

Human Rights and Modern Slavery Statement 2023



This is the Pets at Home Group's seventh statement made under section 54 of the Modern Slavery Act 2015 ("Act") and constitutes our Group Modern Slavery Act Statement for the financial year 2022/23*. 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.

Modern slavery is a global issue which is exacerbated by current challenges such as inflationary pressures, labour shortages, armed conflict, climate change and increased migration. We are focused on continuing to work in partnership with our suppliers and in collaboration with industry to identify and prevent human rights violations and modern slavery. We have made progress in some key areas this year including publishing our first tier factory list, conducting a worker voice pilot and expanding our programme of Responsible Sourcing Audits.

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'.

* This statement also includes a brief update on page 8, on pertinent findings identified in financial year 2023/24 but ahead of publication of this statement.

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, grooming salons and small animal veterinary 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, 339 of which includes a grooming salon. Pets at Home operates the largest branded network of veterinary practices in the UK, with a total of 444 practices made up of Joint Venture and company managed practices. We also offer round-the-clock veterinary telehealth advice and triage so clients can access all their pet healthcare needs whenever they need to. More than 16,000 colleagues are employed either directly or indirectly (via Joint Venture Companies). We operate 4 distribution centres in house and have a fleet of leased HGVs and vans. Our growing home delivery network is supported by carefully selected carrier partners.

457 **Pets at Home**
pet care centres

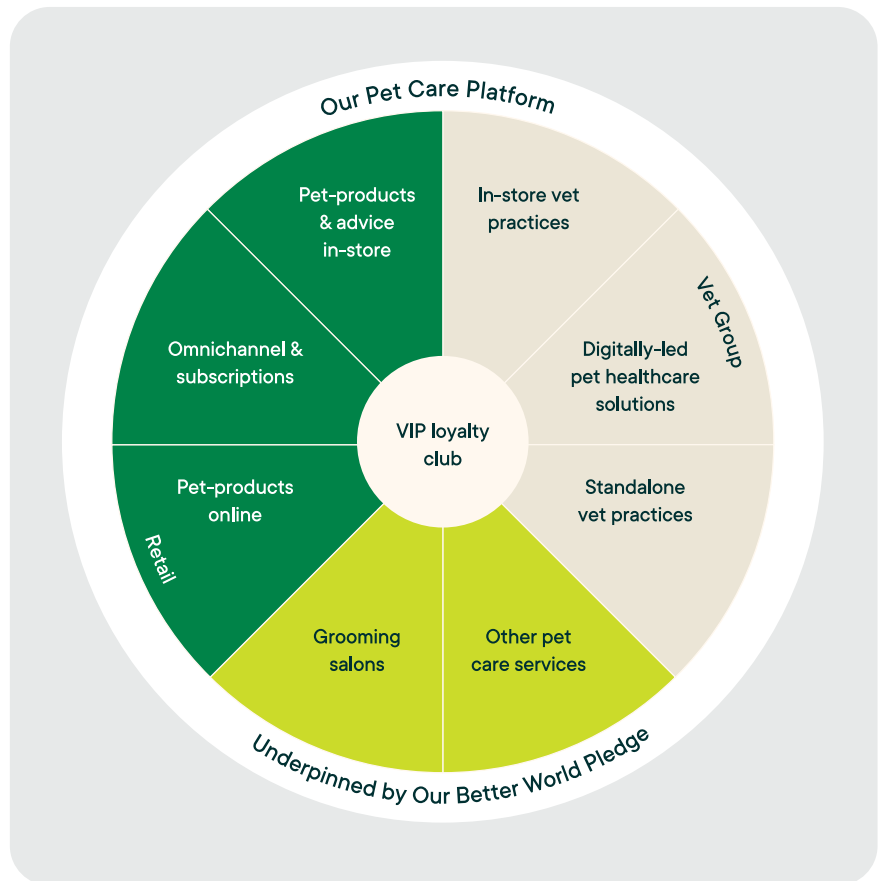
339 **Pets Grooming**
grooming saloons

444 **Vets for Pets**
small animal veterinary practices
Companion Carevets

>16,000
products in our extended online range

Our key own label brands

Pets at Home



16,000+
colleagues across our group

2
UK Support Offices in Handforth and Swindon

4
Own Operations Distribution Centres. 1 located in Stafford, 2 in Stoke-on-Trent and 1 in Northampton

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 supplier partners to achieve these standards.



33,000+

Over 33,000 workers in the first tier of our own label supply chain.

51%+

Over 51% of workers in the first tier of our own label supply chain are female.

52%+

Over 52% of workers in the first tier of our own label supply chain are migrant workers*.

225+

In addition to our 129 own label suppliers there are over 225 suppliers of supplier label products into our retail operations.

36

Key suppliers of products and services for our small animal veterinary practices sourced by our Vet Group.

800+

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

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. We have therefore published a [list](#) of our first tier (final production) own label product manufacturing sites.

What's next?

For high risk areas, we continue to work with our suppliers to map and gain better visibility of our upstream supply chain for components, primary processors and raw materials sources.

* Defined as having moved either domestically or across country borders for work.

Policies and Governance



Policies

We have group policies which outline our commitment to upholding human rights and preventing modern slavery. We keep all policies under regular review to ensure that we are recognising best practice and driving continuous improvement in our operations and in our value 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

Our **Supplier Code of Conduct** outlines our expectations of suppliers in relation to human rights, environmental, ethical and legal standards. Additional elements include supply chain transparency, business ethics, trade sanctions and animal welfare.

Responsible Sourcing Handbook

Our **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 fail to uphold these commitments.

Supplier terms and conditions

Our responsible sourcing requirements form a key part of our contractual agreements with suppliers.

Child Protection Procedure

Our **Child Protection Procedure** sets our commitment to a child-centred response to child labour. It provides clear guidance on how to investigate concerns, escalate for support, immediate steps for safeguarding and principles for successful remediation.

Whistleblowing mechanism

We want our suppliers to promote positive and open dialogue with their workforce but if things do go wrong, to also have mechanisms in place which allow for whistleblowing disclosures and worker grievances to be reported in confidence. We require our suppliers to have internal procedures in place to investigate colleague (and wider stakeholder) concerns and resolve any issues in conjunction with worker representatives, whenever possible. However, where issues have not been resolved or individuals feel unable to report concerns within their organisation, it is important that the people in our supply chain have a mechanism to reach out to us. We therefore require all our own label manufacturing sites to display a colour copy of our **whistleblowing poster** in a prominent location onsite so that it is accessible to their workforce. A documented whistleblowing procedure detailing how we will respond (including specific actions for safeguarding vulnerable persons) is in place to support the investigation of any reports. We have not yet received any whistleblowing disclosures via this route but we've extended the language options available to cover key sourcing regions and continue to ensure that the poster is displayed during all supplier visits. We also take the opportunity during colleague listening groups, completed routinely as part of our Responsible Sourcing Audits, to check colleague's awareness of this mechanism and explain its purpose.

What's next?

Responsible Exit Policy

We aim to build long term strategic supplier partnerships but it is sometimes necessary to end a supplier relationship and it's critically important that we do this in a responsible way that seeks to minimise the impact on our suppliers, their workforce and the extended supply chain. We are developing and rolling out a Responsible Exit Policy which outlines key principles including ensuring that we understand a supplier's reliance on our business, that we consider this when we agree the duration of supplier contract terms and we ensure that suppliers are given all possible notice when we do significantly reduce or withdraw all business.

Governance

Acting responsibly and sustainably is at the heart of our business and two years ago 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 review and approve 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 Responsible Product Committee, which meets every eight weeks, is responsible for developing the strategy for managing the environmental and ethical impacts of our products in our value chain. Our ESG Committee and Executive Management Team receive an annual briefing on our modern slavery risks and our strategy.

ESG Governance



Our Responsible Product Committee has 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?

Supported by an external audit company, our internal risk team has commenced a modern slavery assessment. This assessment will conclude next year and we'll take action on any recommendations which strengthen our approach to identifying and managing human rights and modern slavery risks.

Risk Assessment & Due Diligence

Case Study – Worker voice

Last year we engaged ELEVATE – an LRQA company to undertake a pilot programme of 5 semi-announced ethical audits (Completed against their ERSA protocol) supported by a full population worker voice survey. We wanted to understand if these audits improved the detection of issues which might otherwise go unreported on more traditional social audits. We chose to complete the audits in China as COVID-19 travel restrictions were still preventing our teams from entering mainland China. The findings from the audits were generally consistent with other ethical audits already available for the selected factories. However, Elevate provided a supplementary report which outlined the auditor’s subjective view on whether they believed the factory had been transparent with their working time and wage records. Three of the five audit teams reported concerns about the level of transparency from the factories. We did gain some insights from the worker survey results but these didn’t seem to support the conclusion that factories were not paying workers correctly. We conclude this is either because individuals felt unable or unwilling to share concerns or they aren’t experiencing any such issues. Our Responsible Sourcing Team will be completing unannounced visits of all 3 suppliers to follow up on the concerns raised. We’ll use the findings from these visits to inform our future strategy for worker voice.

We have not identified any suppliers who are using Xinjiang labour transfer schemes but we recognise the limitations of traditional 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 and recruitment fees

We have completed a mapping exercise to understand where cross-border migrant labour is present in our supply chain. We have been 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. We have identified one supplier employing migrant workers who pay directly for work permits, visas, passport fees, health checks and some travelling costs. All other costs associated with the recruitment process is borne by the supplier. We are actively working with this supplier to remediate and ensure that workers are compensated for any direct costs they incur through the initial recruitment process or when work permits require renewal. Our requirements on responsible recruitment practices aligns with the **employer pays principle**.

Child labour

The COVID-19 pandemic and current economic downturn 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. We have comprehensive processes and procedures in place for preventing, improving detention of and responding to child labour. This includes a Child Protection Procedure which provides clear guidance and actions to be taken in the event of identifying or suspecting child labour. We have also 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 the supply chain. To ensure we keep up to date with the latest information and insights relating to child rights, we have joined 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 re-sourcing 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 re-sourcing or utilising material certification schemes.



Risk Assessment & Due Diligence continued

Unauthorised Subcontracting

To ensure that human rights are safeguarded and the environment is protected, we must know where our products are made. In 2022/23 we identified 2 cases of unauthorised subcontracting in China. The cases were identified through 3rd party audits and inspections. We took appropriate steps to investigate and resolve these cases. Given the heightened exposure and potential for poor labour standards and exploitation to occur in hidden supply chains, we have communicated a zero tolerance approach to unauthorised subcontracting to our suppliers. We've also reviewed our risk assessment to identify particular industries and suppliers who present the greatest risk of subcontracting and are working to understand how we can better assess supplier capability and capacity to identify hidden subcontracting.

Data

We are a retailer member of Sedex. 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.

What's next?

Resource

We've identified the need for additional resource in our Responsible Sourcing Team to support across all our supply chain ESG workstreams including human rights and modern slavery. We've created 3 new roles including additional ethical resource in our Hong Sourcing Office and we will be recruiting for these roles in financial year 2023/24.

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 upstream 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 ESG Director and the Company Secretary on our Group wide human rights strategy and approach. During the year 115 3rd party ethical audits of 109 manufacturing sites were completed and reports reviewed. We completed 34 Responsible Sourcing Audits across 32 manufacturing sites. Across the audits 3 issues were raised against the forced labour/employment is freely chosen category and these related to recruitment fees and lack of an up to date modern slavery statement. All issues are being followed up with suppliers to ensure they are remediated.

In August 2023, after two years of COVID travel restrictions into China, our Responsible Sourcing Team were able to implement the planned approach of supplementing our 3rd party audit requirements with more effective in house visits. This visit falls outside the reporting period for this statement but as these findings were noteworthy, a summary is included in this section of the statement. We completed visits of 5 prospective suppliers and 5 current suppliers. While 2 factories met our required standards a range of findings were identified across the other factories. These findings included excessive working hours, minimum wage violations, double books, undocumented temporary workers, undisclosed accommodation and health and safety issues. In the prospective new factories there were additional findings concerning evidence of children onsite and fire safety issues. Where significant findings were identified at a prospective supplier, we have disengaged with the prospective supplier after providing feedback on the results.

Where findings were identified at a current supplier, we are actively working to support and oversee the remediation of all findings. In line with our commitment to transparent reporting, our next statement will include a full update on these and any subsequent findings.



Training

All our Store Support colleagues are required to complete our bespoke online training course on modern slavery. 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.

We have developed a supplier portal which includes information and resources to support suppliers' continuous improvement in human rights and other responsible sourcing areas including sustainability.

Our 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 updating the content of our mandatory modern slavery online training course.

We are developing and rolling out training to our teams who visit supplier manufacturing sites. The objective of the training is to give colleagues confidence in discussing the topic of modern slavery and to arm them with the knowledge to identify risks and understand how to escalate appropriately if they have any concerns.

For our suppliers
As we develop and enhance our training material, we'll be making this fully available to our suppliers to support their own training programmes.

Partnerships & Collaboration

We recognise the importance of collaboration and partnerships for sharing insights and developing industry best practice for tackling modern slavery.



We are an active member of the British Retail Consortium's Ethical Labour Working Group. This group is part of the BRC's wider CSR Community and provides a platform for retailers to share insights, influence ESG policies for industry and facilitate engagement with UK Government and regulators.



We have joined The Centre for Child Rights in Business (CRIB) Working Group to ensure we keep up to date with the latest information and insights relating to child rights. The working group brings together brands to collaborate and share best practice.



Sedex helps us assess and manage social and environmental supply chain risks. Sedex also provides a community for collaboration in the development of guidance, tools and industry standards.



This year we have partnered with ELEVATE – an LRQA company to undertake a pilot programme of 5 semi-announced ethical audits in China supported by a worker voice survey.

What's next?



We are joining the Seafood Ethics Common Language Group. This group brings industry and other stakeholders together to discuss the key ethical issues faced by the international seafood industry including human trafficking, labour abuses, child labour, debt bondage, forced labour, migrant workers and modern slavery. It provides an opportunity to share new ideas and best practice case studies from around the world.



Looking Ahead

We are committed to identifying and addressing modern slavery and human rights risks in our business and throughout our supply chain. Within this statement we have highlighted the key opportunities for the financial year ahead which includes: increasing our in-house resource for managing Responsible Sourcing, expanding our programme of unannounced audits and updating our modern slavery training for colleagues. We are committed to continuous improvement which supports the delivery of our purpose to create a better world for pets and the people who love them.



The Pets at Home Group Plc Board of Directors approved this statement at a meeting of the Board on 27th September 2023.

A handwritten signature in black ink, appearing to read 'Lyssa McGowan', next to a circular stamp or seal.

Lyssa McGowan
Group Chief Executive Officer

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.