

Corporate Social Responsibility

Responsible retailing is at the heart of our business



Tessa Green CBE
Independent Non-Executive Director

Introduction

I am proud to introduce our 2015 Corporate Social Responsibility (CSR) report. Behaving responsibly is integral to how our business operates and fundamental to delivering across our PawPrint.

Our customers expect us to live our values, our investors see the strength of our practices as a key driver of our business model and our pets certainly rely on us to deliver on our principles. Setting the highest standards and the clearest expectations about the way we engage with our colleagues, communities, suppliers and environment is therefore critical to our ongoing success and makes us the unique business that we are today.

At Pets at Home, we have a long history of successfully driving our CSR values throughout our business and we are committed to living the values which are important to our colleagues, customers and broader stakeholders.

At the start of the year we formally established our CSR Board Committee. The role of the Committee is to advise the Board on the development and direction of the Group's CSR objectives and strategy and to ensure that it is aligned with and supports our values whilst simultaneously innovating and helping to drive our business forward. To ensure that we live our number one value, Pets Before Profit, we have also established a second Board

Committee, specifically to help ensure that we maintain the highest possible welfare standards for all pets in our care.

We have been developing our CSR strategy for some time and CSR is reflected in our colleagues' roles and responsibilities, in our strategy development processes and in our reporting structures. To drive the implementation of our CSR strategy throughout the Group we have recently formed a CSR Operations Board made up of the key members of our team, reporting directly into the CSR Board Committee.

2015 has been a year of considerable progress. Some of the developments that we are most proud of include:

Our Pets People

- Entered Great Places to Work survey and gained 15th place;
- Increased colleague engagement to 94%;

Heart of the community

- Over 20,000 pet workshops carried out with school children in our stores;
- £1.4m worth of lifelines donated by VIP members to customer's chosen charities;

Sourcing with integrity

- The RSPCA inspected all of our primary pet suppliers;
- 100% of Pets at Home branded and Pets at Home registered branded suppliers managed by PAH Asia have now received and passed an independent ethical audit;

Our Pets Environment

- Increased the amount of waste diverted from landfill to 90%;
- Reduced the amount of electricity we use in our stores by 4% (kWh/sqft).

If you would like to see more examples of our CSR strategy in action then please visit our website: investors.petsathome.com

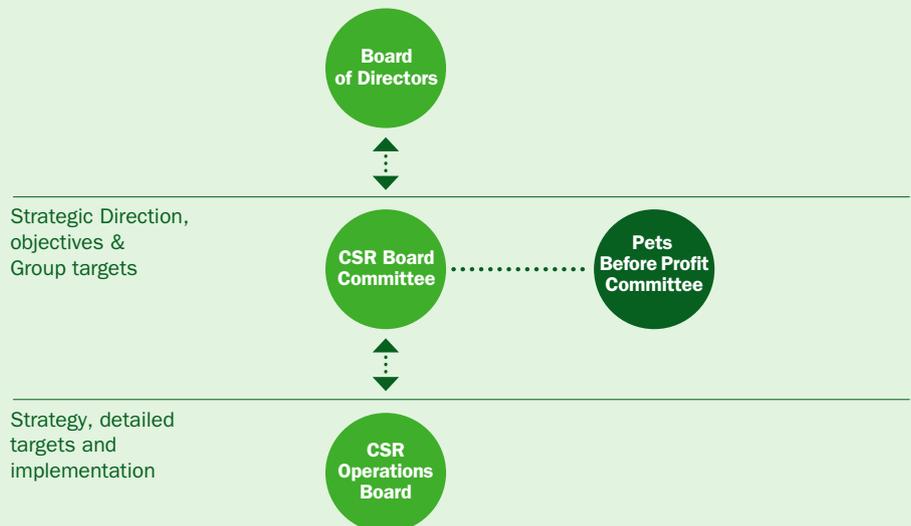
Looking forward, we will continue to focus on the four pillars of our CSR strategy and which you can read about in the following pages. This coming year we will also undertake a detailed strategy review across each area, setting ourselves challenging longer-term targets that will guide our journey year on year.

I hope that you will enjoy reading our report and be as excited as we are about our plans for next year and beyond.

Yours sincerely,

Tessa Green

Chairman
Corporate Social Responsibility Committee
Pets Before Profit Committee
3 June 2015



Green Paws

Responsible Retailing people • pet • planet

Our vision

Our vision is “to be the best pet shop in the world” and we use our “Green Paws” PawPrint to highlight the four pillars of our strategy which will help us to achieve this.



Visualising our CSR strategy:

Our CSR strategy has been developed over time, with its key objectives driven by the feedback we have received from a wide range of stakeholders, as well as aligning with our broader business objectives.

Our pillars	1	2	3	4
	Our Pets People	Heart of the Community	Sourcing with Integrity	Our Pets Environment
Our vision	Be a great place to work	At the heart of every community	Pets Before Profit	Efficiently using and respecting all resources
Our objectives	<ul style="list-style-type: none"> • Exceptional Colleague Engagement • World-class training • Keeping Our Pets People healthy and safe 	<ul style="list-style-type: none"> • Leading the way in responsible pet ownership • Rehoming pets in need of new families • Providing lifelines to local and national charitable causes 	<ul style="list-style-type: none"> • All suppliers meet our stringent standards • Promoting the highest possible animal welfare standards • Identifying new and more sustainable products for our customers 	<ul style="list-style-type: none"> • Eliminating waste sent to landfill • Using less energy • Rethinking our packaging • Becoming more fuel efficient

Corporate Social Responsibility

continued

1 Our Pets People

Our commitment

At Pets at Home, the role that highly trained and engaged colleagues play is fundamental to becoming 'the best pet shop in the world'.

What we have achieved this year	Target FY16
Exceptional colleague engagement Increased colleague engagement to 94% from 93% Achieved 15th place in the "UK Great Place to Work" survey	✓ Maintain Colleague Engagement at 94% and increase "strongly agree" measure to 80% from 77% ✓ Maintain top 20 place in the "UK Great Place to Work" survey
World class training Increased highly trained store colleagues to 5,546 from 4,732 last year Groom Room Salon Manager Training embedding the practical skills, knowledge and understanding of the City and Guild Level 3 Professional Diploma for Grooming Stylists	✓ Steps 1 and 2 to achieve external accreditation ✓ Every Groom Room to have a Level 3 City and Guilds Certified Colleague
Keeping our pets people healthy and safe 30% reduction in Colleague Accident Rate Gained a merit for the British Safety Council's International Safety Awards	✓ Reduce Colleague Accident Rate by a further 5% ✓ Achieve a Distinction in the British Safety Council's International Safety Awards

Exceptional colleague engagement

94%

colleague engagement

Listening to our colleagues is a key part of the Pets at Home culture and we do this in several ways. 'We're all Ears' is our own internal engagement survey. In 2015, 96% of colleagues, 6,643, took part and we received some great feedback. However, the survey is only the start and the real work comes once we have the results and move into 'We're all Action' mode, proactively responding to the feedback we have received.

In addition to our own internal survey, this year we have also taken part in the independent external Great Place to Work survey, giving colleagues further opportunities to tell us what they like about working for Pets at Home and how we can become even better. We achieved 15th position.

Throughout the business we hold regular focus groups/listening groups and feedback sessions at all colleague levels.

We also believe it's important that we say 'thank you' to all of our colleagues who have really gone above and beyond for us in the year. Last Christmas we re-launched our 'Values Challenge' and encouraged colleagues to recognise each other for living our values. In December 2014, more than 12,000 'thank yous' were received by colleagues.

World-class training

5,546

colleagues completed Steps 1 and 2

At the heart of the training we provide for our store colleagues is our earn as you learn steps programme. Steps 1 and 2 provide the knowledge we believe is essential for our colleagues to deliver a consistently high level of customer service and are compulsory. At the end of the year, we had 5,546 (89%) colleagues who have completed both Step 1 and 2. Step 3 provides more specialised knowledge in nutrition, aquatics, reptile, small animals, dog and cat. Following feedback from colleagues who told us they really wanted an opportunity to develop their knowledge and skills further, we have opened up opportunities for colleagues to gain Step 3 qualification in up to three specialisms and actively encourage colleagues to take that next step. As a result of that feedback, the numbers studying for Step 3 have risen to 421 at the end of this year from 366 at the end of the previous year.

Two years ago we also launched Step 4. This Step is specifically targeted at colleagues who want to develop a career with pets rather than into management and enables them to complete a year-long programme on their area of speciality. Once qualified, they are given a pay increase equivalent to that of an Assistant Manager's salary.

We also have a detailed three steps training programme in our Groom Rooms called "Prep It", "Snip It" and "Clip It". Each part of the steps is supported by a grooming portfolio of evidence which includes text and supporting photographs which cover all aspects of grooming that the colleagues complete in the salon. The steps take nine months to complete following nine practical assessments, three underpinning knowledge work books, three pet pawtal tests, three CPD courses and over 1,400 hours of training.

In addition, our Groom Room salon manager training now embeds the practical skills, knowledge and understanding of the City and Guild Level 3 Professional Diploma for Grooming Stylists. With over 60 Groom Room managers already enrolled to this level, we plan for every salon to have a colleague qualified to this level. These will be trained through our three training academies which will provide this qualification.

For colleagues wishing to develop their management careers, we also have programmes to support them as they move through the business. Our Rising Star programme supports our store colleagues as they rise to Assistant Manager level, our Moving on Up programme supports them through to Deputy Manager level and our Fast Track programme supports them through to becoming Store Manager. We are proud that more than 50% of our Store Managers have come through the Fast Track system.



Training with Pets at Home



“I joined Pets at Home in August 2004 and immediately started my training with Step 1. It was great to feel that the business was investing in me as a person and I was really excited to complete the first Step because it then meant that I was able to start selling pets. This is something you can’t do until the Field Pet Manager has signed off the training and is happy that you have all of the skills necessary to be able to advise customers on the best pets for them and, more importantly, how they should look after them once they have got them home.

I then started Step 2, which focused in more detail on areas such as expertise in cats, dogs, fish and reptiles plus specialist areas such as nutrition, parasites and other pests. Because of the extra skills I had learnt I also received a pay increase when I had finished.

Although Step 3 is voluntary, I wanted to do it to gain more pet care expertise and so I decided on a course in Aquatics. The work was quite intense and it takes about a year to complete it. Pets at Home also gave me another pay increase to say well done and to recognise my expertise.

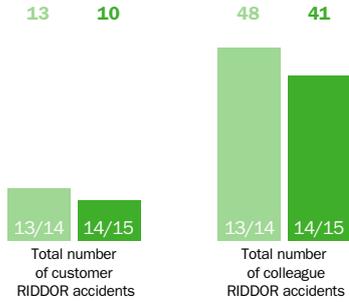
Last year, Step 4 was launched and I decided to go for that one too. Again, I specialised in Aquatics. It has taken me another year to complete it but I was really pleased to hear that I passed it on 8 May 2014.

For me, the training that Pets at Home provides to its colleagues is really amazing. It’s given me the chance to learn, improve my skills and build my expertise in the areas that I am interested in. It means that when a customer comes into my store and needs to know about Aquatics, I’m the man who can really help.”

Joel Collict
Pets at Home
Leicester Fosse Park

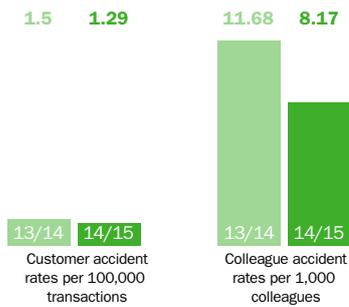
Corporate Social Responsibility continued

Total RIDDOR* accidents – Stores/Practices

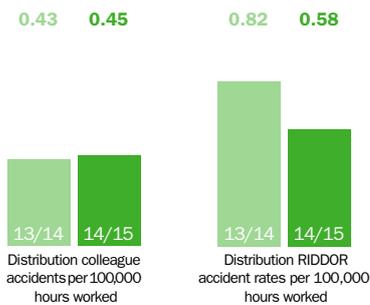


*Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013

Accident rates – Stores/Practices



Distribution accident rates



Keeping Our Pets People healthy and safe

30%

Reduction in colleague accident rate

We are committed to providing a safe and healthy environment for all of our colleagues, customers and third party contractors and we have robust control measures in place to minimise the risk of incidents. We actively encourage a positive health and safety culture throughout our stores, veterinary practices, groomers, distribution centres and support offices.

We continue to benchmark the Group Accident Incident Rate which also includes the accidents which have taken place in our joint venture veterinary surgeries. During the financial year, total accidents across the Group increased by 0.5%, due to the expansion of the Group across all areas. However, there has been a significant reduction in the Colleague Accident Rate from 11.68 to 8.17 accidents per 1,000 colleagues, and a reduction in the Customer Accident Rate from 1.50 to 1.29 per 100,000 transactions. The number of RIDDOR accidents decreased by 15% in our Stores/Practices during the year. In Distribution, there was a slight increase of 0.02 accidents per 100,000 hours worked but a 0.24 decrease in RIDDOR accidents for the year.

Our health and safety handbook has been revised and re-launched to bring together the Group’s standards on health and safety. It includes the fundamental safety systems in all parts of the business that colleagues and visitors are expected to follow.

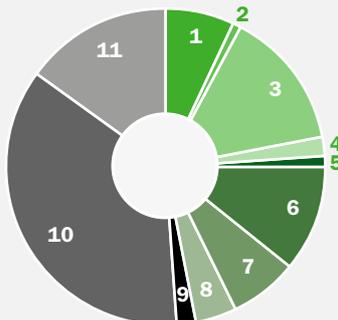
This year for the first time, our two distribution centres applied for the British Safety Council’s International Safety Awards. Both sites received Merits. The award is marked out of 60 points and to gain a merit a score of between 48 and 59 must be achieved. Our distribution centre, in Stoke, achieved 58 and our distribution centre, in Northampton, achieved 57. In addition, we also won the “Best in Sector Award for Wholesale and Retail services” being one out of only 11 organisations that won a best in sector award.



We continue to promote health and safety through the Group to all of our colleagues and promote a “Stay Safe” culture.

FY 14/15 Accident Causation

1. Animal scratches/stings	7%
2. Contact with electricity or an electrical discharge	1%
3. Cut or scratch due to sharp object	14%
4. Exposed to or in contact with a harmful substance	2%
5. Fell from a height	1%
6. Hit by a moving, flying or falling object	11%
7. Hit something fixed or stationary	7%
8. Injured due to handling, lifting or carrying	4%
9. Injured while using knives/ hand operated equipment	2%
10. Minor animal bites	36%
11. Slipped, tripped or fell on the same level	15%



2 Heart of the Community

Our commitment

Being at the ‘Heart of Every Community’ is one of the core values we live by. With 400 stores and 338 vet practices serving neighbourhoods the length and breadth of the UK we believe that we have a responsibility to contribute positively towards the wellbeing of our local communities.

What we have achieved this year		Target FY16	
Leading the way on responsible pet ownership	Average 117 Pond League* points against target of 35 Pond League Points* per store	✓	Rollout the pet workshop online booking tool for every pet event
	Held more than 20,000 pet workshops in store	✓	Support our local communities through providing at least 1,000 Work Inspiration Days
Rehoming pets in need of new families	Rehomed over 68,000 pets through the adoption centres in our stores	✓	Rehome 70,000 pets through the adoption centres in our stores
Providing lifelines to local and national charities	Raised over £4.5m for charitable causes	✓	Donate over £1.4m worth of VIP lifelines to charities chosen by our customers
			Raise £1,900,000 in stores for Support Adoption for Pets with an overall fundraising target of £3,148,950
			Provide further £600,000 worth of Wainwright’s dog food to the Dogs Trust
	Provided over 7,400 charity leave days for every colleague	✓	Continue to provide a charity leave day for every colleague

Leading the way on responsible pet ownership

763

Beaver, Cubs and Brownie workshops held in stores

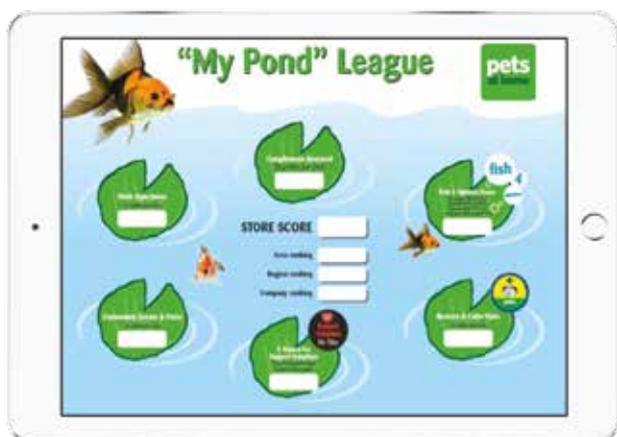
Young people are the pet owners of tomorrow. Their knowledge about pet care and commitment to their pets flows through to their parents today. Educating children about responsible pet ownership is therefore an incredibly important job and one that we take very seriously.

To maintain the momentum in this initiative, we run “My Pond League”, our internal programme that awards points to each of our stores for the number of events that they hold for their local community. The number of Pond League points awarded to stores continues to increase year on year.

As part of “My Pond League”, we have been running our children education programme for a number of years. In the last year, 714 schools have visited our stores, an increase from 417 last year. In addition, over 19,000 events have been held during weekends and school holidays where we have held dedicated workshops to teach children about responsible pet ownership.

We also continue to work closely with the Scout Association and sponsor their Animal Care badge. This year we have also started sponsorship of a similar badge for the Girl Guides Association. To gain this badge, we offer free workshops through “My Pond League” and this year we held 910 events (an increase from 622 last year).

To make it easier for children to participate in our events, we have put in place an online booking system for each of our stores. We rolled this out during Easter week this year and we received over 10,500 bookings for a seven day period.



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Providing work inspiration

1,000
work inspiration placements

We have offered work experience for many years to a wide variety of people within our communities, however, next year, we want to elevate our work experience into work inspiration. We aim to offer a programme that will not only provide those on placement with the skills and knowledge about the world of work but also inspiration to be the best that they can be. We will be working with the Shaw Trust, who support disabled people, the Retail Trust, in their Retail Right programme which support 18–22 year old NEETs (not in education, employment or training) and local schools and colleagues for year 10 pupils and Animal Management (year 1) students. The programme we offer is designed to give them key skills, from the importance of timekeeping and appearance to softer skills of team work and customer service, and will provide all those on placement with a record of the skills learned, their self-review and a reference to help to support them gain future employment. We aim to have up to 1,000 of these placements each year.

Rehoming pets in need of new families

68,000
pets rehomed through adoption centres in our stores

We take great care when we sell a pet to make sure that they all go to loving forever homes. But that's not where we see our responsibility ending. Sometimes, due to circumstances beyond their control, owners can find that they are no longer able to look after their pet. Through our dedicated in-store adoption centres, we are committed to rehoming any pet that we have sold and that subsequently needs a new family. We will also rehome pets that did not come from us originally, if they are a type that we sell and our colleagues are trained to care for. This year we rehomed over 68,000 pets through the adoption centres in our stores.

Providing Lifelines to local and national charities

600
animal charities supported as chosen by our customers

Our VIP Lifelines

In addition to the loyalty rewards offered by our VIP club, we also award our customers points for every purchase they make with us. These points can be converted into 'VIP Lifelines' which our customers can donate to local animal charities. This year, our VIP club members across the country have helped us raise over £1.4m worth of Lifelines donations, supporting more than 600 animal charities throughout the UK.

Support Adoption for Pets

Support Adoption for Pets is a charity with a single passionate aim. It exists to help give abandoned and homeless pets a second chance of happiness. Most Animal Rescue Centres are completely reliant on donations and public support to help provide sanctuary for the pets in their care and Support Adoption for Pets provides much needed funding and grants to these organisations. Every year, Support Adoption for Pets hosts a number of events in our stores to raise much needed funds to enable it to support these Centres. This year, our stores raised £1.9m against a target of £1m. In total, £3.1m was raised for Support Adoption for Pets, beating the target of £2.8m.



Feeding the Dogs Trust

In August 2013, we made a commitment that, for the next three years, we would fund and provide Wainwright's dog food for all of the dogs at the Dogs Trust. With more than 1,400 dogs in their care at any one time, they need a lot of food! Plus, each dog that is re-homed from the Dogs Trust takes home a 2kg bag of Wainwright's dog food to help start the next chapter of their lives in the best way possible. This means that this year alone we have provided £635,493 worth of Wainwright's dog food to the Dogs Trust.

Charity days

We provide every colleague the opportunity to help out at a charity of their choice for one day in the year, which amounted to 7,400 charity leave days this year.

3 Sourcing with Integrity

Our commitment

Pets are both our business and our passion and ‘Pets before Profits’ has always been our number one core value. Advocating the ethical and responsible treatment of pets is incredibly important to us and we believe the best way to do this is to lead by example, so we keep every aspect of our pet operations under regular scrutiny.

What we have achieved this year	Target FY16	
Driving the standards in the pet industry	100% of primary pet suppliers independently inspected by both the RSPCA and SAI Global 	Continue to audit primary pet suppliers with at least 8 audits per annum per supplier
	100% of PAH branded and PAH registered branded suppliers managed by PAH Asia have received and passed an ethical audit in line with our requirements 	Deliver the re-audit programme we have put in place across all our Asian PAH registered branded and PAH branded suppliers
	100% of PAH branded and PAH registered branded suppliers that have UK/EU head offices and Asian factories submitted evidence of audit compliance to PAH requirements 	100% of UK/EU PAH branded and PAH registered branded food suppliers to be either BSC (or equivalent quality management system) accredited or to have been visited and audited by a member of the food technical team
	100% of food and non-food suppliers confirmed acceptance and compliance to the PAH Animal Testing Policy 	Re-visit and revise our testing protocols across all categories to ensure relevant and up to date with the latest developments/ industry practices
Promoting the highest possible animal welfare standards	Reviewed store pet audit and implemented changes 	Incorporate a gold standard into the store pet audit
	Launched microchipping of all rabbits sold and adopted in stores 	Roll out new aquatics water test
	Launched free rabbit vaccination vouchers 	Review Code of Practice for pet suppliers
	Completed co-branding of main Pet Care leaflets with the RSPCA 	

Driving the standards in the pet industry

100%

of our primary pet suppliers visited by the RSPCA

We continue to challenge and revise our own internal standards and codes of practice, as well as our methodologies for auditing our suppliers.

Our internal store pet audit is reviewed annually to ensure that we are incorporating best practice in pet welfare. We revamped our store audit this year so that hay racks were installed in all of our rabbit villages so that the hay stays fresh for the rabbits for longer. Our stores continue to receive a strict annual external audit from SAI Global under the Excellence Assured Petcare Scheme as we believe that external verification is vital to maintaining standards. 374 stores were audited this year.

We only work with pet suppliers who fulfil the five freedoms laid down in the Animal Welfare Act 2006 and the high standards set down in our own code of practice.

Quarterly inspections of all primary pet suppliers are carried out by our Pet Supply Manager and an annual welfare audit is conducted by our consultant vet. Twice a year, we also commission independent annual audits of all of our primary suppliers by SAI Global to make sure that they continue to meet our high standards.

This year, in addition to our internal audits, all of our primary pet suppliers have been inspected by the RSPCA and we have introduced an additional annual health audit by an RCVS Lab Specialist Vet.

We don't just stop at our primary pet suppliers; all suppliers are required to follow our Ethical Trading Policy, which is complemented by a detailed quality manual. Last year we ensured that all of our Asian suppliers of Pets at Home registered brands and Pets at Home branded products submitted evidence of compliance to our requirements with corrective action plans in place for any minor non-conformances.

This year, we have focused on our remaining Pets at Home registered brands and Pets at Home branded suppliers who supply either directly to the UK or through agents/ UK managed offices. 100% of these have submitted evidence of compliance to our Ethical Trading Policy through audit documentation that has been conducted independently by third party regulated bodies. This is in addition to the regular direct interaction we have with our Asian suppliers.

We are the only UK pet retailer to have a dedicated Hong Kong sourcing office which was established in 2012. The office has facilitated the implementation of a programme where Pets at Home Asia and UK colleagues regularly visit and meet with their Asian partners to educate them, resolve any challenges faced, share the PAH factory/ product standards and monitor performance.

Our ethical audit covers detailed levels of standards required in relation to:

- Hours of work
- Labour practices
- Working conditions
- Onsite accommodation
- Health & safety
- Environment
- Supply chain management
- Wages
- Home workers & sub-contractors

Corporate Social Responsibility

continued

Looking after our rabbits

Every year 300,000 animals go astray in the UK alone and rabbits can be very good escape artists, especially from gardens. It's fairly common for them to be handed into a veterinary practice or a pet charity that will have no idea where they have come from. Microchipping rabbits helps to reunite upset and worried owners with their beloved pet and so this year we have invested £171,217 in microchipping all rabbits sold in our stores or adopted from our in-store adoption centres.

The microchipping of our rabbits is a clear demonstration of the steps we take to promote responsible pet ownership. This year, we have re-homed over 19,000 rabbits through our in-store adoption centres. The number rehomed nationally every year is currently unknown and much of the time there is no way to track where these rabbits originated. By microchipping our rabbits, working with rehoming charities we will be able to monitor the numbers being offered for adoption. This is something that hasn't been possible before and we are very excited to be pioneering this innovation in pet welfare and retailing.

From 13 June 2014, we have also offered to every customer who bought or adopted a rabbit from our stores a voucher for a free combined vaccination to protect their rabbit against myxomatosis and Rabbit Haemorrhagic Disease. These are two diseases that can often be fatal but are easily prevented through vaccination.



Promoting the highest possible animal welfare standards

100%

of all rabbits sold or adopted in stores to be microchipped

Our focus on the welfare and responsible ownership of pets means that we frequently interact with, and seek to work alongside, a wide range of animal welfare groups including the RSCPA, RWAF and Animal Kind. This year we have also completed a detailed review of our main pet care leaflets in store in conjunction with the RSPCA to ensure that we are always providing the best advice care possible to our customers.

We continue to employ a strong in-house team of pet experts to oversee our animal welfare practices and ensure that our pets are always put first. This includes:

- Our Head of Pets; a vet with over 20 years' experience;
- Our Head of Pets Operations; over 17 years' retail experience at Pets at Home;
- Our Aquatics Operations Manager – over 20 years' experience in Freshwater and Marine Biology;
- Our Pet and Reptile Operation Manager – over 15 years' experience in pet & reptile welfare;
- Our Veterinary Nurse Assistant – a qualified veterinary nurse with over 12 years' experience in exotic vet nursing; and
- Our Veterinary Care Advisor – a highly experienced head veterinary nurse.

Highest quality and safety standards

19

tests carried out on our leads and harnesses

We are committed to ensuring that our products meet the highest quality and safety standards in the UK pet market. There are no formal regulations specific to pet products in the UK, therefore we have developed our own testing protocols for each of our product categories. These have been developed in conjunction with approved third party testing laboratories and detail any general legal requirements (SVHC/REACH), and specific performance and safety related testing requirements for all our products. We review our protocols on a regular basis to ensure that all products we develop are safe, legal and fit for purpose.

One such example is our testing protocol on collars, leads and harnesses. On top of any legal requirements, we choose to carry out 19 tests across our registered brands and PAH branded collars, leads and harnesses. Additionally, we are receiving requests from some of our branded suppliers to share our testing protocols enabling them to deliver products to the same high standards we adhere to on safety and performance of our own brand and registered branded product.

4 Our Pets Environment

Our commitment

We aim to minimise the impact of our operations on the environment. We proactively seek to minimise our consumption of core resources and maximise efficiency and we are always on the lookout for new and better ways to do things. With a rapidly growing business this is an ongoing challenge for us and we recognise that we still have a long way to go. Despite that, we are proud of the progress we are making.

In the past year we prioritised those areas of our environmental performance that are most material to our business and where we believe we can make the biggest impact. These were our waste management, energy consumption and transportation activities. In the coming year we will continue to drive these areas forward and will broaden our focus to include strategies to reduce packaging and water consumption.

As a result of our commitment to improving our environmental performance, we have now recruited a dedicated Energy Manager into our team. This new specialist role will work alongside our current team to provide expert assistance and guidance in developing our ongoing targets, and the strategies, systems and processes that will help us to deliver them.

What we have achieved this year	Target FY16
Eliminating waste sent to landfill Diverted 90% of the waste produced in the business from landfill Diverted 3,131 tonnes of soiled animal bedding from landfill	Divert 92% of waste from landfill
Using less electricity Reduced the amount of kWh we use in stores per sq. ft. by 4% when compared with end of FY12 Upgraded over 80 of our external signs to energy efficient LEDs, saving over 750 tonnes of CO ₂ e	Reduce energy consumption (kWh) per square foot by 6% compared to a baseline of FY12
Becoming more fuel efficient Reduced fuel usage by 18% per KM travelled since 2009 Achieved 128.85 KMs travelled per 1,000 cases shipped	Achieve a 1% improvement in KM travelled per litre of Diesel across the fleet Reduce to 128.4 KMs ran per 1,000 cases shipped
Rethinking our packaging Achieved 84% compliance on recent WRAP monitoring survey	Continue to engage with WRAP

Eliminating waste sent to landfill

90%
of waste diverted from landfill

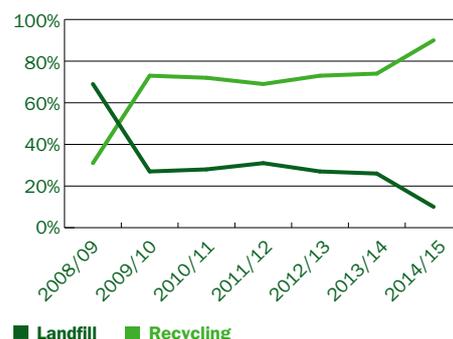
We are committed to minimising our waste consumption with the aspiration ultimately to divert 100% waste from landfill whilst maximising our recycling rates. This year we diverted 90% of our waste from landfill.

We are always seeking new innovative solutions to help us manage our waste more effectively. In recent years one of our most successful innovations has seen the soiled bedding removed in our daily pet cleaning routines collected, compacted and then sent for treatment via a mixture of in-vessel composting and Bio-Mass. In the last year we diverted over 3,131 tonnes of used animal bedding from landfill, an increase of 9% on the previous year.

Once we have delivered products to store, we utilise the empty space in our delivery vehicles to send cardboard, plastic and used animal bedding back to our distribution centres. Through doing this we were able to recycle over 3,000 tonnes of cardboard and 480 tonnes of plastic.

This year we have also piloted food waste collections from Northampton DC to dispose of the small volumes of damaged dog and cat food generated and deployed a Dry Mixed Recycling bin at all of our stores that have a vets and groomers.

Waste divergence from landfill from 2008/09 to current



Corporate Social Responsibility

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Using less electricity

4%

reduction in electricity consumption in our stores (kWh per square foot)

Our expanding footprint of stores and vet practices makes reducing electricity use in our buildings a priority for our CSR strategy, whilst rising energy prices and increasing climate change legislation make it commercially important. Last year, our electricity use generated over 35,000 tonnes of CO₂e. This year we have accelerated the implementation of measures that reduce our electricity consumption. Our key successes were:

- Following on from our successful programme last year to install LED lights in all our aquariums and bunny villages, this is now our standard specification for pet housing in all new and refurbished stores;
- We have upgraded more than 80 of our external signs to energy efficient LEDs, saving over £130,000 and 750 tonnes of CO₂e;
- We have initiated a pilot to assess the feasibility of LED lights for general sales floor lighting in two stores (Sheffield Drake House and Lincoln North); and
- We have upgraded over 500 emergency lights to LED, with further upgrades planned for 2015–2016.

Rethinking our packaging

84%

compliance score across packs checked

Last year we maintained our commitment to the implementation WRAP's OPRL recycling information on all own and private brand consumer packaging. In our most recent monitoring survey, we achieved a compliance score of 84% across the packs checked, with minor discrepancies in the interpretation of the guidelines reducing our score rather than non-application of information. We are committed to reducing, recycling and reusing packaging materials as a matter of course and will continue to engage with WRAP over the development of future policies and opportunities to achieve more.

Becoming more fuel efficient

18%

decrease in fuel usage compared to FY09

Through operating a fleet of over 40 Heavy Good Vehicles from our distribution centres plus additional smaller vehicles for pet delivery, we consume a significant amount of diesel.

We only purchase the new fuel efficient and low emission Euro 6 vehicles for our heavy fleet. To date we have replaced over 50% of our heavy fleet with Euro 6 vehicles.

We have started a driver behaviour change programme at our distribution centres to encourage all our drivers to drive more defensively and eco-efficiently. We have also installed a vehicle telemetry system, Microlise, across all of our heavy fleet and plan to use this improved information to further improve driver efficiency.

Monitoring our water consumption

Water is one area where we have yet to develop a formal reduction and efficiency strategy and to set ourselves clear targets. In the coming year, we will review our water consumption and will develop a strategy to ensure we make the most efficient use of water and resources.

Calculating greenhouse gases

The Strategic Report and Directors' Report Regulations 2013 require all UK quoted companies to disclose their annual greenhouse gas emissions for scope 1 and 2. We have gone beyond this requirement by including scope 3 emissions for the first year and through improved data management. Consequently,

through publishing a more complete and robust CO₂e footprint we have seen an increase of over 48,000 tonnes of CO₂e.

Last year, we consumed over 65,000 MWh of electricity, over 13,000 MWh of gas, and we used over two million litres of diesel.

Fuel source (Tonnes of CO ₂ emissions)	2013-14	2013-14 restated	2014-15
Diesel (core fleet)	4,638	4,638	5,272
Gas	2,084	2,084	2,400
Red diesel			286
Electricity	32,921	26,898	32,424
Diesel (3rd party)		2,706	2,806
Fuel Used company cars (fuel cards)	1,025	1,025	1,012
Personal business travel (rail)			19
Personal business travel (air)			197
Personal business travel (car)			769
Electricity transmission & distribution losses		2,300	2,835

Notes:

- Pets at Home CO₂e footprint has been calculated using the 2015 DEFRA emissions factor and based on a Financial Control approach.
- In FY14, the CRC emission factors were used for electricity as opposed to 2013 DEFRA emissions and so the figures for FY14 have been restated as above.
- In line with DEFRA recommendations, electricity emissions have been split out into scope 2 indirect consumption and scope 3 for transmission and distribution losses. This has been restated for FY14.
- FY15 saw the inclusion of limited scope 3 emissions including: outsourced transportation and business travel (car, rail and air).
- FY15 saw the inclusion of red diesel for the first time. Data is not available for FY14.
- Data for third party logistics was included in FY15 for the first time, data for FY14 was retrospectively added.
- The contractors who maintain Pets at Home air-conditioning units do not have the systems in place to provide the volume of F-Gas used each year. Due to the small volumes involved, this is considered to be de minimis.

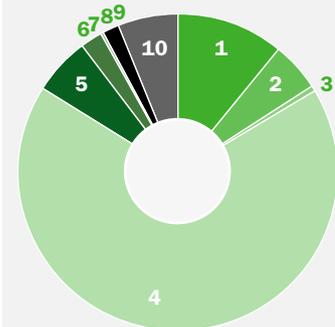
Engaging with stakeholders

We believe that it is essential that we maintain a dialogue with each of our core stakeholder groups to find out what is important to them and reflect their concerns in the development of our CSR strategy and priorities. The following table shows how we engage with each group.

In the coming year, as we continue to develop our CSR strategy, and in particular as we look to set our longer term targets, we have committed to undertake a rigorous and more targeted stakeholder engagement process, ensuring that these key groups continue to drive our strategic objectives over the long term.

Customers	Colleagues	Shareholders	Suppliers	Animal welfare organisations
<ul style="list-style-type: none"> • We actively engage with our 3m VIP members through regular surveys. • £1.4m Lifelines have been donated by VIP members to support charities chosen by them. 	<ul style="list-style-type: none"> • We listen to our colleagues through our internal We're All Ears survey. • We run numerous colleague events throughout the year to interact and engage with our colleagues and to gather their views and opinions on different issues. 	<ul style="list-style-type: none"> • We regularly engage with our majority shareholder KKR through their Green Portfolio Programme which we have been an active member of since 2010. We also engage with other shareholders such as Schroders. 	<ul style="list-style-type: none"> • We hold annual conferences with our UK and Asian suppliers in which we actively engage with them to obtain their views on a range of subjects. 	<ul style="list-style-type: none"> • We take a collaborative approach with animal welfare charities and regularly engage with a wide range of organisations such as the RSPCA, Battersea Dogs and Cats Home and the Rabbit Welfare Association on issues that are important to them.

Fuel source (Tonnes of CO₂ emissions)



1. Diesel (core fleet)	5,272
2. Gas	2,400
3. Red diesel	286
4. Electricity	32,424
5. Diesel (3rd party)	2,806
6. Fuel used company car (fuel cards)	1,012
7. Personal business travel (rail)	19
8. Personal business travel (air)	197
9. Personal business travel (car)	769
10. Electricity T&D losses	2,835