



**petco**<sup>®</sup>  
THE HEALTH +  
WELLNESS CO.

# OUR PURPOSE IN ACTION

PETCO 2020 SUSTAINABILITY REPORT

## OUR OPPORTUNITY

**Petco is a purpose-driven company dedicated to improving the lives of pets, pet parents, and the partners who work for us.**

**We are committed to being the leading, most trusted resource in pet care, providing a comprehensive portfolio of essential nutrition, products, services, and veterinary care to address pet health and wellness needs. This commitment means we are continually focused on developing new standards in pet care, delivering comprehensive wellness solutions, and creating communities that deepen the pet-parent bond.**

**We believe that what's best for pets is what's best for Petco. Every day we strive to contribute to the world around us by improving pet lives, we work to improve the lives of the partners that work for Petco, and we drive to execute to the highest degree of excellence. This is our definition of Purpose-Driven Performance.**

## A note on terms

Throughout this report, we will use the following terms, which reflect the language we use throughout our business:



**Pet Care Center** in place of **Store**



**Support Center** in place of **Corporate Office**



**Guest** in place of **Customer**



**Partner** in place of **Employee**

## Forward-Looking Statements and Website References

This report contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 concerning expectations, beliefs, plans, objectives, goals, strategies, future events, and other similar statements that concern the Company’s goals or expectations with respect to corporate responsibility, sustainability, employees, environmental matters, policy, procurement, and business risks and opportunities. Forward-looking statements are subject to many risks and uncertainties, and actual results may differ materially from the results predicted in such statements. These statements may be based on standards for measuring progress that are still developing and on assumptions that are subject to change in the future. Forward-looking statements are also aspirational and not guarantees or promises that goals or targets will be met. The Company undertakes no duty to update any forward-looking statement we make, whether as a result of new information, future events, or otherwise.

Website references (including hyperlinks) are provided for convenience only. The content on the referenced websites is not incorporated by reference into this report, nor does it constitute a part of this report.

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01

# OUR APPROACH

## WHO WE ARE

### Our Company

Petco is an industry-leading pet health and wellness company on a mission to improve the lives of pets, pet parents, and our more than 27,000 Petco partners.

We've strived to trailblaze new standards in pet care, delivering comprehensive wellness solutions through our products and services, and creating communities that deepen the pet and pet parent bond. From our National Support Center in San Diego where we are headquartered, to our more than 1,500 Pet Care Centers across the U.S., Mexico, and Puerto Rico, we are fueled by our desire to provide the best care for pets.

Over the last three years, our world-class leadership team and our dedicated and passionate partners have transformed the business from a successful yet traditional retailer to a disruptive, fully integrated, digital-focused provider of premium nutrition, products, services, and veterinary care. Petco's multichannel platform integrates our strong digital assets, including Petco.com and the Petco app, with our nationwide physical network to provide a comprehensive offering of differentiated products and services.

We have curated our product offering toward premium brands and offerings that customers can't find elsewhere. We've leveraged our owned and exclusive merchandise portfolio and partnerships with premium third-party brands to deliver high-quality nutrition. Through our owned brands like Reddy and WholeHearted, we have elevated our product offering in Pet Care Centers and online, giving guests more options to purchase high-quality, healthy, and more sustainable items for their pets.

### Petco Owned Brands Portfolio



## OUR VALUES

01

### WE PUT PETS FIRST:

Our belief is that if it's good for pets, it's good for Petco.

02

### WE RAISE THE BAR:

Our ambition is to catalyze the entire pet industry by combining passion and expertise, pioneering and trailblazing new standards in care.

03

### WE BUILD COMMUNITIES:

Bringing together communities of pets and pet parents to deepen connections and celebrate the love between us.

04

### WE DELIVER WHOLE HEALTH SOLUTIONS.

As your partner, we deliver connected and personalized solutions that focus on your pet's total care.

05

### WE FIGHT FOR EVERY PET:

Always striving to make health & wellness accessible for all pets, no matter their situation.

## LETTER FROM THE CEO

**Petco has become a truly unique company. One that is saving and improving millions of pet lives, improving the lives of the partners that work at Petco, while at the same time executing our differentiated strategy with excellence. That is our definition of Purpose-Driven Performance.**

2020 was an unprecedented year as we confronted a global pandemic, a health care crisis, social injustice, civil unrest, and further degradation in climate change. In the wake of challenges and adversity, human and pet-kind together have once again shown their resilience. And I could not be prouder of how our knowledgeable, passionate, and caring Petco partners have risen to the occasion and rallied together to do amazing things for pets, pet parents, and each other. Over the last year, our relationships with our pets became stronger than ever, and their unconditional love has been a bright spot in our lives.

Our mission of improving the lives of pets, pet parents, and our own Petco partners fuels everything we do. Beyond being known as THE health and wellness company for pets and pet parents, we want to be known for driving a positive societal and environmental impact for our stakeholders, the communities we serve, and the world. We are building a legacy as a leader in the pet industry on social and sustainability issues, willing to confront some of the greatest challenges we face head on so that current and future generations of pets and pet parents can thrive. We believe that helping protect the health and wellness of people, pets, and the broader world is looking out for the health and wellness of our business. We are committed to contributing to the world around us and driving value for our stakeholders.

We're steadfastly committed to being a positive contributor to the planet we share, now and in the future. Over the last year, we've closely examined social responsibility and sustainability efforts across our business – from animal care, product development, and sourcing through packaging, labeling, delivery, and beyond. And based on this review, we've developed our sustainability platform: a focus to set the standard in our industry in responsible animal care, helping people thrive, and preserving the health of our planet.

We are proud of the progress we've made across our business, which includes:

- **Committing to increasing Petco's assortment of sustainable products to 50% by the end of 2025 and being the only retailer in the industry to make a commitment of this kind.**
- **Using 92% less plastic and 23% less cardboard in packaging, compared to online-only retailers by fulfilling online orders in our Petco Pet Care Centers, which we estimate eliminated 3.6 million pounds of cardboard waste and 30,000 pounds of plastic waste in 2020 alone.**
- **Eliminating more than 3 million single-use plastic bags within our Owned Brand supply chain that would have otherwise become waste.**
- **Launching Started as a Bottle, Petco's first sustainably focused product collection, which has upcycled 1.5 million plastic bottles into pet toys and accessories.**
- **In partnership with Petco Love, helping save roughly 400,000 animals from euthanasia and finding homes for 6.5 million animals.**

As we continue to formalize our program and execute our ESG strategy, we will strive to continue to lead the industry in making a difference for the world and all those in it. We look forward to sharing future updates with you on our progress and execution against our goals.



Ron Coughlin,  
Chairman and Chief Executive Officer



## LETTER FROM THE HEAD OF SUSTAINABILITY

Our customers increasingly expect the companies they do business with to operate more sustainably. Research shows most pet parents aim to buy sustainable products for their pets, and the recent COVID-19 pandemic has only increased that demand. In fact, more than half of consumers say the pandemic has made them more likely to buy environmentally friendly products.

At Petco, we aim to exceed pet parents' expectations by meaningfully contributing to a more sustainable future. This year, we carried out a rigorous ESG materiality assessment, including engagement with external and internal stakeholders, to help us identify the key areas where we can make the biggest difference. Everything we're doing today builds on Petco's industry-leading commitment to the health and wellness of pets.

As we accelerate our efforts around responsible animal care, we'll also remain focused on reducing waste, minimizing our environmental footprint, and implementing real sustainable change that can improve the lives of generations of pets and people. This, our first Sustainability Report, offers us the opportunity to highlight the progress we've made, address topics most important to our business and stakeholders, and offer a glimpse into what sustainability at Petco will look like in the future.

We will continue sharing updates and would welcome your ideas or questions on any aspect of our sustainability journey. To get in touch with us, please email [sustainability@petco.com](mailto:sustainability@petco.com).

Thanks for helping us prioritize the health and wellness of pets, people, and the planet we share.



Francesca Mahoney,  
Head of Sustainability





## SUSTAINABILITY AT PETCO

At Petco, we're focused on Purpose-Driven Performance, and strongly believe that if it's good for pets, people, and the planet, it's good for Petco. We've been building a strong foundation for positive societal impact for more than 55 years, but we know there is still much more we can accomplish together.

The health and wellness of pets, people, and the planet is, and always has been, at the center of our approach to serving pets and pet parents. We believe that everything we do to improve the lives of pets, pet parents, and our own Petco partners also drives our performance. Over the past several years, under the leadership of our CEO Ron Coughlin, we've been working to uncover the full potential of our impact on the world around us. We've been sharpening our aspiration to lead the pet industry in sustainability, taking into account expectations and priorities of pet parents and other stakeholders, as well as our strengths and opportunities.

## SUSTAINABILITY AT PETCO

### Our Sustainability Journey

At Petco, we're dedicated to investing in and meeting the pet welfare needs of every community where our Pet Care Centers are located. Our commitment to improving the lives of pets, pet parents, and our partners is making a tangible impact, a key ingredient to our Purpose-Driven Performance.

Over its more than 20-year history, Petco Love (formerly the Petco Foundation), an independent non-profit organization, has invested more than \$300 million in animal welfare organizations across the country. Petco Love is a leader in making communities and pet families closer, stronger, and healthier, and is working to create a future in which no pet is unnecessarily euthanized. In partnership with Petco Love, we have helped save roughly 400,000 animals from euthanasia and found homes for 6.5 million animals.

In 2018, we took a bold, unapologetic, and industry-leading stance on pet nutrition as the only major national pet retailer to announce the elimination of certain products with artificial ingredients<sup>1</sup>. In October 2020, we led the industry once again by removing human-operated and bark-activated electric shock collars from our shelves. Concurrently, we increased our advocacy for and provided free introductory Positive Dog Training classes focused on promoting a relationship of mutual respect and trust between pets and pet parents. The response to this announcement was incredible, generating more than 2.3 billion impressions and further establishing Petco as THE health and wellness company. Looking ahead, we will continue to formalize our long-term strategy to support our Purpose-Driven Performance. We are focused on three main pillars: setting the standard in responsible animal care, helping people thrive, and preserving the health of our planet.

<sup>1</sup> See how Petco defines artificial ingredients at: [petco.com/nutritionstandards](https://petco.com/nutritionstandards)



INVESTED MORE THAN  
**\$300M**

IN ANIMAL WELFARE ORGANIZATIONS

HELPED SAVE ROUGHLY  
**400,000**  
ANIMALS FROM EUTHANASIA

## SUSTAINABILITY AT PETCO

As part of our mission, we aim to positively impact the wellbeing of all pets, people, and the planet we share. While we know there is much work to do, along with strong governance practices, these focus areas help to ensure that all the issues identified as being material to our business are given appropriate attention.

### OUR SUSTAINABILITY PLATFORM



#### SETTING THE STANDARD IN RESPONSIBLE ANIMAL CARE

- Pet Welfare & Humane Treatment
- Pet Health, Nutrition, & Wellbeing



#### HELPING PEOPLE THRIVE

- Employee Health, Safety, & Wellbeing
- Diversity, Inclusion & Belonging



#### PRESERVING THE HEALTH OF OUR PLANET

- Sustainable Product Offering
- Responsible Packaging
- Climate Impact

# SUSTAINABILITY AT PETCO

## Sustainability Governance

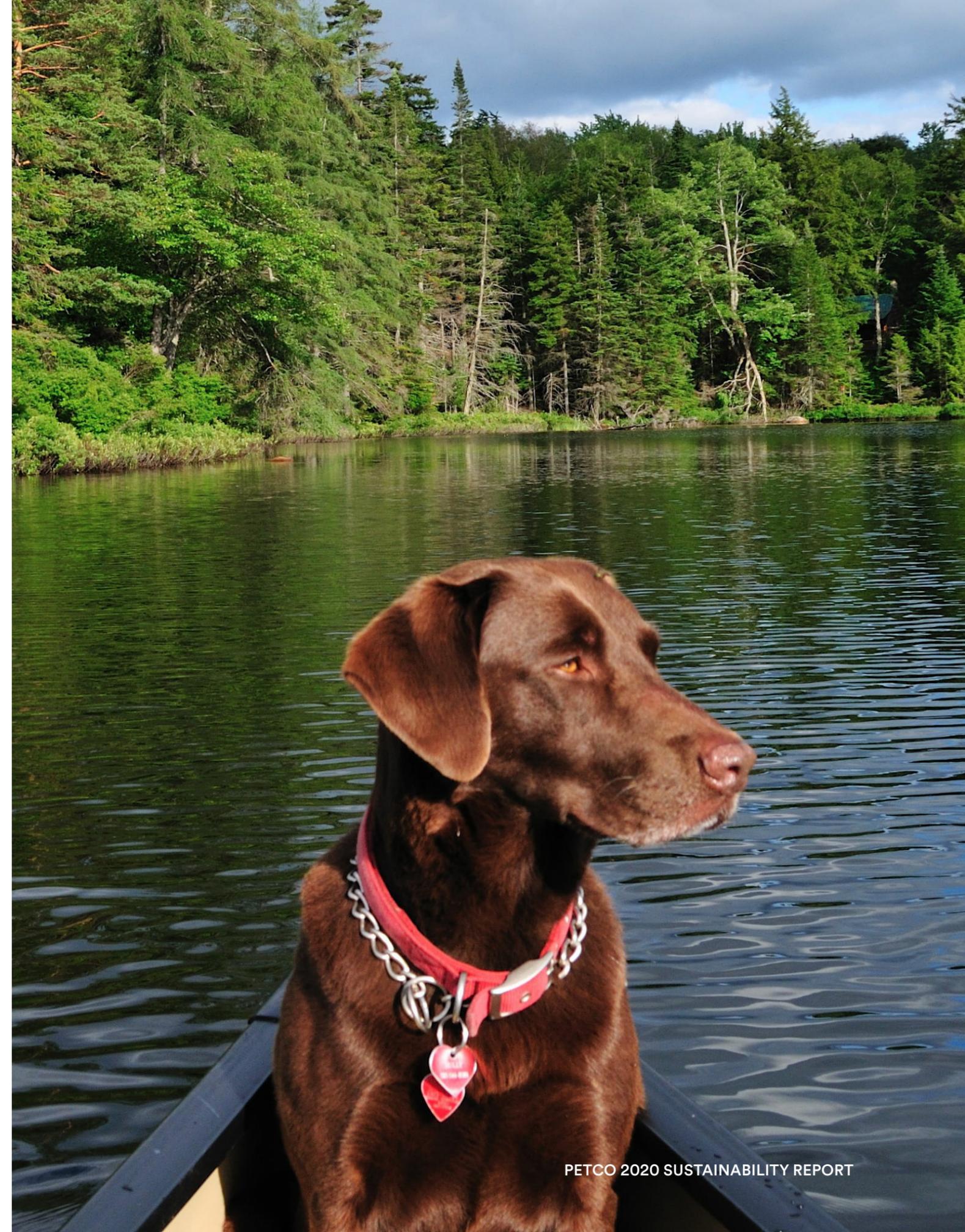
We are both propelled by, and held accountable for, our sustainability efforts by our Board of Directors as well as our Chairman and CEO, who believe in the importance of sustainability for the long-term success of our business. Our Board of Directors oversees ESG issues through its Nominating and Corporate Governance Committee, which reviews and provides guidance on our sustainability efforts, progress, initiatives, and priorities.

In June 2020, we appointed a Head of Sustainability, Francesca Mahoney, that reports to the Chief Strategy Officer, to drive and accelerate our work in this area. She has been leading our efforts to identify priority areas, drive short- and long-term goals in partnership with our leadership team, formalize a sustainability platform and strategy, align resources against our priorities, and implement internal collaboration and oversight structures.

Our leaders view sustainability not as a separate stream of activity to our main business, but integrated into our identity. To support that integration, we have two groups of key internal stakeholders to help provide insight from across the business, support strategic alignment, champion initiatives, and help to embed them.

Our **Sustainability Executive Steering Committee** includes five executive-level sustainability champions, including our CEO, and oversees all important aspects of our business – products, services, Pet Care Centers, e-commerce, and supply chain. In addition to helping develop our strategy, their involvement supports the integration of sustainability throughout the business.

Our **Sustainability Task Force** is comprised of 18 key representatives and subject matter experts from core business areas at Petco. They drive the implementation of our initiatives within their departments and cross-functionally. They meet at least bi-monthly, and more often if needed, to discuss ideas for improvement and innovation. Over the past year, they have been crucial in the implementation of several key projects, including expanding our range of upcycled and alternative protein pet foods, increasing our product offering that contains recycled content, reducing unnecessary packaging, optimizing transportation to reduce waste and emissions, and more.



# SUSTAINABILITY AT PETCO

## ESG Materiality

To help us prioritize key areas of focus and drive our sustainability approach, in 2020, we conducted a materiality identification process and analysis. We engaged a third party to support a rigorous materiality assessment, engaging key stakeholders' input on ESG topics that are critically important to Petco's business. These included external stakeholders, such as suppliers, industry trade groups, non-governmental organizations, animal welfare experts, internal stakeholders across the business, and a consumer survey that generated more than 900 responses. From this process, we identified ten areas of focus that will drive our sustainability approach, based on their

importance to both our business and our stakeholders. We also identified a number of other areas that we deemed important for us to also consider and address, all of which are discussed herein.

## Key Performance Indicators

We leverage a dashboard of several Key Sustainability Performance Indicators that allow us to track our high-level performance, success, and impact across the business on a quarterly basis. The dashboard currently measures our energy, emissions, waste, and water data, and in the future is expected to track additional KPIs.

## Materiality Matrix





## OUR RESPONSE TO COVID-19

**Protecting the health and safety of our Petco partners, pet parents, their pets, and the communities we serve is a top priority.**

Since the onset of COVID-19, we've taken proactive, precautionary steps to help us meet or exceed local, state, and federal regulations as well as recommended health and safety guidelines from the U.S. Centers for Disease Control and Prevention (CDC). We've also implemented several additional programs to help protect our partners' overall wellbeing during this time.

### **Protecting Health and Safety**

Following CDC guidelines, since March 2020 we have required face coverings at our Pet Care Centers and distribution centers. We have distributed facial coverings and gloves to our partners, installed register lane acrylic guards, and installed signage throughout our Pet Care Centers to encourage our guests to maintain social distancing, limit the number of people per shopping trip when possible, and follow other recommended precautions.

Our policies require that Pet Care Centers and distribution centers be cleaned and sanitized daily as part of our normal business operations. In light of COVID-19, we've increased the frequency and extent of those cleanings and have taken steps so that our Petco locations (including pet care, distribution, and support centers) can have ample hygiene and sanitation supplies available. Hand sanitizer dispenser stations have been installed throughout our Pet Care Centers, including in high-traffic areas such as checkout counters and grooming salons, making hand sanitizer conveniently available to Petco guests and partners nationwide.

We leveraged our innovative capabilities and transformed infrastructure to launch new socially distanced offerings like curbside pickup and same-day delivery within weeks. These were game changers in the way that we engaged with and served pet parents and are strategic differentiators to drive growth going forward. In addition, we reduced our monetary threshold for free shipping on online orders. Guests could also call us to place orders for home delivery. Since we were unable to offer dog training home visits, we introduced virtual dog training classes, so pets could keep up with their curriculum from anywhere.

## OUR RESPONSE TO COVID-19

### Caring for Our Partners

We're encouraging all Petco partners to follow appropriate preventative actions, including staying home if they are feeling ill or believe they may be at risk, and maintaining appropriate social distance when and wherever possible. We also conduct health screenings and temperature checks for Petco partners, vendors, and volunteer staff upon arrival at pet care or distribution centers, and send them home if they have any symptoms. At our support centers, partners are encouraged to work from home if they can, and travel is restricted across the company.

To support partners during these challenging times, we've provided up to five days of paid COVID-19 supplemental time, which is in addition to our established sick time and paid time off policies. This applies to any partner who has been directly affected by COVID-19, whether by a confirmed case, required or voluntary self-quarantine due to being high-risk, living with or caring for someone at high-risk, or because they feel ill or face related dependent care challenges.

**Now that vaccines are available, we are strongly encouraging all of our partners to get vaccinated as soon as they are eligible, and to help incentivize this, we are giving all partners who become fully vaccinated a \$75 reimbursement, as well as making a \$25 donation to the Petco Partner Assistance Fund. We also support scheduling flexibility as part of this vaccination process.**



## OUR RESPONSE TO COVID-19

### Increasing Our Connection During COVID-19

To support our partners and keep them abreast of developments related to COVID-19 in a rapidly evolving situation, we leveraged more frequent town halls (biweekly early on, and later, monthly), as well as informal group meetings with both large and small audiences to facilitate two-way dialogue.

In addition, we've shared regular COVID-19 information, video updates, and FAQs on our internal intranet site and through our internal Workplace from Facebook social platform, to keep the Petco family in the know. A perfect example of how we listen and let our partners guide us is our #PetcoSTRONG movement. What started as a hashtag that partners were using to support one another, quickly turned into an internal rallying cry that we have used to raise funds for partners facing difficulties. Supporting and championing the authentic voice of our partners has only strengthened the sense of family, community, and resilience in our culture during this challenging time.

# #petco STRONG





## OUR RESPONSE TO COVID-19

### Helping Pets During COVID-19

Petco Love is committed to supporting its shelter partners' most critical needs as they face the dual responsibilities of protecting human health and saving animal lives through the COVID-19 pandemic.

To provide additional support at this challenging time, Petco Love launched the Pledge to Save Pet Lives initiative, leading a national call encouraging animal lovers to take action to help save animal lives by fostering and donating. They encouraged donations by pledging up to \$1 million in product and cash donations as matching grants, helping to double the impact of donors. In addition to raising additional funding, the campaign helped spark additional community support for essential animal welfare organizations, reach new donors, and raise the visibility of fostering and adoption needs.

Petco Love remains in close communication with organizations across the nation to support emerging needs. They are also working closely with leaders from some of the largest shelters in the country by sharing information and bringing experts together to develop resources and recommendations.

UP TO  
**\$1M**

**IN PRODUCT AND CASH DONATIONS  
AS MATCHING GRANTS**



02

**SETTING THE  
STANDARD IN  
RESPONSIBLE  
ANIMAL CARE**

**We care about all pets as if they were our own, and we want all pets to be able to access health and wellness products and services in order to live their best lives.**

At Petco, we believe that animals always come first. We maintain stringent animal care policies, procedures, and veterinary-approved guidelines to help animals in our care feel secure, comfortable, happy, and loved.

We pride ourselves on having among the industry's strongest standards for companion animal care, both in our Pet Care Centers and throughout our company. These standards were developed — and are continually reviewed — under the supervision of our Chief Veterinarian with counsel from independent experts in animal care, behavior, ethics, and welfare. In addition, our policies specify that companion animal suppliers' processes and facilities are regularly inspected and must meet the expectations of our rigorous Petco Vendor Certification and Standards of Excellence Program.

## PET WELFARE & HUMANE TREATMENT

The humane and responsible treatment of animals is of paramount importance to us, and we have a zero-tolerance policy for animal abuse or neglect of any kind. Our partners undergo extensive training designed to equip them with the knowledge and skills to tend to all of the animals in their care. We also expect our vendors to uphold the same high standards of animal welfare by meeting our stringent vendor protocols.

### Animal Welfare at Every Step of the Way

# 01

#### Animal Welfare in the Supply Chain

Our goal of having industry-leading animal welfare standards start with our suppliers. Our policies require all our companion animal and aquatic life vendors to participate in the Petco Vendor Certification and Standards of Excellence Program. This helps the animal vendors with whom we work with match our high standards of animal care, which must meet or exceed USDA standards for delivery of companion animals and aquatic life.

As part of this program, vendors are first inspected and must pass a rigorous certification process. For existing vendors, our policies require unannounced onsite audits of their facilities at least annually. New vendors are subject to an audit as part of their on-boarding process, as well as another unannounced audit within the first year of doing business with us.





## PET WELFARE & HUMANE TREATMENT

# 02

### **Animal Welfare in Pet Care Centers**

Pet Care Centers that do not offer in-store veterinary services work with a designated veterinary partner in their community, and all Pet Care Center partners must successfully complete ongoing required training and knowledge checks before working with animals. In January 2021, we revamped our Pet Care Center partner training. New partners now complete a 12-part Beginner Animal Care Curriculum as part of their onboarding process, which includes units that help them understand our commitment to animal care, animal and partner safety, habitat needs, wellness room set-up and care, and individual units on small animal, bird, and reptile care. Each unit includes an extensive checklist of activities and responsibilities for partners to practice and master.

Partners may access our online Petco Knowledge Base, which provides up-to-date instructions, best practices, and general procedures on animal care. This includes an Animal Care video library to use as a reference when completing animal care maintenance tasks. To further support animals' health and wellness, we also have a Care Database for detailed information about habitat maintenance and set up, feeding, and more for each species that we carry.

Our policies require partners to conduct Hourly Animal Health Checks to visually examine each animal and address any identified issues immediately, such as injuries and illnesses, habitat cleanliness, and safety concerns.

The Wellness Rooms provide critical services in each store, hosting ill or injured animals, overstock animals, adoption animals, and maternity animals — all of whom are cared for using detailed, individual Wellness Care sheets to monitor their wellbeing throughout their stays. As such, we require the area is always kept to our highest health and cleanliness standards, and we train all our partners in Wellness Room protocols.

## PET WELFARE & HUMANE TREATMENT

# 03

### Animal Welfare in Emergency Situations

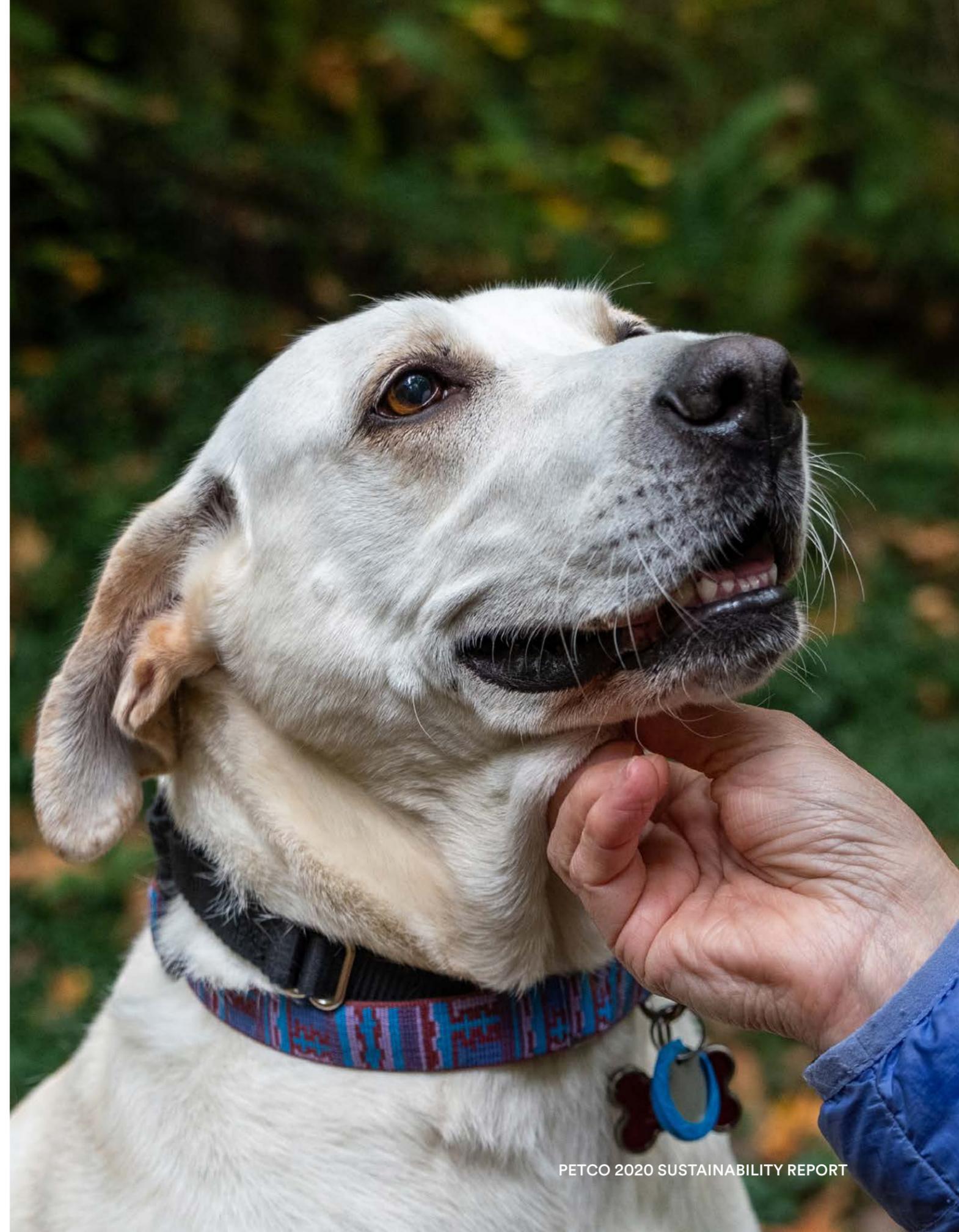
Just as we plan for partner safety in emergency situations, we also have detailed procedures in place for animal care, evacuation, and transportation in natural disaster and emergency situations. Preparedness is critical to the safety of pets and partners, which is why we have detailed action plans for responding in a variety of situations, including how to preserve the safety and humane treatment of our companion animal types.

Our protocols are designed to be implemented as soon as concerns are identified about impending disasters, weather related occurrences, or other circumstances presenting imminent danger. Evacuation orders and other emergency response measures apply not only to partners, but also to the animals in our care, and we strive to make all reasonable efforts to evacuate and protect such animals.

# 04

### Animal Welfare in Marketing

We have detailed standards and guidelines in place for the use of animals in our marketing materials, which have been informed by those of the American Humane Association. An Animal Care representative typically attends — either in person or virtually — photo, video, and commercial shoots to validate that the animals are handled safely and responsibly. In addition, our marketing guidelines are designed to demonstrate responsible pet ownership and care to pet parents. For example, by specifying that dogs and cats photographed outside must be seen wearing a collar and ID tag, we are sending a message that this is the right thing for pet parents to do.





## PET WELFARE & HUMANE TREATMENT

### 05

#### **Supporting Pet Parents with Animal Welfare**

When new pet parents decide to welcome a companion animal into their family, we provide them with the information they need to provide their new pet the quality of life it deserves. We have prepared Care Sheets for each companion that we sell, which includes information about diet, feeding, housing and habitat maintenance, behavior, grooming, and hygiene, as well as common health issues and red flags to look out for. We provide Care Sheets to each new pet parent specific to their pet's species, and our Pet Care Center specialists are on hand to answer any questions as well.

### 06

#### **Animal Welfare for Visiting Pets**

Pets that come in for grooming receive our 7-Point Pet Care Check before their sessions where partners look for signs of any concern that could put that pet at risk during the grooming process. The Pet Care Check is also used to recommend targeted services unique to the pet's needs. If a stylist notes anything of concern that could potentially affect the pet's health, the guest is referred to their veterinarian for follow up.

## PET WELFARE & HUMANE TREATMENT

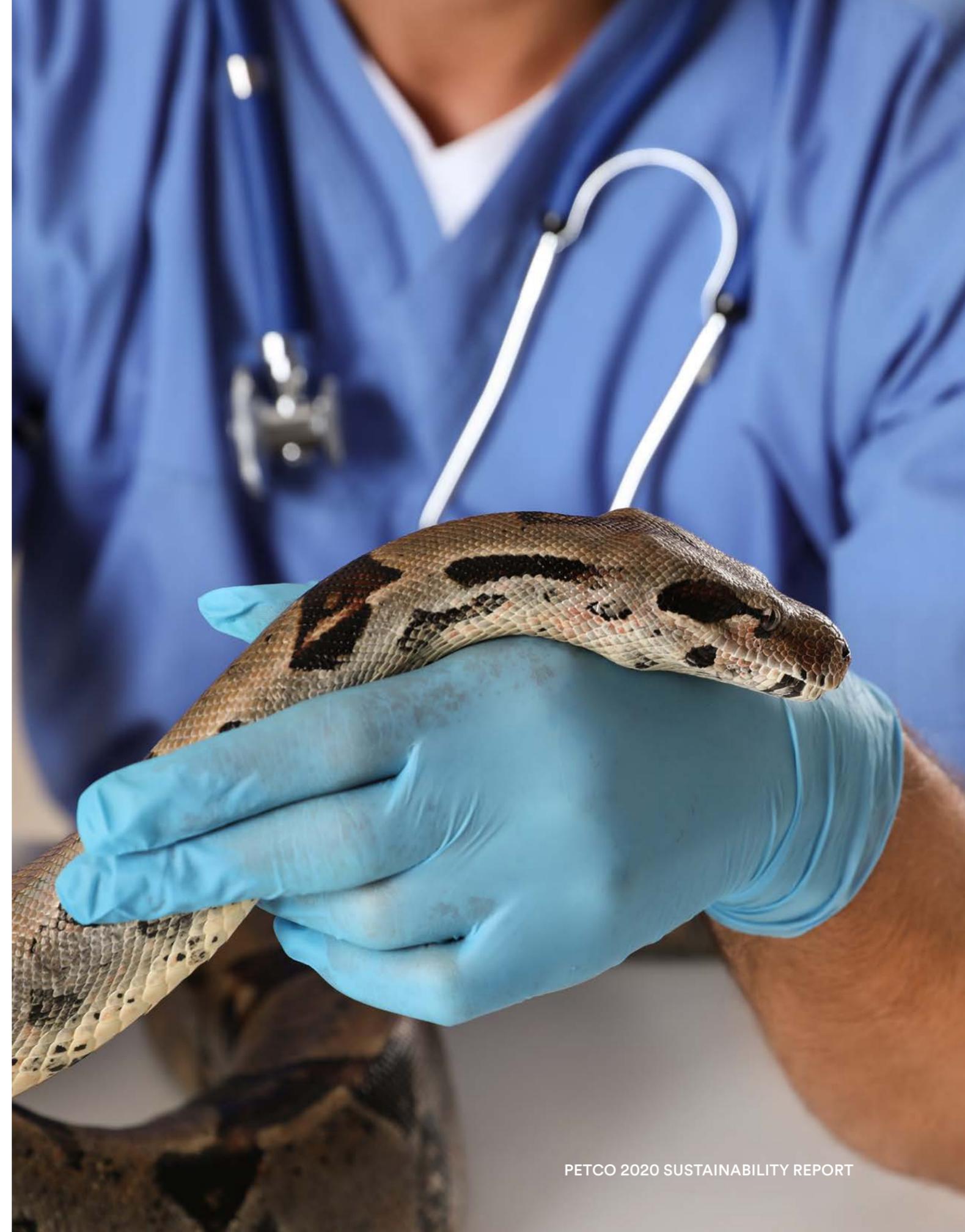
### Veterinary Advisory Council

Our Veterinary Advisory Council (VAC) represents our network of more than 125 vet hospitals operating at Pet Care Centers. The VAC helps us provide consistent veterinary services across locations that offer them. The group meets periodically during the year to discuss medical quality standards and pet welfare during veterinary services. Additionally, Pet Care Centers that house companion animals but do not offer in-store veterinary services have relationships with local veterinarians to provide care as needed.

### Petco Pet Wellness Council

To support our mission of serving in the best interest of pets today and into the future, the [Petco Pet Wellness Council](#) (PPWC) was formed in 2019. The PPWC includes veterinarians and other doctoral-level professionals with expertise in nutrition, zoonotic diseases, preventive medicine, oncology, pet behavior, education, clinical veterinary medicine, and telehealth.

The PPWC meets regularly to discuss and review animal care topics and issues of relevance to the pet care industry, such as pet nutrition, veterinary care, behavior, animal sourcing, and ethics. Notably, the PPWC provided significant guidance and support over the past year on the best way to responsibly end the sale of shock collars and promote positive training methods.





## PET WELFARE & HUMANE TREATMENT

### Think Adoption First

Petco has never sold cats or dogs and, in 2008, we stopped selling rabbits. Dogs, cats, and rabbits are the three most popular pets in the United States; they are also the three most often relinquished to animal shelters.

We follow and promote a Think Adoption First philosophy, which strongly encourages prospective pet parents to consider adopting a homeless animal rather than purchasing one. We work with thousands of local animal welfare organizations to offer dogs, cats, rabbits, and other companion animals for adoption in our Pet Care Centers. In tandem with Petco Love (previously Petco Foundation), an independent non-profit organization, we have helped find homes for 6.5 million animals.

WE HAVE HELPED FIND HOMES FOR

**6.5M**

**ANIMALS**

## PET HEALTH, NUTRITION, & WELLBEING

### Positive Training Methods

We strongly believe in the use of positive reinforcement training methods, which have been shown to be more effective than aversive methods and punishments.

We offer Positive Dog Training classes focused on promoting a relationship of mutual respect and trust between pets and pet parents. Our classes use positive, voluntary, and reward-based training methods to encourage appropriate pet behavior. At the heart of all our education, we strive to help pet parents understand how their dogs think, learn and communicate.

In October 2020, we became the first major pet retailer to stop selling any human or bark-activated shock collars in our Pet Care Centers or online. We also called on the rest of the pet industry and consumers to join our movement to #stoptheshock by launching an online petition aimed at creating responsible regulation for the retail sale of shock collars to general consumers. For pet parents interested in exploring positive reinforcement training, we offer online and in-store group classes and private lessons led by Petco-certified dog trainers to help them see the benefits of this method and improve their relationship with their pet.





## PET HEALTH, NUTRITION & WELLBEING

**We've taken a bold, unapologetic, and industry-leading stance on pet nutrition.**

Nutrition is one of the top concerns of today's pet parents. In a 2018 survey, a vast majority agreed that feeding their pets food made without artificial flavors, colors, or preservatives is important to pets' health and wellbeing. However, almost half said that finding healthy products for their pets was difficult, and more than half said it was confusing. We wanted to remove this difficulty and confusion, so in 2019 we became the only national pet retailer to remove dog and cat food and treat products containing [artificial ingredients<sup>2</sup> from our assortment.](#)

We worked closely with in-house and consultant veterinarians, nutritionists, and wellness experts to inform our decision and standards. By removing more than 40 artificial ingredients from our shelves, we have allowed our Pet Care Centers to offer food that we believe supports overall pet health and wellness. In 2020, we extended our nutrition standards to other companion animal food and can now say that rabbit, chinchilla, guinea pig, gerbil, hamster, rat, mouse, and fish foods we sell are free of artificial ingredients, too. We're working to extend these nutrition standards into even more companion animal categories in the future.



<sup>2</sup> See how Petco defines artificial ingredients at: [petco.com/nutritionstandards](https://petco.com/nutritionstandards)

## PET HEALTH, NUTRITION, & WELLBEING

### Owned Brands

Our Petco Owned Brands offer us the flexibility to lead transformational changes from within our own portfolio. Our owned and exclusive merchandise portfolio delivers a differentiated assortment of competitively-priced, high-quality nutrition options and a wide variety of premium pet care supplies to our guests every day.

For example, in August 2016, we launched WholeHearted, a budget-friendly line of nutritional options to help make health and wellness more accessible for pets and pet parents. We work with leading vets and nutritionists to develop recipes that support overall pet health. We also source high-quality ingredients — including real meat — to provide pet parents with affordable products that exceed our health and wellness standards.

### Wellness Icons for Grooming

To help pet parents make choices about grooming products they use for their pets, in July 2020 we launched signage in our Pet Care Centers that provides more ingredient transparency. The signage features a series of wellness icons that align with product benefits that are most meaningful to consumers (based on a survey of Petco guests). These benefits vary by brand and include paraben-free, phthalate-free, and chemical-free dyes. In 2021 and 2022, we plan to expand on this initiative to provide even further ingredient transparency.



Cruelty Free



No Chemical Dyes



Paraben-Free



Dye Free



Plant-derived Cleansers



## PET HEALTH, NUTRITION, & WELLBEING

### Product Quality & Safety

The safety of our products is paramount. Our Six Steps to Total Quality assurance process is designed to ensure the safety, quality and reliable performance of our Owned Brand products and encompasses each stage of the product lifecycle from Vendor Selection and Product Conception, through Design & Development and Production & Testing, to Consumer Monitoring and Continuous Improvement.

Before any product goes to market, it must undergo rigorous testing at a certified third-party testing lab. Our test protocols are designed by quality assurance professionals with strong knowledge of animal safety and behavior. In developing these protocols, we use stringent global safety standards and tailor them to each animal type's behaviors and needs. Our international and domestic vendor partners are required to comply with all federal and state quality and safety regulations.

We regularly review Pet Care Center and guest feedback to determine where improvement is needed. In addition, we conduct random sampling from Pet Care Centers to test and validate continuing performance using certified, independent testing labs. This allows us to learn and improve upon our product designs and testing protocols.



## PET HEALTH, NUTRITION, & WELLBEING

### Accessible & Affordable Health Care

We want to make the lives of pet parents easier by offering them affordable and accessible access to all their pet care needs, including high-quality veterinary care, grooming, dog training, and more. To increase pets' access to veterinary care, we are aggressively expanding our network of veterinary care facilities, which includes more than 125 full-service vet hospitals, over 1,000 clinics, and tele-vet options.

To help make pet healthcare more affordable, we offer programs including Vital Care and pet insurance. [Vital Care](#) was launched in September 2020 to help pet parents take care of their pets' routine wellness needs in a convenient, affordable way. By

enrolling in this annual plan, pet parents can enjoy grooming benefits, unlimited vet exams at participating Petco locations, monthly \$10 Pals Rewards, and more. If pet parents have a vet they love outside of Petco, Vital Care celebrates their commitment to health with \$35 Pals Rewards for each vet exam (up to two vet exams per year). This plan provides significant savings for pet parents when compared to paying for services each time. [Petco Insurance](#) can further help keep the cost of non-routine vet services down. Petco offers dependable and flexible insurance coverage for as low as \$1 per day that covers pets at any vet, specialist, or emergency clinic in the nation — not just at Petco vet clinics.





## COMMUNITY ENGAGEMENT & SUPPORT

At Petco, we're committed to investing in and meeting the pet welfare needs of the communities where our Pet Care Centers are located. In 2020, we were proud to support Petco Love and other animal welfare organizations nationwide through the Petco Ocean Fund, Pet's in the Classroom, Habitattitude partnerships, and more.

### Petco Love

The newly rebranded Petco Love is continuing its more than 20-year history of investing in animal welfare organizations across the country to save pet lives, while also focusing on the creation of national lifesaving solutions designed to empower all animal lovers to help pets in need. With more than \$300 million invested to-date, Petco Love leads the way in creating a future in which no pet is unnecessarily euthanized and making communities and pet families closer, stronger, and healthier.

Petco Love's work aims to inspire and empower communities to make a difference through pet adoption and medical care programs, spay and neuter services, pet cancer research, service and therapy animals, and numerous other lifesaving initiatives. Through its partnership with Petco Pet Care Centers and more than 4,000 animal welfare organizations across the country, it celebrates pet adoption and has helped 6.5 million pets find new loving families since its inception. In April 2021, Petco Love Lost was launched a national lost and found database for pets that uses innovative pet facial recognition technology to reunite lost pets with their families.



## COMMUNITY ENGAGEMENT & SUPPORT

### National Pets at Work Day

A growing body of scientific research shows having a pet – or even interacting with one – has positive effects on both animals and people. To us, carrying those effects into the workplace, where most of us spend the majority of our waking hours, is a no-brainer. So, in 2016, we established April 19 as National Pets at Work Day to help raise awareness of the benefits of pet-friendly workspaces.

Petco established National Pets at Work Day in an effort to lead the charge in raising awareness for the mental, social, and business health benefits associated with having pets in the workplace for pets, people, and employers alike. As businesses across America develop and start to implement return-to-work plans, Petco is urging employers to consider adopting a pet-friendly workplace policy among other post-pandemic changes and sharing information and resources for employees and employers ready to welcome pets at work.

To support businesses, Petco will introduce a new playbook and toolkit to help employers transition their workplace into a safe, healthy, and productive environment for both people and pets. Offerings will include options ranging from DIY solutions for creating a pet-friendly workplace to benefits like pet insurance, Vital Care, on-site pet services, and supplies.

The ability to have a pet at work supports two of our five pillars – mental and social health – of [Petco's Whole Health philosophy](#). The presence of friendly animals can reduce people's heart rate, blood pressure, and cholesterol. Additionally, regularly interacting with animals can reduce anxiety and promote calmness. Pets in the workplace can even enhance productivity, employee engagement and socialization among co-workers.





## COMMUNITY ENGAGEMENT & SUPPORT

As a leading pet-friendly employer, Petco can offer expertise on how other companies can foster and manage pet-friendly office environments, as well as keep both pets and people safe, comfortable, and happy. With employers already making changes in their office spaces and flexible work policies, Petco invites other companies to include pets in the conversation around shifts in the workplace and offer employees the flexibility to bring their pets to work.

Petco's recommended set of pet-friendly workplace guidelines and etiquette includes:

- > **Creating a thorough policy for bringing pets to work that includes requiring up-to-date pet vaccinations, an action plan for any pet-related incidents, and clear requirements for pet housing (such as pet gates, small animal habitats, and aquariums).**
- > **Providing readily accessible outdoor areas for pet breaks.**
- > **Investing in built-in or removable pet gates at employee workspaces to make containment safe and easy.**
- > **Designating pet-free zones for employees who have allergies.**
- > **Clearing any pet-zone areas of potentially dangerous items such as cables, human food, or furniture that could easily be knocked down.**
- > **Providing pet clean-up stations, offering things like stain and odor eliminator spray and deodorizing wipes for inevitable "accidents" around the office.**

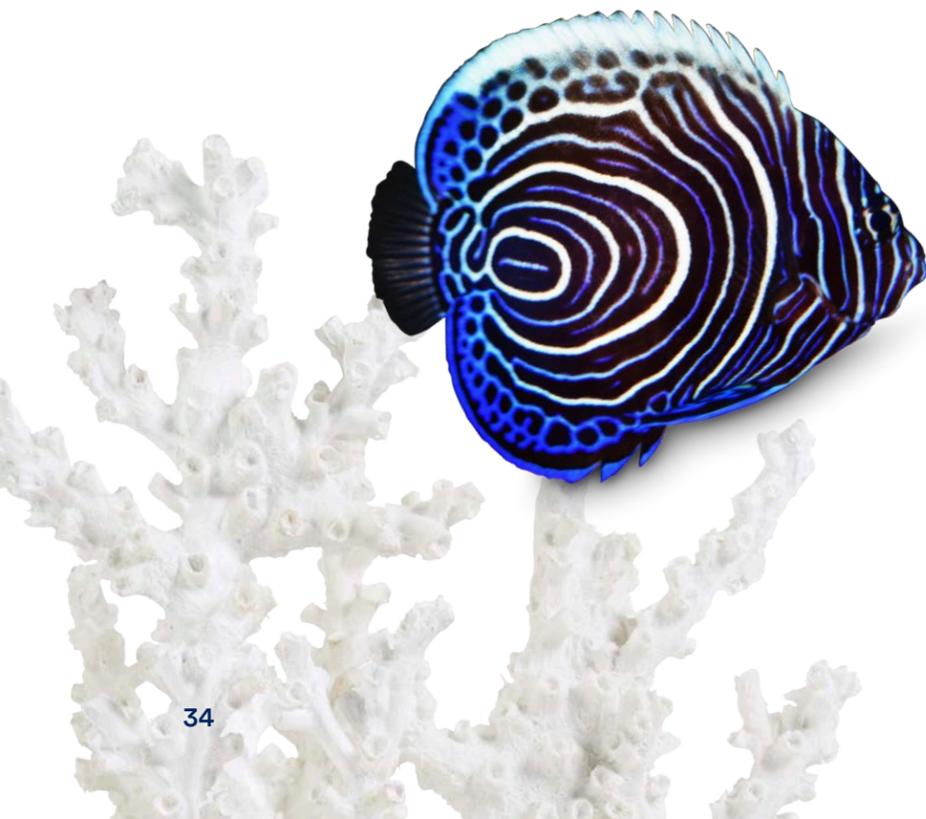
Particularly given the concerns around post-pandemic separation anxiety and its impact on pet mental health, allowing pets into the office is also beneficial for pets' mental wellbeing and will help ease the return-to-work transition.

## COMMUNITY ENGAGEMENT & SUPPORT

### Petco Ocean Fund

In addition to requiring all aquatic life sold in our Pet Care Centers is either aquacultured or sustainably sourced, we donate a portion of our proceeds from marine aquatic life sales to two nonprofits advancing aquaculture research and ocean conservation.

This fund allows us to donate to charities like the Coral Restoration Foundation, the world's largest non-profit marine-conservation organization dedicated to restoring coral reefs to a healthy state, as well as Rising Tide Conservation, a group dedicated to developing and promoting aquaculture of marine ornamental fish. These groups and others that our fund supports do important work to conserve marine life now and for generations to come.





## COMMUNITY ENGAGEMENT & SUPPORT

### **Pets in the Classroom**

[Pets in the Classroom](#) is a program under the Pet Care Trust, a non-profit foundation that aims to enhance students' educational and personal development through interaction with pets in their classroom. Teachers have reported that a classroom pet enhances student compassion, responsibility, engagement, attendance, social skills, self-esteem, and even academic performance. Petco has been partnering with Pets in the Classroom for over a decade, funding [grants for classroom pets](#) to thousands of classrooms nationwide.

FUNDING GRANTS FOR CLASSROOM PETS TO  
**THOUSANDS**  
OF CLASSROOMS NATIONWIDE

### **Human Animal Bond Research Institute**

The Human Animal Bond Research Institute (HABRI) is an organization that believes in the powerful relationship between animals and people, as well as the impact of this relationship on the health of individuals, families, and communities. We were a founding member of HABRI in 2010, and we continue to fund important research on the human-animal bond. Our funding has made possible many research programs into the health, wellbeing, developmental, physical, and other benefits of companion animals in various situations on particular groups such as children, older adults, those on the autism spectrum, and veterans suffering from PTSD or TBI.



03

# **PRESERVING THE HEALTH OF OUR PLANET**

## OUR OPPORTUNITY

**Petco is raising the bar for sustainability in pet care by being the first to announce a substantive goal of offering more sustainable products and services to pet parents, helping them make the world around them a better place, and working hard to make our own operations more sustainable.**

Our sustainability actions not only make environmental sense for Petco, but business sense as well, allowing us to increase the pace of our sustainable transformation and be bolder in our ambition of environmental stewardship. In the spirit of collaborating with and leading our industry in terms of products and sustainable operations, we are members of the [Pet Sustainability Coalition](#), a non-profit organization dedicated to creating a more sustainable pet industry and driving positive impact for the environment and communities. Coalition members share sustainability insights and best practices to spread knowledge across the industry and enable impact at scale. We are also working to improve standards around marine life in order to protect saltwater fish and coral and their habitats as well as supporting environmental organizations such as the Coral Restoration Foundation and Rising Tide Conservation.

## OUR OPERATIONS

Environmental impacts from our operations arise primarily from energy use at our facilities and emissions from distribution. That's why we are focusing our initial efforts on reducing our impact in these two areas. We are also looking at waste reduction and recycling programs, as well as ways to conserve water.

Throughout 2020, we spent time gathering data from the previous year in order to establish a performance baseline for emissions from distribution, waste, and water. We have already gathered energy consumption data from facilities, and we are in the process of analyzing our energy use and assessing our carbon footprint to help us understand our true environmental impact and guide future reduction strategies.

### Climate

Climate change is a serious concern for the future health of the planet and for the continued success of our business. While our business does not contribute many direct (Scope 1) emissions, as purchasers and consumers of electricity we are also responsible for indirect (Scope 2) carbon emissions, which we report below.



### Petco Carbon Footprint, Scope 1 + 2\*

Activity	Unit	2018	2019	2020
Scope 1 GHG emissions	tCO <sub>2</sub> e	18,254	18,758	17,284
Scope 2 GHG emissions**	tCO <sub>2</sub> e	144,530	134,090	129,100
<b>Total GHG emissions (scope 1 + 2)</b>	<b>tCO<sub>2</sub>e</b>	<b>162,784</b>	<b>152,847</b>	<b>146,384</b>
Scope 1 & 2 intensity	tCO <sub>2</sub> e / SF	0.00697	0.00662	0.00639
Scope 1 & 2 intensity	tCO <sub>2</sub> e / \$M sales	37.1	34.5	29.8

\* Scope 1 includes fuel consumption in buildings (natural gas, propane) and fuel consumption in vehicles at distribution centers. Excluded are fugitive emissions from air conditioning and freezer and refrigerator units. Also excluded are emissions associated with mobile pet service vehicles, which includes 126 vans. Scope 2 includes electricity consumption.

\*\* Scope 2 emissions are calculated only according to the location-based method using grid-average emissions factors from the EPA Emissions & Generation Resource Integrated Database (eGRID). Market-based emissions factors are not available.

\*\*\* After publishing this report, we completed an additional carbon footprint to calculate 2018 and 2019 Scope 1 and Scope 2 GHG emission data which has been added to this report in September 2021.

# OUR OPERATIONS

## Energy

### Petco total energy consumption (MWh)

Activity	Unit	2018	2019	2020
Fossil fuels (natural gas, propane)	MWh	98,968	101,660	93,534
Grid-purchased electricity	MWh	365,323	358,506	346,270
Self-generated solar electricity	MWh	72	1,257	1,221
<b>Total energy consumption</b>	<b>MWh</b>	<b>464,363</b>	<b>461,423</b>	<b>441,024</b>

### Petco energy intensity (MWh)

Activity	Unit	2018	2019	2020
Energy intensity (electricity)	kWh / SF	15.6	15.5	15.1
	kWh / \$M sales	83,192	81,128	70,625

\* 2018 energy usage was updated in September 2021 following a change in our internal reporting.

Since 2015, Petco has operated an Energy Management System (EMS) that monitors Pet Care Center equipment responsible for store comfort and safety. Through effective monitoring and analysis, Petco has been able to reduce or maintain current energy consumption over the past 6 years in approximately 1,400 Pet Care Centers. The EMS allows us to monitor and control individual Pet Care Center lighting schedules and interior temperatures remotely as well as identify additional opportunities to save energy. In addition, the platform performs real-time analysis, identifying Pet Care Centers that might be operating less efficiently than they should and activating alarm notifications for immediate response.



## OUR OPERATIONS

**Our newly constructed and remodeled Pet Care Centers are fitted with energy efficient lighting and HVAC systems.**

Petco has implemented 2 programs in Pet Care Centers that focus on energy reduction by investing in store lighting conversion from older fluorescent bulbs to LED bulbs. In addition, Pet Care Centers participate in a volunteer lighting curtailment program that deactivates half of the sales floor lighting for 1.5 hours a day. This has a relatively small impact on our partners and guests at each Pet Care Center, but when combined, results in a large impact on overall energy savings. By the end of 2020, approximately 800 Pet Care Centers were participating in this program.

### **Alternative Energy**

[Our National Support Center in San Diego](#) was designed with sustainability in mind. The building is topped with an 854-kW solar panel system that produced approximately 1,300 MWh of electricity in 2020, which provides nearly half of the building's electricity use in a typical year.

In addition, drought-tolerant landscaping minimizes water use for landscaping while maintaining beautiful grounds for our partners, and electric car charging stations encourage partners to make green vehicle choices.



**SOLAR PANEL SYSTEM  
PRODUCED APPROXIMATELY**

**1,300 MWh**

**OF ELECTRICITY FOR OUR NATIONAL  
SUPPORT CENTER IN SAN DIEGO**

## OUR OPERATIONS

### Transportation & Logistics

Over the past few years, we've been carefully analyzing our approach to transportation and logistics and identifying ways to increase efficiency and reduce fuel use and carbon emissions. We've done this by restructuring our transportation process, reducing the number of journeys made (from distribution centers and vendors to Pet Care Centers and guests), and trying to make each one more efficient.

We've been able to reduce the total number of journeys, and therefore emissions, made from our vendors and distribution centers to Pet Care Centers by increasing the amount of inventory kept in Pet Care Centers across supplies, consumables, and live animals. This means Pet Care Centers need re-stocking less frequently, which has allowed us to increase our required minimum number of items in vendor shipments. We've also reduced emissions per journey by reanalyzing our pallet use for transportation. By reducing the number of pallets needed to transport the same amount of goods, we're cutting down weight — which contributes to emissions — and waste.

In addition to trying to make each journey more efficient, we also looked at ways to make journeys shorter. By opening micro and metro fulfillment center locations, we're able to keep products closer to where our guests live, reducing the distance and number of trips required to fulfill online delivery orders.



## OUR OPERATIONS

### Petco operational waste at Distribution Centers

Activity	Unit	2019	2020
Landfill	tons	3,946	3,659
Recycled	tons	6,682	6,902
<b>Total waste generated</b>	<b>tons</b>	<b>10,628</b>	<b>10,561</b>
Diverted from landfill	%	63%	65%

### Petco operational waste at Pet Care Centers

Activity	Unit	2019	2020
Landfill	tons	22,322	21,469
Recycled	tons	15,644	14,307
<b>Total waste generated</b>	<b>tons</b>	<b>37,965</b>	<b>35,776</b>
Diverted from landfill	%	41%	40%

### Petco hazardous waste

Activity	Unit	2019	2020
Disposal	tons	159.2	133.1

Reducing waste and the use of virgin materials is an important element of contributing to a circular economy, conserving the natural world, and supporting a healthy planet. As a large retailer, we have an opportunity to make a meaningful contribution in this area and have been working to identify areas where we can make improvements. These include reducing the amount of materials used (for example, in product packaging), making more use of digital instead of printed data, moving to using more recycled content, and improving our recycling programs.

We also produce some unavoidable hazardous waste, such as cleaning products and pharmaceutical products from our veterinary clinics. We have a company-wide hazardous waste management program that includes strict responsibilities and thorough training so that these products are properly disposed of.



## OUR OPERATIONS

### Paper

Following a review of our paper materials usage, we identified that one of the key ways we could reduce paper consumption was by digitizing many of our printed materials.

We started in the summer of 2020 by digitizing our Companion Animal Purchase Cards, which communicate our health guarantee and safe handling guidelines to guests. Guests now receive an electronic link to the applicable care sheet rather than a printed copy. This initiative saves approximately 2.2 million paper cards each year.

We also digitized our Hourly Animal Health Check, which saves roughly 500,000 sheets of paper each year, and are working on digitizing our Care Databases and Water Quality Testing Logs used by Pet Care Center partners to ensure animals are properly cared for. We expect to have rolled these out to our Pet Care Centers by the middle of 2021, and we estimate they will save a further 640,000 sheets of paper each year. In addition, we eliminated the need for Aquatic Animal Purchase Cards by tracking the data directly on containers, saving almost 4 million slips of paper annually. Across Distribution Centers, leaders were given tablets with specially developed apps that digitize processes and audits, reducing paper use.

We also identified guest circulars as another area where we could make significant paper savings. Beginning in April 2019, we discontinued printed Pet Care Center copies of the Petco Circular making it available on Petco.com and the Flipp app instead.

## OUR OPERATIONS

### Packaging

As a retailer, we recognize that packaging waste is a key concern to our guests and partners. During 2019, we looked carefully at our Owned Brand products to identify where we could reduce packaging without compromising the safety and quality of our products.

For example, we found that we could greatly reduce plastic use by reducing the number of protective polybags used without compromising product quality. We also identified an opportunity for waste reduction in shipments to Pet Care Centers, so in 2019 we switched from using single-use corrugated boxes to reusable totes. We can also reduce waste through rethinking hangers — our Reddy and Youly brands are working to convert their hangers to 50% recycled content in 2021.

These projects are just the start. Our goal is to eliminate the use of as much virgin plastic as we can across our Owned Brand supply chain within three years, and convert to sustainable materials wherever possible.

### Plastic Polybag Reduction Initiative

We found that we could remove polybags from individual products, such as pet toys and accessories, and keep only one outer polybag per carton — significantly reducing the number of plastic polybags used. By working with our product sourcing partners, we were able to identify which products would be able to transition to this new packing style.

We started with toys, apparel, collars, and leads, which has allowed us to [reduce our overall polybag use by 3.15 million](#) pieces from its implementation to the end of 2020. In 2021, we plan to roll out plastic packaging reduction to other supplies categories, including dog cleanup, companion animal supplies, grooming, and travel. We estimate that once we have completed the transition for all relevant products, we will avoid the use of an estimated 6 million polybags each year. Another benefit of this change is that Pet Care Center partners need to spend less time unpacking products, leaving them with more time to help pet parents care for their pets.



We have also been able to create packaging savings for our guests this year through our “buy online, pick up in store” and same-day delivery services, which are fulfilled from local Pet Care Centers. These delivery and pick-up options enable guests to order online but don’t require the same use of protective packaging that an order to a traditional online-only retailer would. We know that more than half of our same-day delivery guests would have otherwise ordered from an online retailer if this option hadn’t been available, as well as more than a third of our “buy online, pick up in store” guests. By offering these two services to our guests, we estimate that in 2020 we saved nearly 3.6 million pounds of cardboard and approximately 30,000 pounds of plastic packaging material for guests who would have otherwise chosen e-commerce fulfillment.

WE SAVED APPROXIMATELY

30,000

POUNDS OF PLASTIC PACKAGING MATERIAL



## OUR OPERATIONS

### Water

#### Petco total water consumption (M3)

Activity	Unit	2018	2019	2020
Total water consumption*	M <sup>3</sup>	2,310,284	2,594,828	2,441,674
Intensity of water consumption	M <sup>3</sup> /SF	0.097	0.109	0.103

\* All our water consumption is freshwater supplied by municipal water utilities. This total includes estimated water consumption for around 30% of our Pet Care Centers for which direct metered data is not available.

Our main water impacts come from our aquatic systems in Pet Care Centers and water use for animal care, such as grooming. In 2020, we began a rollout of a new bathing system for dogs being groomed that dispenses shampoo within the water stream. By doing so, we reduce the time needed to bathe each pet — thus reducing the amount of water used for each dog groomed. In addition, by making the grooming process more efficient, our groomers have additional time to serve more pet parents. In 2020, more than 350 of these new bathing systems were installed, and we expect to continue to roll out this upgrade to other Pet Care Centers in 2021.

We have also started to implement a water change feature for our new aquatic systems that allows us to filter and recycle water back into the tank rather than draining it. When additional aquatic systems require upgrading, we anticipate replacing them for systems that use this water recycling feature.

## OUR PRODUCTS

### Sustainable Product Commitment

Following our industry-leading elimination of artificial ingredients<sup>4</sup> in certain pet products, our next priority for product innovation was sustainability.

To do right by the planet — and to meet the expectations of pet parents who are increasingly looking for sustainable products and options — we are dedicated to offering products that are manufactured and packaged responsibly, feature sustainably sourced materials and ingredients, and advance animal welfare. As with many other areas of our sustainability journey, we are just starting to uncover our full potential for product sustainability and contribute to a circular economy. To that end, in April 2021, we announced our commitment to increasing our assortment of sustainable products to 50% by the end of 2025. We are excited about the progress we've made so far, and we are even more excited about the opportunities still available to us.

During 2020, we began working with vendors that offer more sustainable materials we use in our finished products. The products they offer hold a variety of certifications, including Global Recycled Standard (GRS) Certified and Oeko-Tex® labels, which indicate various sustainability guarantees.



As part of our commitment to doing the right thing for pets, people, and our planet, we're dedicated to offering pets and pet parents more sustainable products to choose from.

“

**We're committing to increasing our assortment of sustainable products to 50% by the end of 2025.**

”

## OUR PRODUCTS

As part of our mission to improve the lives of pets, pet parents, and Petco partners, we've committed to ensuring that 50% of our complete assortment of pet products align with at least one of five sustainability attributes shown below by the end of 2025. With a dedicated shopping destination at [petco.com/sustainability](https://petco.com/sustainability) and in-aisle signage in our Pet Care Centers, we're making choosing sustainable products easier. We're also highlighting which of the following attributes relate to each product and allowing pet parents to search for products according to those attributes.



## OUR PRODUCTS

### Recycled content

We know that pet parents increasingly care about their carbon and environmental footprint, so in 2019 we began developing product lines that use upcycled materials in order to contribute to a more circular economy.

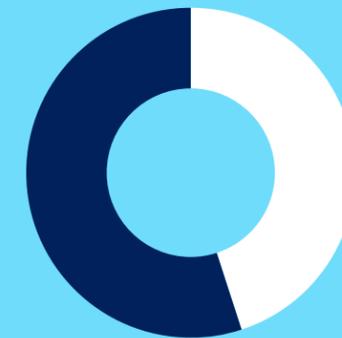
### Started as a Bottle

Our Owned Brand, sourcing, product development, and design teams worked closely with our overseas counterparts and vendors to secure recycled materials and create our first upcycled collection: Started as a Bottle. The line includes items such as dog collars and harnesses, pet apparel, and toys made partially from recycled plastic bottles.

When we launched [Started as a Bottle](#), we set a goal that each product in the collection would include a minimum of 55% recycled material. During 2020, we sold 183,345 items from this new collection, upcycling 1.5 million plastic bottles in the process. Feedback from pet parents and partners was very positive, encouraging us to expand our recycled product offerings with additional lines. In December 2020, we launched another recycled product line, Homegrown, which includes cat and dog apparel, accessories, toys, home products, and more, and we have additional lines planned for release in 2021. In addition, we plan on increasing the amount of recycled content in our Started as a Bottle line to 75% during 2021.

### So Phresh

Another line that contributes to a circular economy with recycled content is our So Phresh small animal bedding and cat litter, a large portion of which is made from 95% or more post-consumer paper litter. The recycled paper is collected by our vendor through its PaperGator® Recycling program. This unique program gives schools, companies, and community groups the opportunity to raise funds by collecting paper for recycling. The paper is then collected from a recycling center, ground, screened, and sterilized at high temperatures before being dried, run through a thorough dust-removal system, and packed. The product helps keep paper out of landfills and eliminates the use of virgin materials.



**55%**

**EACH PRODUCT CONTAINS  
55% RECYCLED CONTENT**



**75%**

**EACH PRODUCT WILL BE  
INCREASED TO 75% RECYCLED  
CONTENT IN 2021**



## OUR PRODUCTS

### Reddy

Reddy is one of our premium Owned Brands, focusing on quality craftsmanship. Part of Reddy's promise is that its products are built to last, and sustainability is a key part of that. In 2019, we started incorporating recycled content into Reddy products, but over the past year, we have been looking at ways to significantly escalate our sustainable and circular economy offerings and make Reddy a brand of choice for environmentally-conscious pet parents.

We are expanding the amount of recycled content in our products and packaging and exploring innovative approaches to incorporate recycled materials in existing and new categories, including beds, apparel, collars, leashes, and harnesses. In order to qualify for the "recycled content" label, our products must include at least 65% recycled materials. In addition, during 2021, we anticipate that all leather accents will be substituted for faux leather.

From our packaging to our fabrications, we aim to pioneer a pet friendly path to sustainability by doing our part to care for the environment while promoting less waste and more adventures.



# 65%

**EACH REDDY PRODUCT  
MUST CONTAIN AT LEAST  
65% RECYCLED CONTENT**

## OUR PRODUCTS

### Upcycled Foods & Alternative Proteins

In addition to expanding the sustainable offering of our Owned Brands, we've also begun adding several innovative brands to our Pet Care Centers and online that have developed nutritious environmental and waste-conscious pet treats.

For example, Shameless Pets uses ingredients such as surplus vegetables that might otherwise go to waste and turns them into healthy dog treats. Not only are these nutritious for pets, but the process reduces food waste and associated greenhouse gases. Jiminy's and Chippin use cricket protein, which is highly nutritious and has a much lower environmental footprint than treats made out of traditional meat proteins, to make dog treats. We're excited to add these brands to our product offering and help our pet parents make more sustainable choices.

### Sustainable Consumption

We know that the majority of pet parents already look for more sustainable options, and we believe we have a responsibility to inspire them to go even further. We encourage them to do so by promoting reusable and refillable items rather than single-use or individually packaged items. For example, our So Phresh refillable cat litter allows guests to buy one filled hard plastic bucket, and then bring that bucket back to the Pet Care Center to be filled again and again — eliminating the need for plastic packaging each time. Durability is also an important aspect of sustainability. We strive to make products that last, which we feel makes both environmental and financial sense for pet parents.





MORE THAN  
**93%**  
OF AQUATIC LIFE SOLD  
IN 2020 WAS AQUACULTURED

## OUR PRODUCTS

### We Choose Aquacultured

Globally, there is deep concern for the loss of our reefs and preservation of our oceans. As one of the world's largest buyers of marine aquatic life, we strive to lead the way in conserving ocean life and creating change in our industry.

Our marine life is either sustainably collected following strict standards or aquacultured (born, bred, and raised in an aquarium environment), with aquacultured preferred whenever possible. More than 93% of the total aquatic life we sold in 2020, including corals, live rock and freshwater aquatic life was aquacultured.

Our Vendor Certification Program is designed so that our vendors will meet and uphold our requirements and allows us to track our aquatic life down to the collection or breeding site. These sites are audited annually.

Our commitment to aquaculture has helped support the breeding of marine species that were not previously available through aquaculture, helping us make progress that impacts the entire industry. Through the Petco Ocean Fund, we support organizations that help conserve marine life. Learn more in the Pets section of this report.

We also support Habitattitude™, a national initiative to protect aquatic environments by eliminating the release of unwanted fish and aquatic plants into public areas, by sharing their message with our guests when they purchase aquatic life. Releasing non-native species to a body of water can cause ecological harm and cost billions of dollars in damages every year. Habitattitude™ emphasizes the responsibilities of aquatic life owners and provides directions on what to do should they no longer want to keep their non-native aquatic plant or fish species instead of releasing it into the environment.

## OUR PRODUCTS

### SUPPLY CHAIN

We require that our suppliers agree to our Supplier Code of Conduct, which sets out our expectations of them in areas including regulatory compliance, ethical conduct, animal welfare, human rights, discrimination, environmental protection, product and packaging quality, vendor behavior at our Pet Care Centers, and more. Vendors are required to allow their employees access to Petco's confidential ethical hotline to report ethics concerns.

Prior to starting a relationship with Petco, our policies subject Owned Brand vendors to robust vendor onboarding practices like third-party audits of product quality and safety, as well as ethical business practices like proper treatment of their work force. Annual Quality audits are required for vendors globally, and annual Social Compliance audits are additionally required for factories outside the United States. Violations are addressed through a Corrective Action process and can result in penalties including business termination if not remedied.





04

# HELPING PEOPLE THRIVE

**We believe our Petco partners are our most significant asset, critical to the delivery of our transformation and our continued progress against our strategic initiatives.**

**Our Pet Care Center partners offer a level of customer engagement that is differentiated in retail and based on a true passion for making lives better for pets and pet parents.**

**We strive to provide a fulfilling work environment for our partners. We want them to enjoy coming to work, to feel included, and supported. This year, during the pandemic, our commitment to their health, safety, and financial security have remained at the forefront of our decision making.**





## PETCO CULTURE

Our partners are the heart and soul of our company, and we want everyone to feel like they are part of the Petco family.

We promote an open culture where great people have the opportunity to be great. We empower our partners to leverage our mission and values to guide how we cultivate our offering, serve our customers, and grow as an organization.

We encourage a culture that is friendly, outgoing, and collaborative. We invite candid feedback, dissenting opinions, innovative thinking, and we value people who have a real passion for pets.

## PETCO CULTURE

### LEADERSHIP EXPECTATIONS

We have high standards for our Petco leaders throughout all aspects of the organization. This includes having a shared standard for what great leadership looks like, and how it shows up in day-to-day interactions. Over the past year, we've engaged in meaningful dialogue with a diverse array of leaders across the company inclusive of our Pet Care Centers, distribution centers, and support centers. Together, we crafted the leadership values and behaviors that can best accelerate our performance, while staying true to our culture and our strategies. From these conversations, we developed our Petco Leadership Expectations — eight essential behaviors that Petco leaders are expected to model across all aspects of our company. **These are:**

#### DRIVE BREAKTHROUGH RESULTS

- Drive clarity and focus
- Deliver and own the result
- Champion change and continuous improvement

#### THE PETCO WAY



- Lead with customer insight and data
- Operate as one Petco team
- Create a culture that brings out the best in all partners

#### THROUGH WORLD-CLASS, COMMITTED TEAMS

- Build a diverse and talented Petco team
- Serve and empower



## PETCO CULTURE

Wellbeing@Petco launched in 2020 and focuses on the individual and collective well-being of the Petco family by:



**ENCOURAGING RESILIENCE** with constant **STRONG** themes and messaging woven throughout all partner communications



**PROMOTING NEW WELL-BEING RESOURCES** focused on helping foster mindfulness, self-care, stress-reduction and fitness



**ORCHESTRATING ACTIVITIES AND TOUCHPOINTS** that build community and connect partners working remotely

### Voice of the Partner Survey

We strive to keep partners informed about our business and listen to what they have to say to us through regular town halls, round tables, as well as our annual partner engagement survey “Voice of the Partner.” Our survey asks partners how satisfied they are with various elements of their work at Petco, and provides us with insight into how partners feel about a variety of topics, including leadership, diversity, benefits, career development, engagement, and more. **In our most recent 2021 Voice of the Partner Survey, over 82% of our partners participated.**

## PETCO CULTURE

### Partner Resource Groups

PRGs are voluntary, partner-led groups, open to all Petco partners, which help provide an opportunity for diverse groups to exchange ideas, build connections, and promote inclusive activities.

We currently have seven Partner Resource Groups representing groups for which greater understanding and integration is needed. We are proud that these groups represent Petco in their local neighborhoods through relationships with relevant community organizations serving their identified population, and through activities, events, talent initiatives, or product development for their groups. As an additional benefit, partners who are an active member of one or more of our Partner Resource Groups report being significantly more engaged and satisfied working at Petco, based on recent internal surveys.



**WOMEN  
AT PETCO**

Partner Resource Group



**LGBTQ+  
AT PETCO**

Partner Resource Group



**PETCONTIGO  
AT PETCO**

Partner Resource Group



**MILITARY & VETERANS  
AT PETCO**

Partner Resource Group



**BLACK  
AT PETCO**

Partner Resource Group



**PAN ASIAN AMERICAN  
AT PETCO**

Partner Resource Group



**ABILITY  
AT PETCO**

Partner Resource Group

## DIVERSITY, INCLUSION & BELONGING

We believe that fostering a diverse and inclusive environment is not only the right thing to do, but also brings many benefits. By supporting and including our partners, we hope to leverage the rich diversity of their talent, backgrounds, and ideas to foster collaboration, innovation, and continuous learning, strengthen our company, and deliver the best possible experience for our partners, guests, and the community.

At Petco, we unequivocally condemn racism and inequality in all forms, and we are deeply committed to embracing diversity. To our partners, our guests, and the diverse communities we serve, we acknowledge there is more to do, but we strive to work together with the communities where we live and work and find new ways to do more and do better.

IN JUNE 2020, WE COMMITTED TO THE FOLLOWING ACTIONS:

Reinforcing our zero-tolerance policy for racism, discrimination, or harassment of any kind.

1

Redoubling our efforts around hiring, developing, and promoting underrepresented communities, and holding ourselves accountable with tangible annual progress objectives we are currently developing.

2

Holding discussions with political leaders in locales where we are significant tax payors to review statistics around police actions against people of color, and support legislation that can positively affect this issue.

3

Continue to drive a more inclusive and diverse culture by listening to and educating our Petco family with appropriate diversity and inclusion awareness training, focus groups, roundtable discussions, and more.

4

Increasing our support for ALL of our Partner Resource Groups, starting immediately with our Black Partner Network, to maximize their impact across our entire organization.

5



With these actions, and more to come, we hope to contribute to a more accepting, inclusive, and compassionate country and world.

## DIVERSITY, INCLUSION & BELONGING

Diversity, Inclusion & Belonging (DI&B) is managed by a dedicated team that works to develop, embed, and integrate our DI&B strategy throughout our business. We are leveraging data and analytics to measure and inform our work in this regard.

Our approach looks at how we can foster DI&B across touchpoints, including how we support partners in the workplace, develop a diverse workforce both internally and externally, and engage with underserved businesses and communities in the marketplace.

We maintain a strict Harassment, Discrimination and Workplace Conduct Policy that prohibits this for partners, job applicants, service providers, and guests. In addition, we have a policy prohibiting the profiling of any guest that enters a Pet Care Center.

### Leaders Driving DI&B

Our Diversity, Inclusion & Belonging Council is comprised of senior leaders from across the organization and is chaired by our Chief Human Resources Officer, and together they help our approach to DI&B to continuously evolve to meet current needs.

The group meets at least quarterly and is responsible for the ongoing development and execution of our strategic objectives with the goal of supporting an equitably successful future, taking into account our partner workforce and workplace environment as well as guests, suppliers, and communities.

Senior leaders across Petco also play a critical role in supporting DI&B and helping us realize our goals. Our aim is to cultivate inclusive leaders that recognize that everyone has unique perspectives and value and to help us build an environment in which everyone feels comfortable contributing their true self. To help leaders understand the value of diversity and how to lead inclusively, we provide leadership training to everyone at manager level and above in our distribution and support centers. This year we focused on awareness, education, and action. This included the creation of a toolkit for leaders to help them understand the importance of DI&B at Petco, and an activation plan for holding meetings with their teams to explore the topic further, foster dialogue, and increase understanding.



## DIVERSITY, INCLUSION & BELONGING

### Education & Learning

In 2020, we delivered over 4,300 hours of learning sessions focused on DI&B to our field and distribution center leaders. More than 75% of participants stated that the learning improved their ability to spot and challenge unconscious bias. Petco leaders said they applied their new knowledge almost immediately: more than 60% said they used it within a few days; and another approximately 30%, within a week. Beginning this year, we plan to provide harassment and discrimination awareness training to our partners more broadly.

### Hearing from our Partners

To help us listen to the perspective of our diverse workforce, we conduct regular town hall meetings and listening sessions focused on promoting systematic equality in partnership with our Partner Resource Groups (PRGs). We view PRGs as valuable resources that help us develop our business into a more equitable and inclusive one, and as such we are happy to provide resources to support their efforts.

This year, the Partner Resource Groups played an instrumental role in helping us respond to systemic racial injustices which were a major topic of concern in the United States throughout 2020 and continue to be today. This includes each group hosting listening sessions with their membership to discuss the topic openly and solicit ideas on ways we can do more and do better to address inequality in all of its forms. Additionally, our annual partner engagement survey helps us to judge the success of our DI&B strategy. In the last survey, 75% of participants gave us a top-tier score in our inclusion index<sup>3</sup>, with 90% favorable overall.

4,300

HOURS OF LEARNING SESSIONS  
FOCUSED ON DI&B IN 2020

<sup>3</sup> A score of 8 or above out of a possible 10.





## DIVERSITY, INCLUSION & BELONGING

### DI&B outside of Petco

Our focus on DI&B extends beyond our internal Petco practices and initiatives and as such, we actively seek ways to promote and support DI&B external opportunities. This includes a recent partnership with the Alliance for Inclusive and Multicultural Marketing and the RILA Diversity & Inclusion council to share knowledge with other organizations.

In 2020, we began a diversity analysis of our suppliers, which will inform our supplier diversity initiatives in 2021. In fiscal year 2020, we spent \$86.4 million with suppliers from under-represented groups including women, minority, and veteran-owned businesses. In fiscal year 2021, we plan to invest in programs to provide more employment pathways to underrepresented talent in the Veterinarian field. And finally, to help pet parents celebrate Pride month each year, we offer a line of Petco Pride pet apparel.

Petco is also a proud member of CEO Action for Diversity & Inclusion, the largest CEO-driven business commitment to advance diversity and inclusion within the workplace. The commitment made by this group is driven by a realization that addressing diversity and inclusion is not a competitive issue, but a societal issue. Recognizing that change starts at the executive level, Petco has joined nearly 2,000 CEOs of the world's leading companies and business organizations to leverage their individual and collective voices to advance diversity and inclusion in the workplace.

**\$86.4M**

**SPENT WITH SUPPLIERS FROM UNDER-REPRESENTED GROUPS**

## WORKPLACE

We welcome new and improved thinking, and we value people who have a real passion for both pets and pet parents. We aim to provide an inspiring and rewarding work environment with opportunities to grow and progress based on clear expectations and a defined career path, as well as thorough targeted training for specific roles.

### Talent & Career Development

We want to ensure that all of our partners have a clear understanding of the company's expectations for performance, are able to consistently evaluate their own progress, grow in their role, and understand how they can advance their careers at Petco. That's why we developed a clear career path framework, which we call Career Horizon, and a shared standard for measuring competencies and evaluating readiness to move into another role – the Partner Competencies Tool.

Number of partners trained in vocational or apprenticeship schemes in 2020:

**380**

**DOG TRAINER  
APPRENTICES**



**440**

**PET STYLIST  
APPRENTICES**



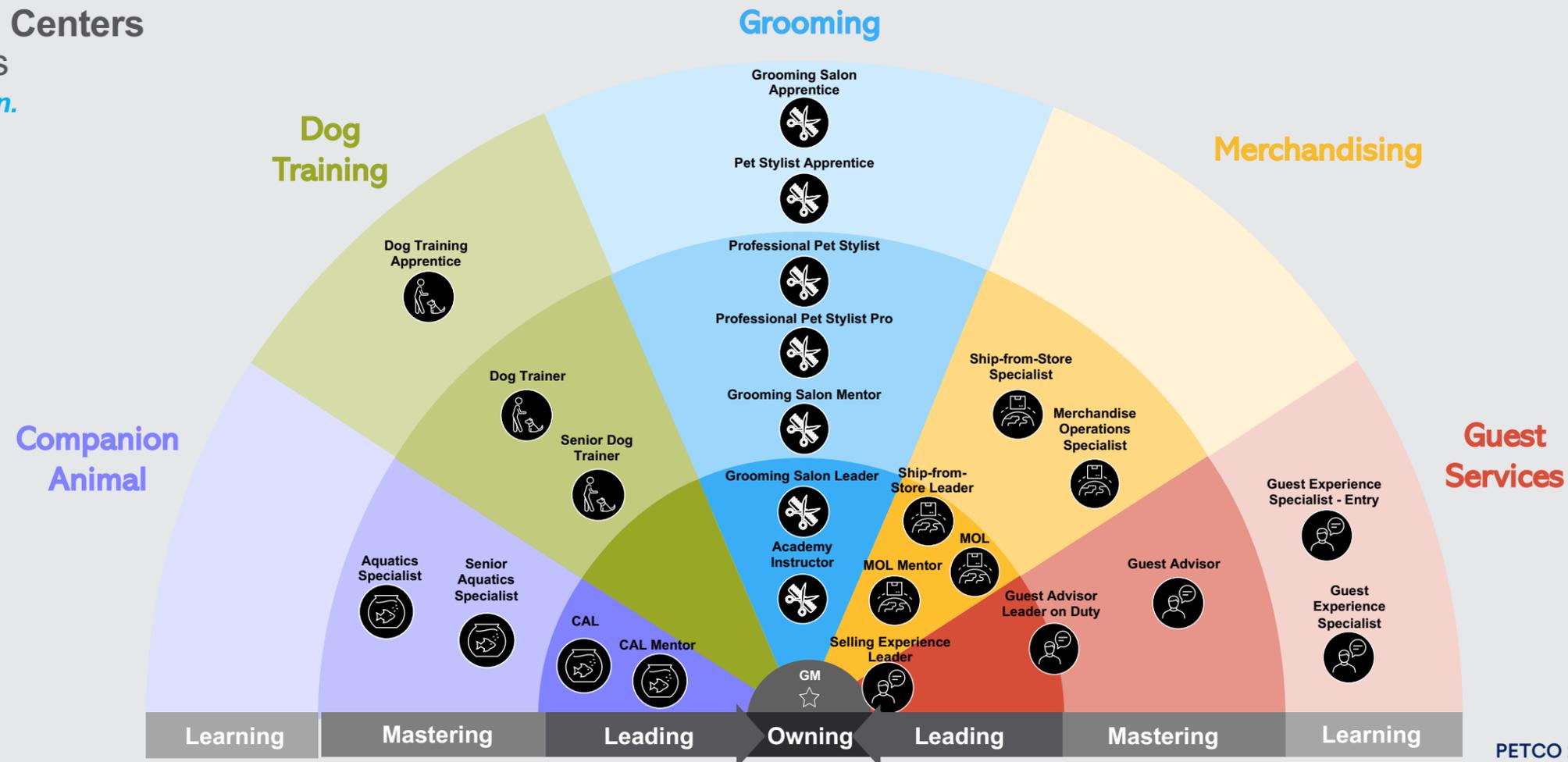
# WORKPLACE

These tools help us to set clear expectations, measure partners' attainment against a core set of competencies applicable to all roles, and provide a common language for managers and partners to use when talking about skills, knowledge, and behaviors. They support our partners' ability to plan for their careers, our managers' attempts to provide standardized and actionable coaching and feedback, and our selection of internal talent as part of our movement process.

When partners change roles through lateral moves or promotions, there are prescribed learning paths of training and certification they must complete to demonstrate their ability to perform that role. The General Manager in their Pet Care Center monitors their performance and provides support and coaching until competency is reached.

At the end of the fiscal year, all partners receive a formal performance review and are assigned a performance rating based on their overall contribution. Annual reviews were paused due to COVID-19 but have now reconvened, with an off-cycle review occurring this May.

## Petco Pet Care Centers Career Horizons *My Path. My Passion.*





## WORKPLACE

### Training

We welcome each of our new partners to Petco with a Welcome to Petco orientation to gain a comprehensive understanding of our business, guests, culture, values, and expectations. Pet Care Center partners are also expected to complete a Petco Basics curriculum, as well as additional skills training specific to their role.

The learning experience is a combination of digital assets, leader-led learning, and on-the-floor job aids which lasts between 15 and 51 hours, depending on the role. General Managers complete a six-week onboarding plan when starting their roles.

In 2021, we are enhancing our training curriculum by adding a “Leadership Essentials” program to embed foundational leadership skills in all new and newly promoted managers. We are also launching a set of learning and support materials called “Manager Basics” to provide detailed guidance to managers on the processes and transactions that they will need to facilitate for their teams throughout the year.

## WORKPLACE

### Benefits

A career at Petco offers an attractive array of professional advantages, growth opportunities, and tangible benefits at all levels in Petco Pet Care Centers, distribution centers, and corporate offices. In addition to the incomparable benefit that comes from helping improve the lives of animals, Petco partners can enjoy medical, dental and vision plans, flexible spending accounts, paid time off including paid parental leave, disability assistance, 401(k) with matching contributions, employee stock purchase program, as well as insurance and cell phone plan discounts. Salaried partners may take unlimited personal time away from work with their supervisor's approval.



### Pet Bereavement Leave

Many of us at Petco are pet parents ourselves, and we know how difficult it can be when a pet passes away. In 2020, we introduced Pet Bereavement leave for partners to help them through this difficult time. Partners may take up to eight hours of paid pet bereavement time per calendar year, and additional paid or unpaid time off may be taken with leadership approval. Many of our partners have shared how grateful they are for this time.

“

**I lost my cat of 18 years a few weeks ago and was very thankful to have this extra day off in such a hard time.**

**Kaitlyn Kennedy**  
Dog Trainer

”

## WORKPLACE

### Fair Labor Practices

We fundamentally support the human rights of our partners, including their rights to be treated with dignity and respect, to have equal opportunities, and to be free from harassment and discrimination. Our Code of Business Conduct and Ethics, and our Harassment, Discrimination and Workplace Conduct Policy together serve as the guiding policy documents outlining that support and expectations for our partners.

### Injury & Illness Prevention Program

The health, safety, and well-being of all Petco partners is our top priority, not just during the pandemic, but every day. We have implemented a thorough Injury and Illness Prevention Program (IIPP) which provides a framework for identifying and correcting workplace hazards and minimizing injuries and illnesses to our partners. This includes safety policies, procedures, and work practices to provide safety, training for partners, clearly defined responsibilities, regular assessments, and corrective action requirements.

### Injury and Illness Prevention KPIs

New Claims	1/1/18 - 12/31/18	1/1/19 - 12/31/19	1/1/20 - 12/31/20	% Change
Indemnity Type Claims	539	578	569	-1.6%
Fatalities from Work-Related Injury	0	0	0	0
Total Claims	2128	2680	2358	-12.0%

\*Petco tracks workplace injury during calendar year instead of fiscal year.



We look to promote a culture of accountability and cooperation, and believe it's the responsibility of every Petco partner to comply with our Health & Safety policies and procedures.

In addition to quarterly topic-specific training, our partners receive general safety training when they join the company, as well as emergency preparedness training and other job-specific health and safety behaviors as relevant, such as personal protective equipment, safe lifting and use of chemicals.

Zoonotic diseases can pose a human health risk, which we take very seriously. We have detailed procedures in place that are designed to prevent the appearance of zoonotic diseases in stores, as well as how to respond if there is a suspected case, in line with CDC recommendations. The exact response will vary depending on the disease and many other factors. To help us apply the correct procedures, we have a Zoonotic group with representatives from various key departments including the animal care team, veterinary team, live animal merchants, legal team, Pet Care Center operations team and risk team. The teams meet as needed to discuss and immediately address any issues that arise.

## COMMUNITY

### Civic Alliance

In 2021, we proudly joined the Civic Alliance, a nonpartisan group of over 1,000 organizations that reach more than 5 million employees and are collectively working to build a future where everyone has the ability and access to participate in shaping our country.

At Petco, we are steadfast in our commitment to help our more than 27,000 partners to exercise their fundamental right to vote. We wholeheartedly support efforts to increase voter participation, and we call on elected leaders at the federal, state, and local levels to work across the aisle to help all Americans have the right and freedom to vote in every election when and where they're eligible.

AS PART OF OUR COMMITMENT AND OUR MEMBERSHIP WITH THE CIVIC ALLIANCE, PETCO PROPOSES TO:

**Encourage our U.S. audiences to participate in local, state, and federal elections**

**Empower our partners to vote and be civically active**

**Champion civic engagement opportunities in our communities.**

As a nation, we are stronger when everyone can participate in the democratic process, and supporting broad voter participation is one of the most important ways to allow everyone's voice to be heard.



## COMMUNITY

### Petco Partner Assistance Fund

To provide ongoing support to our Petco partners as they faced the effects of COVID-19 – and in future times of need – we launched the Petco Partner Assistance Fund, with \$2 million in initial funding from Petco and more from our sponsors at CVC Capital Partners, our board of directors, our Petco Pet Wellness Council, and our management team, including our CEO. The fund provides financial assistance to active Petco partners who are experiencing financial hardship resulting from an emergency, hardship, or natural disaster. By the end of 2020, the fund had awarded over \$1.3 million in assistance directly to over 1,300 partners impacted by the pandemic, recent fires, and hurricanes.

To raise additional money for the fund, we launched a [#PetcoSTRONG range of clothing](#) in May 2020, with all profits going to the Petco Partners Assistance Fund. Our CEO incentivized purchases by pledging to shave his hair once a thousand orders had been placed. When the milestone was reached, Ron posted an [online video](#) of his son helping him expand the definition of "Petco grooming" for partners to enjoy. Our Partner Resource Groups create unique T-shirts each year to celebrate their respective awareness months, and proceeds in 2020 also went to the Partner Assistance Fund.



**The relief fund meant I didn't have to worry about how we are going to keep a roof over our heads, or how to make sure that we had plenty of food. It was truly a blessing, I'm honored that we were selected. Thank you, Petco.**

**Gerry Braatz,  
Pet Care Center General Manager**





05

# GOVERNANCE

## GOVERNANCE

Our [Board of Directors](#) is comprised of 11 directors, four of whom are independent. Our CEO, who serves as Chairman of the Board, provides executive insight to the rest of our directors, including with respect to our sustainability initiatives.

Guided by our Principles of Corporate Governance, the Board has three standing committees: an Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee is tasked with overseeing and —where appropriate — making recommendations to the Board regarding sustainability matters.

Our [Management Team](#) is also committed to sustainability in our business, and team members help us drive and integrate Petco's sustainability priorities within their respective areas of responsibility.



## Enterprise Risk Management

We have an extensive risk assessment process designed to identify and mitigate internal and external risks to our business, which is led by our Chief Information and Administration Officer (CIAO). The process is carried out on an annual basis, with the results reported to our Board. In addition, our Internal Audit Department provides independent, objective assurance and advisory services to management and the Audit Committee regarding the effectiveness of our governance, risk management, and internal control processes.

## Ethics & Business Conduct

We pride ourselves on strong ethical practices and expect all of our directors, officers, managers, partners, and suppliers to adhere to high ethical and legal standards by complying with applicable laws and regulations, as well as our relevant policies and procedures. Our [Code of Business Conduct and Ethics](#) (Code of Ethics) and our Harassment, Discrimination and Workplace Conduct Policy provide guidance to partners on how to behave ethically. The Code of Ethics also details the process they should follow if they suspect any ethics violations.

Our partners must agree to our Code of Ethics and related Petco Policies & Procedures (such as our Insider Trading Policy and Foreign Corrupt Practices Act Policy) as a condition of employment. In addition, partners receive annual training on the Code of Ethics to help them remain familiar with it. In 2020, 89% of partners who were offered this training completed it. In addition, partners involved in Petco's international operations, including all officers, are required to complete an online training module on the requirements of the Foreign Corrupt Practices Act at least annually.

Should they have any ethics or compliance concerns, partners can call or email our Compliance department directly or voice a concern through the Petco Hotline. The confidential Petco Hotline is answered by a third party and available 24 hours a day, seven days a week. When a report is received, it is immediately assigned to a case manager with relevant expertise, and we try to resolve each investigation in a thorough and timely manner. If we find a violation of a policy, we implement appropriate disciplinary measures — up to and including termination of employment.

# GOVERNANCE

## Government Affairs

Over the last 55 years, Petco has successfully worked with local, state, and federal officials on many issues, and we will continue working to improve the lives of pets, pet parents, and our partners. We are a member of the Pet Industry Joint Advisory Council (PIJAC), which represents a responsible pet care community to legislative, regulatory, and governing bodies. Together, we promote animal wellbeing and responsible pet ownership, foster environmental stewardship, and support the availability of healthy pets.

In March 2020, we worked alongside PIJAC and its members to write an [open letter](#) to government officials asking them to designate businesses that provide products, services, or housing for the care of pets as essential infrastructure that could remain open during the pandemic. The letter was signed by our CEO along with other industry representatives and made clear the importance of businesses like ours in fulfilling the health and wellness needs of pets — from providing specialized food, supplements, and medication, to grooming and veterinary care. Other than through our involvement in PIJAC, our policy is not to make political contributions.

We are also members of [Retail Industry Leaders Association](#) (RILA), the trade association for retail leaders. It brings together industry leaders to collaborate, promotes operational excellence and innovation, propels developments that foster economic growth and sustainability through research and thought leadership, and advances the industry through public-policy advocacy.

We sit on a large number of RILA's committees and sub-committees, including the following:

<b>Sustainability Committee</b>  <b>01</b>	<b>Environmental Advocacy Committee</b>  <b>02</b>	<b>Environmental Compliance Network</b>  <b>03</b>
<b>Zero Waste Network</b>  <b>04</b>	<b>Energy Management Committee</b>  <b>05</b>	<b>Workplace Safety Committee</b>  <b>06</b>
<b>Retail Talent Council</b>  <b>07</b>	<b>Diversity &amp; Inclusion Leaders Council</b>  <b>08</b>	<b>Supply Chain Leaders Council</b>  <b>09</b>
<b>Responsible Sourcing Committee</b>  <b>10</b>		

## GOVERNANCE

### Data Privacy & Cyber Security

**Our guests and partners trust us to handle their personal information with the utmost care and respect and to protect it from misuse or unauthorized disclosure. We take this responsibility very seriously and have taken steps to protect it.**

Our extensive Information Security Program (ISP) includes specific administrative, technical, and physical safeguards designed to secure sensitive information and support our efforts to comply with data protection laws and regulations.

Our CIAO is responsible for creating, maintaining, and monitoring the ISP, and an Information Security Steering Committee (ISSC) consisting of designated members of Petco's management team provides oversight. The ISSC coordinates security and guest information protection activities among Petco's departments. Our partners are required to complete Information Security Awareness Training as part of their orientation process and annually thereafter.

Our formal risk assessment process and security strategy allows us to identify and mitigate regulatory, operational, and financial risks related to information security threats and vulnerabilities. The process is based on the NIST Cybersecurity Framework and includes the domains in the ISO 27001-27006 standards. We also conduct periodic vulnerability assessments to identify technical security issues and ensure compliance with information security policies. Our Security Incident Response Plan includes procedures for responding to and mitigating security incidents. Any violations of our Information Protection Policy may be subject to disciplinary action, including termination of employment.



## GRI 102: GENERAL DISCLOSURES

ORGANIZATIONAL PROFILE		
Disclosure #	Disclosure Title	Location Cross Reference
102-1	Name of the organization	Petco Health and Wellness Company, Inc.
102-2	Activities, brands, products, and services	<a href="#">See 10-k, Page 8</a>
102-3	Location of headquarters	10850 Via Frontera San Diego, CA 92127 United States of America
102-4	Location of operations	<a href="#">See 10-k, Page 6</a>
102-5	Ownership and legal form	<a href="#">See 10-k, Page 67</a>
102-6	Markets served	<a href="#">See 10-k, Page 67</a>
102-7	Scale of the organization	<a href="#">See 10-k, Pages 9, 63, 67</a>
102-8	Information on employees and other workers	<a href="#">See 10-k, Pages 9</a>
102-13	Membership of associations	<a href="#">Government Affairs, page 72</a>

STRATEGY		
Disclosure #	Disclosure Title	Location Cross Reference
102-14	Statement from senior decision-maker	<a href="#">Letter from the CEO, page 7</a>
ETHICS AND INTEGRITY		
102-16	Values, principles, standards, and norms of behaviour	<a href="#">Our Values, page 6</a>
GOVERNANCE		
102-18	Governance structure	<a href="#">Governance, page 71</a>

## GRI 102: GENERAL DISCLOSURES

STAKEHOLDER ENGAGEMENT		
Disclosure #	Disclosure Title	Location Cross Reference
102-40	List of stakeholder groups	<a href="#">ESG Materiality, page 13</a>
102-42	Identifying and selecting stakeholders	<a href="#">ESG Materiality, page 13</a>
102-43	Approach to stakeholder engagement	<a href="#">ESG Materiality, page 13</a>
102-44	Key topics and concerns raised	<a href="#">ESG Materiality, page 13</a>

ORGANIZATIONAL PROFILE		
Disclosure #	Disclosure Title	Location Cross Reference
102-45	Entities included in the consolidated financial statements	See 10-k
102-46	Defining report content and topic Boundaries	"Letter from the Head of Sustainability, page 8 Our approach to reporting has been informed by the Global Reporting Initiative (GRI) G4 Standards "
102-47	List of material* topics	<a href="#">ESG Materiality, page 13</a>
102-48	Restatements of information	N/A - This is Petco's 1st Report
102-49	Changes in reporting	N/A - This is Petco's 1st Report
102-50	Reporting period	"February 1st 2020 - January 31st 2021 (Fiscal Year 2020)"
102-51	Date of most recent report	N/A - This is Petco's 1st Report
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	"Francesca Mahoney, Head of Sustainability Sustainability@Petco.com"
102-54	Claims of reporting in accordance with the GRI Standards	This report references the 2016 GRI Standards
102-55	GRI content index	This Document

<sup>3</sup> Under the GRI Standards, this is a topic that reflects a reporting organization's significant economic, environmental and social impacts; or that substantively influences the assessments and decisions of stakeholders.

**ENVIRONMENTAL**

CLIMATE IMPACT			
	Disclosure #	Disclosure Title	Location Cross Reference
MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundary	<a href="#">Climate, page 38</a>
	103-2	The management approach and its components	<a href="#">Climate, page 38</a>
EMISSIONS	305-1	Direct (Scope 1) GHG emissions	<a href="#">Page 38</a>
	305-2	Energy indirect (Scope 2) GHG emissions	<a href="#">Page 38</a>
	305-4	GHG emissions intensity	<a href="#">Page 38</a>
ENERGY MANAGEMENT			
MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundary	<a href="#">Energy, page 39</a>
	103-2	The management approach and its components	<a href="#">Energy, page 39</a>
ENERGY	302-1	Energy consumption within the organization	<a href="#">Page 39</a>
	302-2	Energy consumption outside of the organization	<a href="#">Page 39</a>
	302-3	Energy intensity	<a href="#">Page 39</a>
	302-4	Reduction of energy consumption	<a href="#">Page 39</a>

CIRCULAR ECONOMY & WASTE			
	Disclosure #	Disclosure Title	Location Cross Reference
MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundary	<a href="#">Waste, page 42</a>
	103-2	The management approach and its components	<a href="#">Waste, page 42</a>
WASTE	306-2	Management of significant waste-related impacts	<a href="#">Waste, page 42</a>
	306-3	Waste generated	<a href="#">Page 42</a>
	306-4	Waste diverted from disposal	<a href="#">Page 42</a>
	306-5	Waste directed to disposal	<a href="#">Page 42</a>
WATER RELATED RISKS			
MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundary	<a href="#">Water, page 45</a>
	103-2	The management approach and its components	<a href="#">Water, page 45</a>
WATER & EFFLUENTS	303-1	Interactions with water as a shared resource	<a href="#">Water, page 45</a>
	303-5	Water consumption	<a href="#">Page 45</a>

**ENVIRONMENTAL**

TRANSPORTATION & LOGISTICS IMPACTS			
	Disclosure #	Disclosure Title	Location Cross Reference
MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundary	<a href="#">Transportation &amp; Logistics, page 41</a>
	103-2	The management approach and its components	<a href="#">Transportation &amp; Logistics, page 41</a>
RESPONSIBLE PACKAGING			
MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundary	<a href="#">Packaging, page 44</a>
	103-2	The management approach and its components	<a href="#">Packaging, page 44</a>



DISCLOSURE BY TOPIC

**SOCIAL**

DIVERSITY, INCLUSION & BELONGING			
	Disclosure #	Disclosure Title	Location Cross Reference
MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundary	<a href="#">Diversity, Inclusion &amp; Belonging, page 59 - 62</a>
	103-2	The management approach and its components	<a href="#">Diversity, Inclusion &amp; Belonging, page 59 - 62</a>
EMPLOYEE HEALTH, SAFETY & WELLBEING			
MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundary	<a href="#">Injury &amp; Illness Prevention Program, page 67</a>
	103-2	The management approach and its components	<a href="#">Injury &amp; Illness Prevention Program, page 67</a>
OCCUPATIONAL HEALTH & SAFETY	403-1	Occupational health and safety management system	<a href="#">Injury &amp; Illness Prevention Program, page 67</a>
	403-2	Hazard identification, risk assessment, and incident investigation	<a href="#">Injury &amp; Illness Prevention Program, page 67</a>
	403-6	Promotion of worker health	<a href="#">Workplace, page 67</a>
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<a href="#">Workplace, page 67</a>
	403-9	Work-related injuries	<a href="#">Page 67</a>
	403-10	Work-related ill health	<a href="#">Page 67</a>

HUMAN RIGHTS & FAIR LABOR PRACTICES			
	Disclosure #	Disclosure Title	Location Cross Reference
MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundary	<a href="#">Fair Labor Practices, page 67</a>
	103-1	The management approach and its components	<a href="#">Fair Labor Practices, page 67</a>
CHILD LABOR	408-1	Operations and suppliers at significant risk for incidents of child labor	<a href="#">Petco Code of Ethics &amp; Conduct, Pg. 15</a>
TALENT ATTRACTION & DEVELOPMENT			
MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundary	<a href="#">Talent &amp; Career Development, page 63 - 64</a>
	103-2	The management approach and its components	<a href="#">Talent &amp; Career Development, page 63 - 64</a>
TRAINING & EDUCATION	404-2	Programs for upgrading employee skills and transition assistance programs	<a href="#">Career Horizon framework, page 64</a>
	404-3	Percentage of employees receiving regular performance and career development reviews	<a href="#">Talent &amp; Career Development, page 64</a>

**SOCIAL**

COMMUNITY ENGAGEMENT & PHILANTHROPY		
Disclosure #	Disclosure Title	Location Cross Reference
MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundary <a href="#">Community Engagement &amp; Support, page 31 - 35</a>
	103-2	The management approach and its components <a href="#">Community Engagement &amp; Support, page 31 - 35</a>
PET HEALTH, NUTRITION & WELLBEING		
MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundary <a href="#">Pet Health, Nutrition &amp; Wellbeing, page 27</a>
	103-2	The management approach and its components <a href="#">Pet Health, Nutrition &amp; Wellbeing, page 27</a>
ACCESSIBILITY, AFFORDABILITY AND INCLUSIVITY OF PET PARENTHOOD		
MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundary <a href="#">Accessible &amp; Affordable Health Care and Our Values, page 30 and page 6</a>
	103-2	The management approach and its components <a href="#">Accessible &amp; Affordable Health Care, page 30</a>



**PRODUCT/SERVICE & ANIMAL WELFARE**

SUSTAINABLE PRODUCT OFFERING			
	Disclosure #	Disclosure Title	Location Cross Reference
MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundary	<a href="#">Our Products, page 46 - 52</a>
	103-2	The management approach and its components	<a href="#">Our Products, page 46 - 52</a>
PRODUCT QUALITY & SAFETY			
MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundary	<a href="#">Product Quality &amp; Safety, page 29</a>
	103-2	The management approach and its components	<a href="#">Product Quality &amp; Safety, page 29</a>
HIGH QUALITY DELIVERY OF PET CARE			
MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundary	<a href="#">Animal Welfare in Pet Care Centers, page 21</a>
	103-2	The management approach and its components	<a href="#">Animal Welfare in Pet Care Centers, page 21</a>
SUSTAINABLE CONSUMPTION			
MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundary	<a href="#">Sustainable Consumption, page 50</a>
	103-2	The management approach and its components	<a href="#">Sustainable Consumption, page 50</a>

PRODUCT INFORMATION & LABELING			
	Disclosure #	Disclosure Title	Location Cross Reference
MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundary	<a href="#">Petco Code of Ethics &amp; Conduct, Pg. 8</a>
	103-2	The management approach and its components	<a href="#">Petco Code of Ethics &amp; Conduct, Pg. 8</a>
ANIMAL WELFARE IN THE SUPPLY CHAIN			
MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundary	<a href="#">Animal Welfare in the Supply Chain, page 20</a>
	103-2	The management approach and its components	<a href="#">Animal Welfare in the Supply Chain, page 20</a>
PET WELFARE & HUMANE TREATMENT			
MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundary	<a href="#">Pet Welfare &amp; Humane Treatment, page 20</a>
	103-2	The management approach and its components	<a href="#">Pet Welfare &amp; Humane Treatment, page 20</a>

**ECONOMIC & GOVERNANCE**

DATA PRIVACY & CYBER SECURITY			
	Disclosure #	Disclosure Title	Location Cross Reference
MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundary	<a href="#">Data Privacy &amp; Cyber Security, page 73</a>
	103-2	The management approach and its components	<a href="#">Data Privacy &amp; Cyber Security, page 73</a>
	103-2	Evaluation of the management approach	<a href="#">Data Privacy &amp; Cyber Security, page 73</a>
ETHICS, BUSINESS CONDUCT & CORPORATE GOVERNANCE			
MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundary	<a href="#">Ethics &amp; Business Conduct, page 71</a>
	103-2	The management approach and its components	<a href="#">Ethics &amp; Business Conduct, page 71</a>
GOVERNMENT AFFAIRS			
MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundary	<a href="#">Government Affairs, page 72</a>
	103-2	The management approach and its components	<a href="#">Government Affairs, page 72</a>
PUBLIC POLICY	415-1	Political contributions	<a href="#">Government Affairs, page 72</a>

RESPONSIBLE SOURCING & SUPPLY CHAIN PRACTICES			
	Disclosure #	Disclosure Title	Location Cross Reference
MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundary	<a href="#">Supply Chain, page 52</a>
	103-2	The management approach and its components	<a href="#">Supply Chain, page 52</a>
SUPPLIER SOCIAL ASSESSMENT	414-1	New suppliers that were screened using social criteria	<a href="#">Dl&amp;B outside of Petco, page 62</a>
TRANSPARENCY & REPORTING			
MANAGEMENT APPROACH	103-1	Explanation of the material topic and its Boundary	<a href="#">Letter from the Head of Sustainability, page 8</a>
	103-2	The management approach and its components	<a href="#">Letter from the Head of Sustainability, page 8</a>

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