

Pets at Home Group Raw Materials Sourcing Policy

Pets at Home is the UK's leading pet care business, providing pet owners with everything they need to look after their pet – from food, toys and bedding, and grooming services, right the way through to first opinion veterinary care. Our vision is to become the most responsible pet care business in the world.

OUR APPROACH

We recognise that we have an impact on nature and people through our sourcing of products and services. As a leading pet care business, Pets at Home is committed to responsible and sustainable business standards and practices including responsible sourcing. We uphold such standards and practices throughout our own business and joint venture partners and work with our suppliers to promote our approach to be a sustainable and responsible business.

This policy should be read and observed in conjunction with Pets at Home's Environment Policy, and Supplier Code of Conduct

THE SCOPE OF THIS POLICY

This policy applies to all own-brand products, exclusive-brand products and goods not for resale in the Pets at Home Group, including our joint venture partners. Through appropriate contractual arrangements and our Supplier Code of Conduct, we expect all of our branded suppliers and other business partners to ensure equivalent sourcing standards.

OUR COMMITMENT

This policy is aligned to the delivery of our responsible sourcing targets and commitments:

- All priority raw materials will be sustainably sourced by 2025. Specifically: soya, palm oil, timber, textiles.
- We will continue to build our awareness, understanding and visibility of key raw materials across our supply chain.

To meet these objectives, we will:

- Innovate to provide customers with sustainable product choices encompassing both raw materials and packaging.
- Partner with our suppliers to create better, more sustainable products, using raw materials from sustainable sources.
- Where possible support the use of market-based sustainability standards and external certification (eg FSC Forest Stewardship Council & RSPO Roundtable on Sustainable Palm Oil).
- Provide new raw materials guidance training to our buying, technical teams and suppliers during FY22 and update as required on an annual basis.
- Develop and publish a Responsible Sourcing handbook for our suppliers, detailing our policies and guidelines relating to environmental and social impacts.
- Monitor, control and review our sourcing impacts through our supplier management processes, reporting progress each year and making improvements towards delivering our ambitions.
- Take measures to ensure compliance with the policy and seek to give preference to those suppliers who can balance commercial requirements with meeting our sustainable sourcing standards.
- If products are found to be contravening our standards, we will engage with the supplier to put in place appropriate measures to improve practices. Pets at Home ultimately reserve the right to discontinue items or delist suppliers which do not meet the requirements. Any action taken would not affect Pets at Home contractual rights.

PRIORITY RAW MATERIALS

Palm Oil

At Pets at Home, we recognise that palm oil is one of the most productive plant derived oils with the highest yield per hectare of any vegetable oil. It is a key ingredient in food, non-food and animal feed and derivatives of palm oil are used for functional/technical purposes in both food and accessories.

We also recognise that palm oil is a significant driver of deforestation and biodiversity loss particularly in South-East Asia. This deforestation has led to significant impact on iconic species, such as orangutans and Sumatran tigers and driven greenhouse gas emissions through land use change. This has led to palm oil being a key consumer issue and has been a campaign focus for several years. As a result, we consider it one of our priority raw materials and have put in place a sourcing framework to address the impact of its usage.

We have found that there are a low proportion of our own-label pet food products that use palm oil as an ingredient. Vegetable glycerol/glycerol is commonly derived from palm oil and is used across dog and cat treats. There is significant usage of commonly occurring palm oil derivatives in shampoos and sprays.

To help build traceability we require suppliers to provide us with good data through which we can monitor palm oil usage, volumes and country of origin. The priority focus is on own-brand products, but we will look to use our buying influence to get branded suppliers to adopt similar good practice.

Target: By 2025 all palm oil in our own-brand and exclusive-brand product ranges will be certified to the Round Table on Sustainable Palm Oil (RSPO) standards.

Soya

At Pets at Home, we recognise the importance of soya as a source of protein both as an ingredient directly in pet food, and within animal feed. We also know that soya production is a significant driver of deforestation and biodiversity loss particularly in South America. It is seen to be one of the leading causes of deforestation in the Amazon, which has a significant impact on animal and plant species as well as the Earth's climate. As a result, we consider it one of our priority raw materials, and have put in place a sourcing framework to address the impact of its usage.

Soya is used as an ingredient in pet food. Vegetable glycerol/glycerol is commonly derived from soya and used in pet treats, and soya is used extensively within animal feed for agriculture. Derivatives of soya are used for functional/technical purposes in both food and some non-food products.

To help build traceability we require suppliers to provide us with good data through which we can monitor soya usage, volumes and country of origin. The priority focus is on own-brand products, but we will look to use our buying influence to get branded suppliers to adopt similar good practice.

Target: By 2025 all soya in our own-brand and exclusive-brand product ranges will be from areas not associated with deforestation or certified to the Round Table on Responsible Soy Association (RTRS) standards.

Timber

At Pets at Home, we know that forests provide a multitude of benefits for nature and society. We want our customers and their pets to enjoy forests and sustainably sourced forest products for

years to come. Human activity, such as commercial forestry and land conversion can lead to depletion of global forest resources and has long term effects on the climate and weather, soil conservation and biodiversity. As a result, we consider it one of our priority raw materials and have put in place a sourcing framework to address the impact of its usage.

There are several standards to certify wood-based products as sustainably managed, these include FSC, PEFC. In addition to these we also consider recycled paper and card to be sustainably sourced.

Wood-based material is used across several ranges in accessories. To help build traceability we require suppliers to provide us with good data through which to monitor wood, paper and card usage, volumes and country of origin. The priority focus is on own-label products, but over time we will look to use our buying influence to get branded suppliers to adopt similar good practice.

Pets at Home will not source products containing timber, fibre and other raw materials if any of the following apply:

- The source forest is known or suspected of containing high conservation values, except where the forest is certified, or in progress to certification under a credible certification system, or the forest manager can otherwise demonstrate that the forest and/or surrounding landscape is managed to ensure those values are maintained.
- The source forest is being actively converted from natural forest to a plantation or other land use, unless the conversion is justified on grounds of net social and environmental gain, including the enhancement of high conservation values in the surrounding landscape.
- The material was illegally harvested or traded.
- The material was traded in a way that drives violent armed conflict or threatens national or regional stability (i.e. what is commonly called conflict timber).
- The harvesting or processing entity, or a related political or military regime, is violating human rights.
- The material is sourced from genetically modified trees.
- The source forest is unknown.

Target: By 2025 all timber in our own-brand or exclusive-brand products will be certified to the Forestry Stewardship Council (FSC) standards and other equivalent management schemes such as PEFC. In addition to these we also consider recycled paper and card to be sustainably sourced.

Textiles

At Pets at Home, we understand that textiles provide important protection and comfort for pets. We recognise that the textiles industry is one of the largest industries in the world, and its supply-chain covers agriculture, manufacturing, processing, fabric care, use, recycling and disposal.

Textiles are used across most categories in our accessories ranges. These textiles are mostly synthetic material, as opposed to natural. Both natural and synthetic fibres have sustainability and ethical concerns which Pets at Home must be mindful of. We believe that sustainably sourced textiles limit the use of natural resources, such as land, water and oil. To this end, we prioritise recycled materials where possible, and support the use of Better Cotton Initiative for any cotton products.

To help understand our natural resources impacts we identify and record the visibility of material type (e.g. cotton, polyester), whether it is recycled material, and the traceability / country of origin of manufacture.

This policy is owned our Product and Supply Chain Committee which meets at least quarterly to review our responsible sourcing performance and ensure suitable support is available for its implementation. The policy is approved by our ESG Committee, which operates with delegated authority of our Board, and receives regular updates on performance against our targets. This policy is regularly reviewed to ensure it remains fit for purpose and continues to promote our ambition to become the most responsible pet care business in the world.

Document Title:	Pets at Home Raw Material Sourcing Policy
Prepared by:	Group Head of Social Value
Authorised by:	ESG Committee
Published location:	Pets at Home investor website
Other documents referenced:	Environmental Policy Supplier Code of Conduct Human Rights Policy
Review date:	July 2022