirect pressure to outsource production (or a part of production) in order to meet customer demand. Furthermore, our ability to identify unauthorised subcontracting is hampered by these restrictions which are preventing our site visits where we would ordinarily have assessed production capability and capacity.

We recognise that 3rd party ethical audits in isolation are not always effective at identifying unauthorised subcontracting and given the heightened exposure and potential for poor labour standards and exploitation to occur, we are taking the following steps:

1. Updating our Supplier Code of Conduct to provide clear expectations regarding transparency and approval of all manufacturing and key subcontractors
2. Engaging directly with suppliers who we know are most likely to be impacted by operational and supply chain disruptions and focussing our due diligence activity accordingly.
3. Using quality and product due diligence to support identification of subcontracting. This includes reviewing the outputs of routine quality management system audits and product inspections.

Child labour

The COVID-19 pandemic has exacerbated the root causes of child labour including poverty, limited access to quality education and a lack of decent employment opportunities for working adults. Furthermore, displacement caused by armed conflict, climate change and environmental disasters is predicted to fuel an increase in migration, which we know will put even more children at risk of exploitation. Whilst we have not identified any examples of child labour in our supply chain, we have completed a review of the processes and procedures we have in place for preventing, improving detection of and responding to child labour. This includes the introduction of a Child Protection Procedure which provides clear guidance and actions to be taken in the event of identifying or suspecting child labour and we have developed detailed supplier guidance within our Responsible Sourcing Handbook to support our suppliers in assessing child labour risk in their own operations and lower tiers of our shared supply chain.

To ensure we keep up to date with the latest information and insights relating to child rights, we are in the process of joining [The Centre for Child Rights in Business \(CRIB\) working group](#). The working group brings together brands to collaborate and share best practice and also enables us to access The Centre's rapid response service if we were to identify underage labour.

Xinjiang

There are ongoing concerns of human rights violations and forced labour of Uyghur Muslims and other ethnic minorities in both Xinjiang, and throughout China through exploitative labour transfer schemes.

Whilst we are not sourcing any products directly from Xinjiang, we have identified the risk that a small number of food and fibre raw materials could originate from the region. We are working with our suppliers to achieve full traceability for high risk raw materials and we are committed to resourcing if we identify any commodities originating from Xinjiang. Where we are not able to obtain credible supply chain transparency back to raw materials, we are committed to reducing risks by resourcing or the use of material certification schemes.

We have not identified any suppliers who are using Xinjiang labour transfer schemes but we recognise the limitations of traditional 3rd party ethical audits in identifying this issue. We are focussed on improving our due diligence to identify and protect all vulnerable worker groups in our supply chain.

Migrant Labour

This year we completed a mapping exercise to understand where cross-border migrant labour is used across our supply chain. We are now working with relevant suppliers to conduct a deep dive into their recruitment practices to ensure we and they understand risks and to ensure there is adequate oversight of recruitment agents. If any concerns are identified, we'll work with suppliers on appropriate corrective and preventative actions.



Procurement supply chain

In order to support effective prioritisation of our activity in procurement supply chains, in the coming year, we'll be issuing a sustainability survey to all suppliers asking them to outline their governance and due diligence for managing social and environmental risks in their own operations and their supply chain. We'll use the outputs to develop a risk based strategy and programme for our procurement operations.

Case Study – UK Warehousing & Logistics

Our distribution centres are operated directly by Pets at Home and our permanent distribution centre colleagues are supported during busy periods by temporary agency workers. We previously identified UK temporary labour as high risk for modern slavery, so in 2022 we conducted a comprehensive Responsible Recruitment Audit of all the active temporary labour agencies engaged across our 3 warehouse operations. The audit was led by an independent labour provider specialist.

The audit process has been invaluable in deepening our understanding of current risks and challenges associated with the recruitment of temporary labour and has identified a number of opportunities for both our operational teams and the agencies to improve and implement best practice. This includes an opportunity to develop and deliver bespoke modern slavery awareness training targeted at our distribution colleagues, so this forms a key action for the coming year.

We were really pleased to hear from our temporary colleagues about the success of our buddy system which supports the onboarding and integration of all new team members so we have great foundations to build upon.

Data

In 2021 we joined Sedex as a retailer member. Sedex enables us to manage our audit data and corrective action plan close out more efficiently. We are in process of onboarding our suppliers and beginning to use the risk tool and forced labour reports to support our prioritisation of supplier visits and provide insights to our suppliers on key sourcing risks.

We have also developed and begun to roll out our new collaborative supply chain platform CBX which enables us to manage the end-to-end product and supplier compliance process more efficiently and control data much more effectively.

Both these new tools enable us to record more information about our suppliers and the makeup of their workforce. This insight enables us to understand more about the people in our supply chain so we can focus support and compliance activity on those that are most vulnerable.

Case Study – Uniform tender

In 2022 we conducted a tender for supplying our colleague uniform using a new assessment template. Suppliers were asked to provide detailed information to enable us to assess the maturity of their systems for managing human rights risks, environmental risks, quality, service, sustainable material sourcing and sustainable manufacturing practices.

The results were scored to allow us to compare suppliers against each of these different elements. It enabled us not only select the strongest supplier overall but also helped to highlight areas for improvement which we are now supporting our supplier with.

Audit programme and key performance indicators

We require new and high risk suppliers to undergo 3rd party ethical audits which assess labour standards, health & safety and environmental compliance. We work closely with our suppliers to close out areas of non-compliance. However, we recognise that these audits are not always the most effective tool in identifying the most egregious human rights violations and so we have launched a programme of Responsible Sourcing Audits conducted by our in-house Responsible Sourcing Specialist. These audits may be completed instead of, or in addition to a 3rd party ethical audit.

The aim of these Responsible Sourcing Audits is to not only assess and improve labour conditions in our suppliers' direct operations but to support capacity building for identifying and mitigating human rights and environmental risks downstream in our supply chain.

Our Responsible Sourcing Specialist joined Pets at Home in July 2021 and is embedded operationally within our Technical and Product Development Team while also working closely with the Group Head of Social Value and the Company Secretary on our Group wide human rights strategy and approach.

During the year 120 3rd party ethical audits from 111 manufacturing sites were completed and reviewed. We completed 9 Responsible Sourcing Audits. 4 issues were raised against the employment is freely chosen category and these related to a lack of an up to date modern slavery statement, lack of a forced labour policy and opportunities to improve training and awareness of modern slavery risks. All issues are followed up with suppliers to ensure they are remediated.

What's next?

We are working with Elevate to complete a pilot programme of initially 5 'deep dive' ethical audits supported by a worker voice survey. We want to understand if this improves the detection of issues which may otherwise go unreported on more traditional social audits. We have prioritised these audits in China, as COVID-19 restrictions are still preventing our own colleague supplier visits.

Training

All colleagues are required to complete our bespoke online training course on modern slavery and from April 2020, completion of mandatory training, which includes this module, forms part of all colleagues' personal objectives. We continue to use our annual supplier conference to raise awareness of modern slavery and this provides a forum where suppliers can ask questions and raise any concerns.

Our updated Responsible Sourcing Handbook provides best practice guidance to suppliers and also signposts to training resources. As we conduct our own Responsible Sourcing Audits, we set specific action plans where training needs are highlighted.

What's next?

For our colleagues

We are developing bespoke modern slavery awareness training targeted at our distribution colleagues so they understand how to spot the signs of modern slavery and how to report any concerns they may have.

For our suppliers

We are developing a supplier portal which will include information and resources to support suppliers' continuous improvement in human rights and other responsible sourcing areas including sustainability.

Partnerships & Collaboration

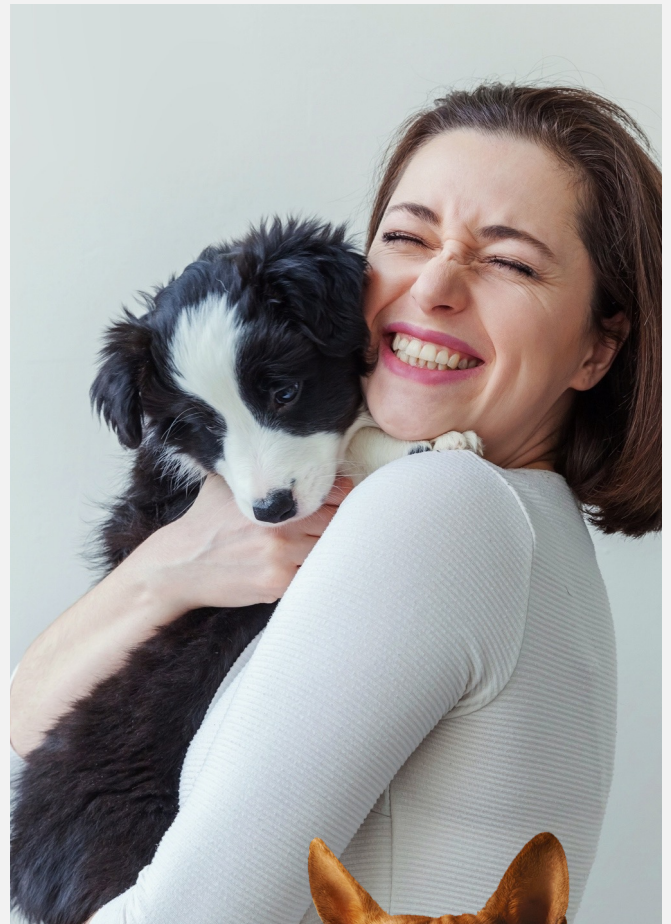
We recognise the importance of collaboration and partnerships for sharing and developing industry best practice.



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



We have joined Sedex to help us manage our supply chain information but Sedex also provides a community for collaboration and the development of guidance, tools and industry standards. Our Responsible Sourcing Specialist has joined for the Technical Advisory Group to support the development of the next iteration of SMETA, SMETA X.



What's next?

THE CENTRE
FOR CHILD RIGHTS AND BUSINESS

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The working group brings together brands to collaborate and share best practice.



Looking Ahead

We are committed to identifying and addressing modern slavery and human rights risk in our business and throughout our supply chain. Within this statement we have highlighted the key opportunities for the financial year ahead which includes: publishing our tier 1 Pets at Home own label supply chain, developing bespoke modern slavery training for our distribution centre colleagues and trialling worker voice surveys in our China supply base. We are committed to continuous improvement which supports our vision to be the best pet care business in the world.



The Pets at Home Group Plc board of directors approved this statement at a meeting of the Board on 14th September 2022.

Lyssa McGowan
Group Chief Executive Officer

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