



Pets at Home Group Plc **Basis of Reporting Statement**

Scope 1, 2 & 3 (selected categories) CO₂e emissions

May 28 2024

This document outlines the methodology used by Pets at Home Group to produce the Scope 1 and 2 calculations to calculate the company's Scope 1 and 2 Greenhouse Gas (GHG) emissions. There are also a selected number of scope 3 categories included, where Pets at Home Group can be considered to have high operational control over emitting activities.

- The definitions, scope and boundaries are set out in this document.
- Any assumptions that have been made are clearly stated, and the accounting and calculation methods are explained.

Business Description

Pets at Home Group provides products, services and advice to guide pet owners through their pet care journey. Our business consists of two areas:

- **Retail:** A wide range of pet products is available both online and in our stores. Services include pet products & advice in-store, with omnichannel & subscriptions and pet products online.
- **Vet Group:** We provide a comprehensive range of small animal veterinary services through a network of general practices which handle all aspects of general veterinary care, as well as offering 24/7 veterinary telehealth advice and triage. Services include In-store vet practices, digitally led pet healthcare solutions and standalone vet practices. Throughout this document, we will refer to this group as Vets for Pets.

Grooming salons, referred to as Groom Rooms, are located at some pet care centres.

External Assurance

Pets at Home Group has commissioned independent third-party assurance. We engaged Deloitte LLP to perform an independent limited assurance engagement on selected greenhouse gas (GHG) emissions data for the year ended 28th March 2024, in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' and International Standard on Assurance Engagements 3410 'Assurance engagements on greenhouse gas statements', issued by the International Auditing and Assurance Standards Board.

The selected greenhouse gas (GHG) emissions data for the year ended 28th includes:

- Scope 1 greenhouse gas emissions tCO₂e (all operations)
- Scope 2 (location-based) greenhouse gas emissions tCO₂e (all operations)
- Scope 2 (market-based) greenhouse gas emissions tCO₂e (all operations)
- Limited Scope 3 greenhouse gas emissions tCO₂e (all operations)
 - Category 3 Electricity transmission and distribution losses
 - Category 4 Upstream Transport and Distribution – Third party logistics
 - Category 6 Business Travel – Grey Fleet mileage contribution

Organisation Boundary and Scope of Emissions

Pets at Home Group adopts an Operational Control boundary approach for its selected greenhouse gas emissions data for the year ending March 28th 2024. This includes all sources of emissions over which the company has the full authority to introduce and implement its operating policies at the operation.

Under the Operational Control approach, 100% of the Scope 1 and 2 carbon dioxide equivalent (CO₂e) emissions arising from Group companies and subsidiary entities over which Pets at Home Group has operational control is included.

The decision was made in 2018 that Vets for Pets practices would also be in scope for the business, under operational control, as there are no separate meters installed for vet practices which are located within the same building envelope as retail units – this same rule was applied to standalone Vets for Pets practices to ensure consistency of approach. The ownership of the vet practices (joint venture or group owned) is not used to determine their inclusion within our GHG reporting boundaries, both of these models are included. When anaesthetic gas use was added to the reporting from FY20 the same approach was used and gas use from all Vets for Pets practices was included. This definition of 'operational control' is applicable only for the purposes of GHG accounting.

'Group' and 'all operations' is defined as all sites over which Pets at Home Group have operational control as defined above and constitutes sites located in the United Kingdom and Hong Kong. This comprises: 457 stores in the UK. In addition to the stores, Pets at Home also operates 316 grooming salons. The company also operates 394 veterinary surgeries on a joint venture partnership model and 47 group managed veterinary practices.

These site numbers are accurate as of year-end. Emissions from sites that close during the year will be included in our carbon analysis.

- 457 UK stores
- 441 Vets for Pets practices
- 3 distribution centres
- 2 UK offices (4 buildings)
- 1 Hong Kong support office

On an annual basis the organisational boundary is reviewed to ensure that any new legal entities are included where necessary. This is completed using the organisational structure maintained by the Board.

Emissions from entities acquired during the year are included in the financial year after they are acquired (reporting emissions for the full 12-month period) unless otherwise indicated in our reporting.

Emissions from entities classified as discontinued operations or disposed of during the year are excluded from the disclosure for the full year they are classified as a discontinued operation or disposed. For previous years' data, restatements will be made in accordance with the restatement policy.

Operational Control

To determine the operational boundary of the GHG inventory, a site will be considered under our control when energy supplied to the premises occupied by Pets at Home Group is metered and billed based on actual amount consumed, for example:

- Where we have a contract directly with the electricity supplier – the site is considered under our control.
- Where electricity is paid by the landlord and re-charged to us based on the actual amount we have consumed (i.e. metered amount) – the site is considered under our control.
- Where we pay a fixed fee for energy as part of our rental payments (i.e. regardless of the amount actually consumed) – the site is considered NOT under our control and emissions associated with this energy usage would be captured in our Scope 3 emissions calculations.

Emissions from sites classified as vacant or unused by the Property Team have been included in the selected greenhouse gas emissions data up to the date it was vacated or deemed unused. From this date onwards, the emissions have been excluded.

To check the data provided was inclusive of all sites, in-store vet practices were mapped to their stores using postcodes; and all sites (retail, combined retail and vets, and stand-alone vets) were checked for data completeness.

Reporting Format

Base year:

The base year refers to the base year that is used for the SBTI (science based targets initiative) near term (2030) and long term (2040) target setting. The base year for these Scope 1, 2 and Scope 3 calculations is FY20.

Period:

The reporting period is 31st March 2023 to 28th March 2024. For some of the data points GHG emissions were calculated using data for the whole of March up until 31st March 2024, despite year ending on 28th March which was due to when the data was available. The overall effect of this date discrepancy on final emissions numbers reported is approximately 0.42%. The activity data sources affected are natural gas, electricity, and the Pets grey fleet mileage.

Emissions Factors:

We adopt the conventional approach in calculating our carbon emissions through the collection of primary source data in their appropriate units (e.g. kilowatt-hours (kWh), litres (L), kilograms (kg), kilometres (km) etc.) and converting into the associated carbon emissions using the relevant emissions factors.

Pets at Home Group has used the following factors to calculate the emissions for the period 31st March 2023 to 28th March 2024:

Scope 1 – The UK Government Greenhouse gas reporting: conversion factors 2023 (GHG 2023 factors) have been used for fuel consumed and kilometres driven in the UK to determine Scope 1 emissions, to cover stores, vet practices, fleet and distribution centres. The same methodological approach was used to report on the GHG emissions arising from natural gas, refrigerants and anaesthetic gases.

Scope 2 – Under the location-based method, the emissions from electricity used in UK stores, offices and supply chain centres has been calculated. We've also included supplier specific EFs for the singular site in Hong Kong.

Under the market-based method, we have considered as having no emissions all our electricity sourced from renewable sources where the appropriate information is available to back up this claim. This includes contracts with our electricity providers confirming that the electricity we have purchased can be considered as having no emissions under internationally recognised frameworks, and applies only for the amount contracted and sites specified. For all electricity consumption falling out of this scope, we have applied the residual mix CO₂ factor published by the Association of Issuing Bodies (AIB) for each of the countries where we have purchased electricity, which for Pets at Home Group, only applies to Hong Kong. This factor is taken from the latest report published by the AIB at the time of calculating the emissions, which for the year 2023 is their Version 1.0, 2023-06-01.

Emissions Data

For the 2023-24 period, GHG data was collected on a quarterly basis. Data collection and consolidation were performed centrally by the Pets at Home data owners from the logistics, energy management, HR, expenses, distribution and Vets for Pets teams, to cover the following elements:

- Electricity
- Gas
- F-gas (and other refrigerants)
- Anaesthetic gases
- Company car mileage
- Distribution vehicle fuel consumed
- Distribution Centre forklifts
- 3rd Party distribution vehicle mileage – Limited Scope 3 inclusion
- Employee-owned car mileage – Limited Scope 3 inclusion
- Gateshead back-up generator

This was then shared with Carnstone Partners Ltd; a specialised advisor employed by the Group to quantify and calculate the Greenhouse Gas (GHG) emissions associated with the Company's operations.

Scope 1 Emissions Sources

Stationary use of gaseous and liquid fuels

Emissions from stationary use of gaseous and liquid fuels are calculated using the following method:

- a. Utility bills – Natural gas consumption data for the reporting period is evidenced by monthly utility bills. Vets for Pets, Pets at Home's veterinary practice locations, use natural gas. Values are in kWh and are summed for each of the 107 sites, then converted to CO₂e using DESNZ 'Natural gas blend' emissions factors.
- b. Diesel for generators – The Gateshead site generator is used to ensure servers are running in an event of a power outage. Fuel usage values are evidenced by monthly generator logs which provide the fuel percentage level. The difference in the percentage during the reporting period is used to estimate the amount of fuel used during the reporting period and converted to CO₂e using the DESNZ 'Diesel (average biofuel blend)' emission factors.

Mobile use of gaseous and liquid fuels

Emissions from mobile use of gaseous and liquid fuels are calculated using the following method:

- a. Company car mileage – Data on the size and fuel type of company cars is collected, these are then mapped to the vehicle emissions factors provided by DESNZ. The mileage of company cars is not tracked, so it is assumed all company cars cover 15,000 miles p/a, in line with their lease agreements. The number of vehicles for each type, is multiplied by 15,000 miles to estimate the total mileage, which is then converted to CO₂e using the aforementioned emissions factors.
- b. Logistics transport – This includes both distribution vehicle mileage and Distribution Centre forklifts. There are two categories of vehicles: core fleet and third-party vehicles which are Heavy Goods Vehicles (HGVs). For the core fleet the actual fuel values are tracked on a weekly basis. For all core fleet vehicles using diesel, the litres of diesel are converted to CO₂e using the DESNZ 'Diesel (average biofuel blend)' emission factors. For the core fleet vehicles using HVO- biofuel the litres of fuel are converted to CO₂e using the DESNZ 'HVO biofuels' emissions factor.

F-gas (and other refrigerants)

F-gases are reported according to DESNZ guidance therefore reporting on Kyoto Protocol gases only.

The company has taken the decisions to report on CO₂e emissions only rather than reporting on all 7 gases.

One distribution centre in Stoke and some additional retail locations (64 stores) had additional F Gases (R401a) during the reporting period. Data on F-gases are collected from REFCOM. F Gas Additions (kg) are converted to CO₂e using DESNZ Refrigerant emission factors.

Anaesthetic gases

Vets for Pets uses anaesthetic gases which include Isoflurane, Sevoflurane and Nitrous Oxide. They are purchased as 250ml bottles. The number of bottles purchased are tracked during the reporting period. These gases are delivered to the practices several times a week and are not stored. Therefore, the volume of anaesthetic gas consumed is assumed to be the amount that has been purchased.

The volume of the Isoflurane and Sevoflurane bottles was converted from ml to L and then to mass (kg) by multiplying them by the density of the gases, as found on PubChem using specific gravity of the gases. These mass values were then converted to CO₂e by using emissions factors set by the Association of Anaesthetists. During the reporting period only one Size G cannister of Nitrous Oxide (9000 L) was used which had a nominal weight of 52kg. This was then converted to CO₂e using DESNZ emission factors.

Scope 2 Emissions Sources

Electricity

Emissions from electricity purchased within sites is calculated using the following hierarchy:

- Meter readings – electricity consumption is evidenced using opening and closing meter readings for each month.
- Utility bills: Meter readings are validated against utility bills. Values are in kWh and are summed for each site. They are then converted to CO₂e using the DESNZ electricity conversion factor for the UK. All sites are in the UK except for one Pets at Home site located in Kowloon, Hong Kong. As such, its electricity is provided by CLP, who supply the whole region of Kowloon. Therefore, the conversion factor provided by CLP was used in this case.
- There are estimates used for scope 2 location-based electricity consumption. Notes on the estimate methodologies is provided below. These estimations account for less than 3% of total assured emissions.

Methodology	Notes on Methodology
Estimates from Pets at Home Property Team	When real consumption data is unavailable due to billing issues the Pets at Home property team provide estimates for consumption based on the square footage of the relevant sites, within their category. Electricity consumption per sq. ft. is calculated for each month of the year, based on previous year's consumption data. These averages are then applied to the sites missing data.
Estimates based on Q3	Due to billing cycles data can not be available for Q4 by the time of reporting. A simple pro-rata is used to uplift the consumption for the first 9 months, for which actual data is available, to cover the full year: i.e., $12/9 * Q1-3 \text{ consumption} = \text{full year consumption}$.
Estimates based on averages	Where no data is available estimates are made using averages from all similar sites (i.e., Vets or Pets locations), with a full year of data, to avoid estimates based on estimates. This is a simple average.

Location and market based:

Where electricity is supplied under low-carbon tariffs, we have substituted alternative emissions factors as appropriate. Electricity supply to the UK is 100% renewable and a conversion factor of zero has been applied.

Limited Scope 3 Emissions Sources

As part of this exercise, selected scope 3 category emissions were calculated, where Pets at Home Group can be considered to have high operational control over the emitting activities.

Grey Fleet

The grey fleet covers employee-owned company cars for both Pets at Home and Vets for Pets. Mileage of the vehicles during the reporting period are tracked, along with the date of travel and the date of the claim. Expenses are recognised from the date of the claim, i.e. the date the employee made the expenses claim. This data also tracks the type of vehicle with unique taxonomy, only cars are used by Pets/Vets employees, and company cars are excluded from this category, as they are already covered in Scope 1. Relevant DESNZ emission factors are used to map to these vehicle types and the total mileage of each type is converted to CO₂e subsequently.

3rd Party Distribution Vehicle Fleet

3rd party transport distributors are used in the distribution between DCs and stores. Data is collected by the 3rd parties that are employed for this service, mileage is calculated based on estimations gathered in the Paragon system. All third-party vehicles are 44 tonne diesel lorries; therefore, the total estimated mileage was converted to CO₂e using DESNZ's 'Delivery Vehicles -HGVs (all diesel), Articulated (>33t)' emission factor. The load was assumed to be the average load as per DESNZ.

Use of Carbon Mitigation Measures

Pets at Home use the Woodland Trust Carbon forest scheme to mitigate the remaining buildings energy carbon emissions from the limited and decreasing amount of natural gas used in buildings. This gas use is predominantly in some stand-alone vet practices and in two Distribution centres in Stoke and Northampton.

Restatement Policy

When necessary, and where information is available, we will restate the prior years' figures using the latest available data to make data as comparable between years as possible. Where restatements have been made for selected greenhouse gas emissions data, these will be clearly outlined in our Reporting.

Restatements are considered necessary if there is a change to an individual ESG performance metric covered by this methodology of greater than 5% (our significance threshold).

Restatements may be needed as a result of:

- Structural change: Where we experience a structural change to the scope of our reporting in future periods, we will recalculate the base year (for data associated with targets) and other data as required, so that we can monitor our performance on a consistent basis. Scope 2 targets are set against a market-based method of assessment.
- Methodology change: Changes in calculation methodology or improvements in the accuracy of emission factors or activity data, which result in a significant impact on the data.
- Corrections: Discovery of significant errors, or a number of cumulative errors, that are collectively significant.

Pets at Home Group Plc

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