



Non-financial information Statement 2019



About this report

This statement of non-financial information (hereinafter, NFIS) has been prepared in keeping with the requirements of Law 11/2018 of 28 December 2018 on non-financial information and diversity reporting passed by Congress on 13 December 2018 which amended the Commerce Code, the recast text of the Capital Companies Act approved by Legislative Royal Decree 1/2010 of 2 July, and Law 22/2015 of 20 July, Audits for non-financial information and diversity reporting (from Royal Decree-Law 18/2017 of 24 November).

The provisions of the Global Reporting Initiative's Standards have been adhered to in drafting this report. The requirements of Law 11/2018, the GRI indicators and the corresponding section of the NFIS, are detailed in the Annex titled "Table of Contents of Law 11/2018 on Non-Financial Reporting".

Affinity Petcare's EINF focuses on environmental, social, labour, human rights, and its commitment to fight against corruption and bribery that are relevant to the company's business operations.

In order to facilitate an understanding of our business model and the markets where we operate, the first section of the NFIS on corporate information describes the pet food business of the Agrolimen Group. In addition to Affinity Petcare, the Agrolimen Group also comprises the subgroups Natures Menu and Nature's Variety.

In the sections that follow after the Corporate Information NFIS, for each issue addressed in the law we have indicated how relevant they are for the companies specifically controlled by the Affinity Petcare subgroup, the policies and risks related to each one and the key performance indicators used to monitor and evaluate them.



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1. Corporate Information

1.1. Business model

Committed to pet well-being

Our company is much more than an expert in animal nutrition. We are an animal-loving company fully committed to the welfare of pets and the people who care for them.

We love dogs and cats; they are our passion and the reason for everything we do. We strive to accompany pet owners and to improve the relationship with their pets, strengthening the bond between them and helping to improve the physical and emotional health of their pets.

An example of our commitment and philosophy is our Foundation, a non-profit organisation which is the only corporate foundation in Spain dedicated to promoting this bond between people, dogs and cats.

The Affinity Foundation has been working for animals and people for more than 30 years in three areas: research, awareness and social action. Three areas of action with a single objective: to disseminate the philosophy that a society that respects animals is a better society.



Leaders in dog and cat food

Affinity is a company with **more than 40 years of experience** in the production of quality animal nutrition and is part of the PetFood business of the Agrolimen Group¹. The Group is a leader in the dog and cat food industry in Spain, fifth in Europe and sixth in the world.

We know how important nutrition is to pet health. Through our brands, we have developed an extensive range of products using **select ingredients of the highest quality and nutritional value** that contribute to pet development and quality of life.

A balance between research, technology, specialised professionals and a careful selection of ingredients allows our products to satisfy the nutritional needs of dogs and cats, from the most generic to the most specific.

“More than 40 years committed to the welfare of dogs and cats”



¹In addition to Affinity Petcare, the Agrolimen Group also comprises the subgroups Natures Menu and Nature's Variety.

Market and customer-oriented organization

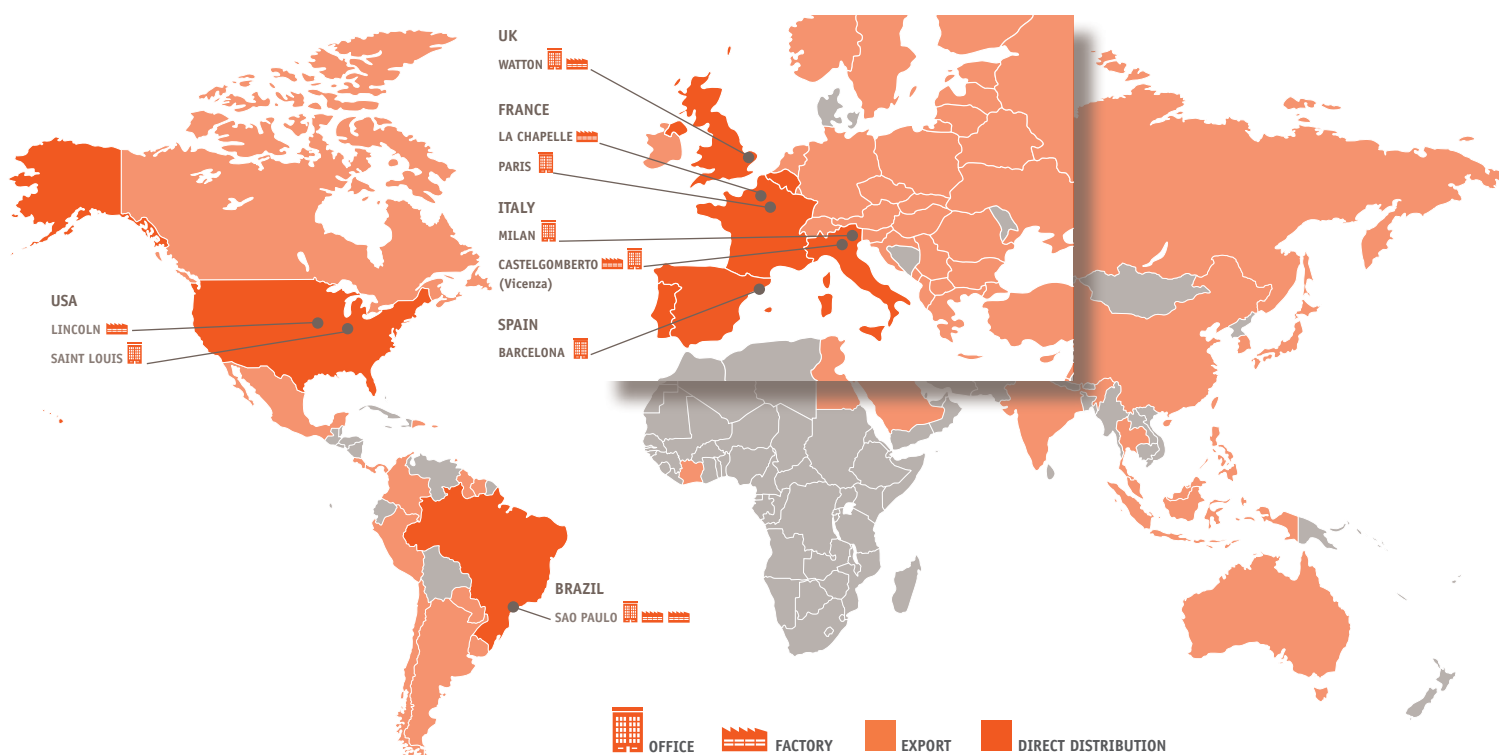
More than 1,800 professionals work in the pet food division of the Agrolimen Group at our headquarters in Barcelona (Hospitalet de Llobregat) and other locations around the world.

We also have 7 production centres to supply the more than 70 countries where we do business.

Of the seven abovementioned production centres, the ones in Spain, Italy and France belong to the Affinity Petcare subgroup; Nature's Variety has a production centre in the US; Natures Menu in the UK and the Brazil centre is a joint venture (50%) of Affinity Petcare.

With regard to the companies controlled by the Affinity Petcare subgroup, there are two business divisions, one focused on mass market and the other on specialised distribution, each one supported by corporate areas, which allow us to innovate and respond better and faster to the needs of our buyers, our customers and their pets.

“Present
in more
than 70
countries”



1.2. Market environment

It is estimated² that the turnover in the worldwide dog and cat food industry was 75.1 billion euros in 2018, with annual growth of 3.8%, Agrolimen being the sixth largest group in the world.

In Western Europe, the main geographical area where Affinity operates and which represents 24% of global turnover for the sector, with growth of 0.2%, Affinity is the fourth largest company.

Affinity produces mainly dry feed, which represents 42% of the European market. In this

technology Affinity is the third largest European manufacturer and our share is growing year after year.

Europeans are increasingly prone to pet ownership, with 23% of households owning at least one cat in 2018, and 21% owning a dog. The value of the pet food category has evolved positively thanks to both population growth and the growth of quality products adapted to the specific needs of pets.

“Annual market growth
is greater than 3%”

1.3. Business strategy

The pillars of our growth strategy are:

- 🐾 Continuous innovation
- 🐾 Advanced research
- 🐾 Food quality and safety
- 🐾 Internationalisation
- 🐾 Building strong brands

²Source: latest available data Euromonitor (2018)

1.4. Risk management

The Group's risk management policy is in line with best practices in the market, whose goal is to ensure that risk events that could affect it in attaining its strategic objectives are properly identified, assessed and managed. The resulting risk map is regularly reviewed and monitored by both the Management Board and the Audit Committee.

Risk management is an ongoing process and takes all business activities into consideration, including non-financial ones. To assess them, the potential impact and the likelihood of an event

actually occurring is considered. The controls and mitigation plans in place are also identified.

Insofar as the risks subject to this report are concerned, it must be highlighted that the operations of the Affinity sub-group are basically conducted in Europe, where there is a regulatory framework to ensure that they are compliant, which means that the matters dealt with in this report are subject to a high level of compliance and supervision of our operations, as well as those of our suppliers and other stakeholders.



2. Environmental Management

2.1. Management approach

Affinity is committed to environmental sustainability as embodied in our Environmental Policy, which is based on:

- ✿ Compliance with all legal and regulatory requirements applicable to our operations, as well as sector-specific codes and best practices to which we subscribe.
- ✿ Preventing and minimising the environmental impacts that we generate.
- ✿ The environmental management system we have implemented ensures correct environmental practices:
 - Diagnosing significant environmental aspects, minimising the consumption of resources and reducing or eliminating the environmental impact derived from our business and its effect on the environment in terms of emissions, discharges and waste generation.
 - Establishing environmental management objectives and goals that allow for continuous improvements that benefit our customers, consumers, shareholders, suppliers, staff and subcontracted personnel, the community and the natural environment.
 - Periodically reviewing the effectiveness of the implemented systems and the stated goals and objectives.
- ✿ Affinity is committed to proper environmental management, always taking the entire life cycle of the product into account, from the origin of raw materials to the consumption of the finished product.
- ✿ The responsibility for preserving the environment rests with all members of the organisation, regardless of position.
- ✿ The Environmental Policy is available to anyone who wishes to see it as part of Affinity's Quality, Safety and Environment policy.



The Affinity subgroup controls three production plants located in Spain, France and Italy. Each plant has an Environmental Management System in place (in Spain, it is ISO 14001 certified). It is developed, reviewed and updated as part of a systematic approach to environmental management that provides management with the information needed to generate long-term success and create options that contribute to sustainable development.

In order to determine the current and future effects of our operations on the environment, we

have defined the stages in the life cycle of each product and each year we prepare an inventory of all the activities and processes that affect environmental aspects. Consideration is given to inputs (raw materials, resources, power, services), outputs (semi-finished and finished products, air emissions, discharges, spills and waste), legal requirements and working conditions (normal, abnormal, emergency).

Once the environmental aspects have been identified, they are valued according to the defined evaluation criteria, classifying them and determining which of them are significant.

Atmospheric emissions:

Drying water, dust, noise and flue gases

Dumping:

Treated cleaning water

Waste:

Paper, plastic, non-hazardous waste, food and wood

Resources dedicated to preventing and minimising environmental impacts in our production plants (€)

<div> 2018 2,191,988 </div>	277,104	Expenditure for the year	333,567	<div> 2019 2,190,645 </div>
	112,610	Expenditure on staff assigned to EM	105,363	
	1,263,139	Payments to integrated management systems (ECOEMBES)	1,204,220	
	539,135	Investment during the financial year	547,496	

In addition to the environmental management systems described above and as an added precaution to prevent and minimise environmental impacts, the insurance policies taken out by Affinity include environmental risks, despite the fact that we are not obligated to provide a financial guarantee according to Law 26/2007 on Environmental Liability.

2.2. Sustainable use of resources

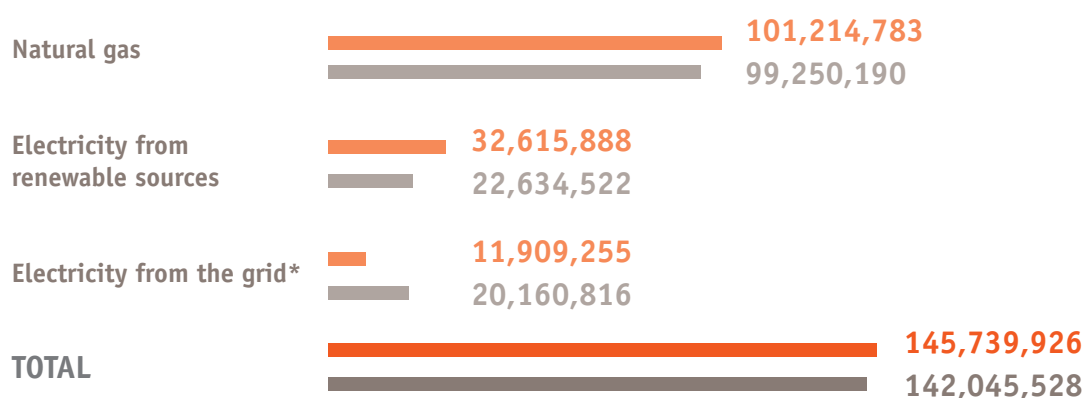
Energy consumption

The types of energy consumed by Affinity include electricity and natural gas.

Our direct energy consumption is shown below, in which it can be observed that there was a slight increase in comparison with consumption in 2018, which can be explained by the increase in tons produced in 2019.

“We prioritize renewable sources”

Direct energy consumption (kWh)



* The mix includes a renewable component depending on the country.

 2019

 2018

Affinity is working to reduce the environmental impact of its operations. Therefore, all of the electricity consumed in 2019 in our production plants in Italy and Spain came from renewable sources, which resulted in a reduction of 2,800 tons of CO₂ emissions in comparison with the previous year.

There is an internal energy-efficiency management programme in place with a system that measures

usage, as well as continuous improvement plans and periodic energy audits. The investment in projects devoted to improving energy efficiency in 2019 was 247,187 euros. In addition, a new manufacturing line was commissioned in 2017 (full occupancy in 2019) equipped with the best available technology in terms of energy efficiency. This line has resulted in energy savings of 2,874,745 kWh per year of electricity and 3,028,933 kWh per year of natural gas.

Consumption of ingredients and materials

The quality of our ingredients is a basic pillar of our commitment to the pet welfare. We select top quality ingredients with high nutritional value that contribute to the development and quality of life of dogs and cats. Packaging materials likewise play an essential role in properly conserving the products made, as well as ensuring their preservation throughout their useful life.



The ingredients and packaging materials consumed in 2019 were as follows:

Consumption of raw materials (tons)



Affinity mainly uses both plant-based ingredients (cereals, cereal products, fruit and vegetables) and meat ingredients (fresh, frozen and dehydrated). In our factories, the ingredient transport and dosing systems are mostly automatic. The efficiency and precision of these systems minimises waste generation. In addition, the internal policies for standardising and using these ingredients are based on their environmental impact as a further factor to be taken into account whenever they are introduced to the production line.

Currently, 62% of the packaging materials used for the products manufactured by Affinity, basically made of plastic and cardboard, can be recycled. Together with its main packaging suppliers in Europe, Affinity is developing recyclable plastics able to conserve our products during their useful life, with the ultimate objective that 100% of the packaging materials used by Affinity can be recycled by 2025.

Water usage and wastewater discharge

The water used by Affinity in its production processes comes mostly from wells authorised by the competent authorities in each country.

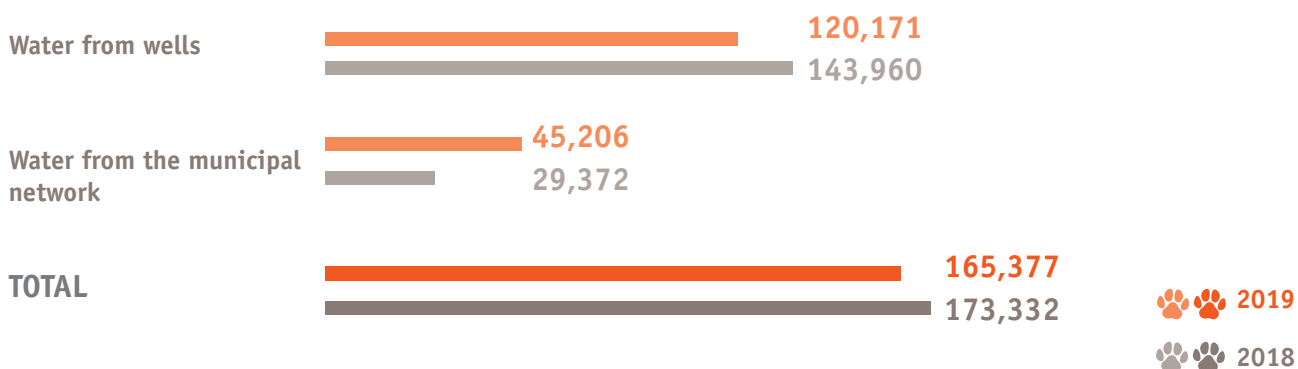
Most of the water we consume (90 to 93%) is used to cook food. During the production process it evaporates completely and is returned to the atmosphere.

The rest of the water is used to clean the facilities and is subsequently treated in treatment plants located at each factory. All water heating and cooling circuits are closed circuits which do not generate any consumption.

Affinity's three production plants have their own wastewater treatment plants. In 2019, 236,930 euros was invested in improving these facilities, of which the biggest investment was made in the plant in France, where these facilities were totally refurbished.

“In 2019,
236,930 Euros
was invested
in improving
the wastewater
treatment system”

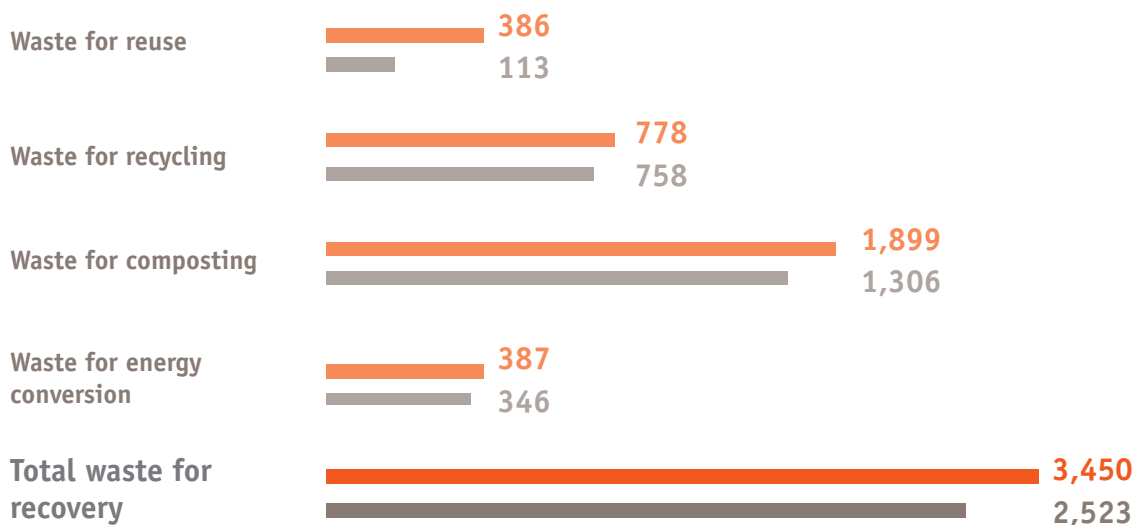
Direct water consumption (m³)



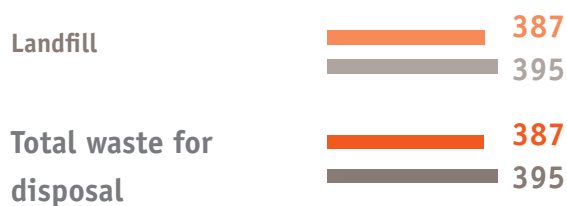
2.3. Circular economy, and waste prevention and management

Affinity's policy is to minimise the waste generated and to use the waste for recovery rather than disposal.

Waste for recovery (tons)



Waste for disposal (tons)



  2019
  2018

Furthermore, finished products in stock that are not fresh enough for delivery to the distribution channel but are completely safe for consumption are not discarded as waste. Much of it is sent to pet shelters near the production plants (see section 5.1).

2.4. Pollution

Climate change and greenhouse gas emissions

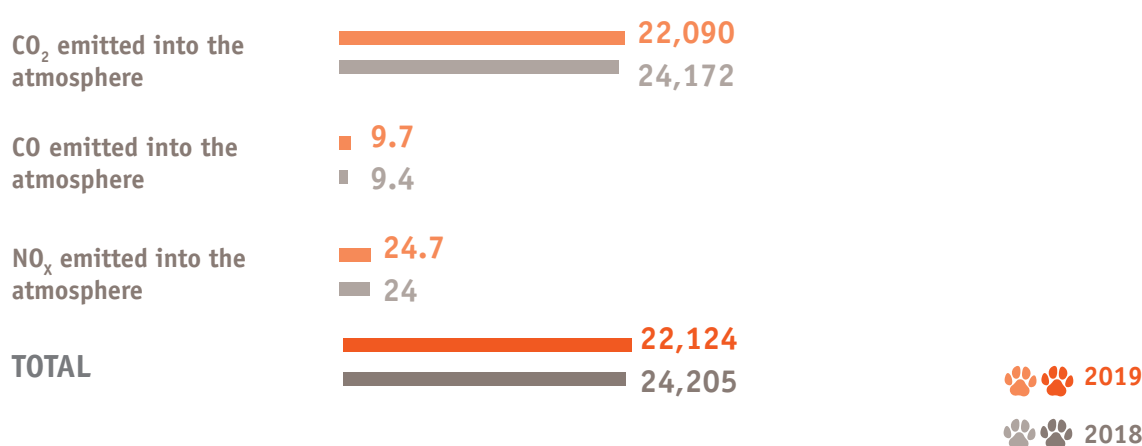
Greenhouse effect gases (GHG) are produced as a result of Affinity's operations. This includes the GHGs produced by us internally, by our suppliers and customers, and those related to the use of their products.

An annual calculation is made of scope 1 direct GHG emissions (direct emissions from the activities that the organisation controls) and scope 2 indirect GHG emissions (those generated by power stations as a result of the electricity consumed by Affinity). In the case of scope 2

GHG emissions, it should be highlighted that all of the electricity consumed in 2019 in the production plants in Spain and Italy (which together account for 77% of the electricity consumed in Affinity's production facilities) came from renewable sources that did not generate any GHGs whatsoever, which resulted in a reduction of 9% of CO₂ emissions in comparison with the previous year, whilst the emissions in the plant in France were calculated based on the energy generation mix used there.

The results for Scope 1 and Scope 2 GHG emissions are shown on the table below.

Gas emissions into the atmosphere (tons)



In terms of greenhouse gases emissions due to Affinity's operations it is not considered that they seriously affect the environment and, therefore, none of the plants is subject to the emission rights protocol. Emission points are inspected every three years by the competent authority and comply with the established requirements.

There are also various points at the plants where particles are released into the atmosphere. All emission points have filters and are electronically monitored to prevent accidental emissions. They are also inspected every two years by the competent authority and comply with the established requirements.

With regard to GHG emissions, Affinity has undertaken to reduce emissions in the future resulting from its operations. One of the ways of doing so will be to ensure that at least 60% of the energy it uses in its factories comes from renewable energy sources. Another measure will be to make all of its packaging from materials that can be recycled. It is currently actively engaged in making this objective a reality by 2025.

Air pollution, noise pollution and light pollution

Insofar as noise pollution is concerned, Affinity's factories emit noise both at certain emission points and in the form of dispersed emissions.

All sources of noise pollution have silencers or anti-noise panels to minimise the emissions.

There is also a verification protocol that has been agreed with the local authorities (location of the measurement points) and inspected by the

competent authorities as part of the Integrated Environmental Inspection.

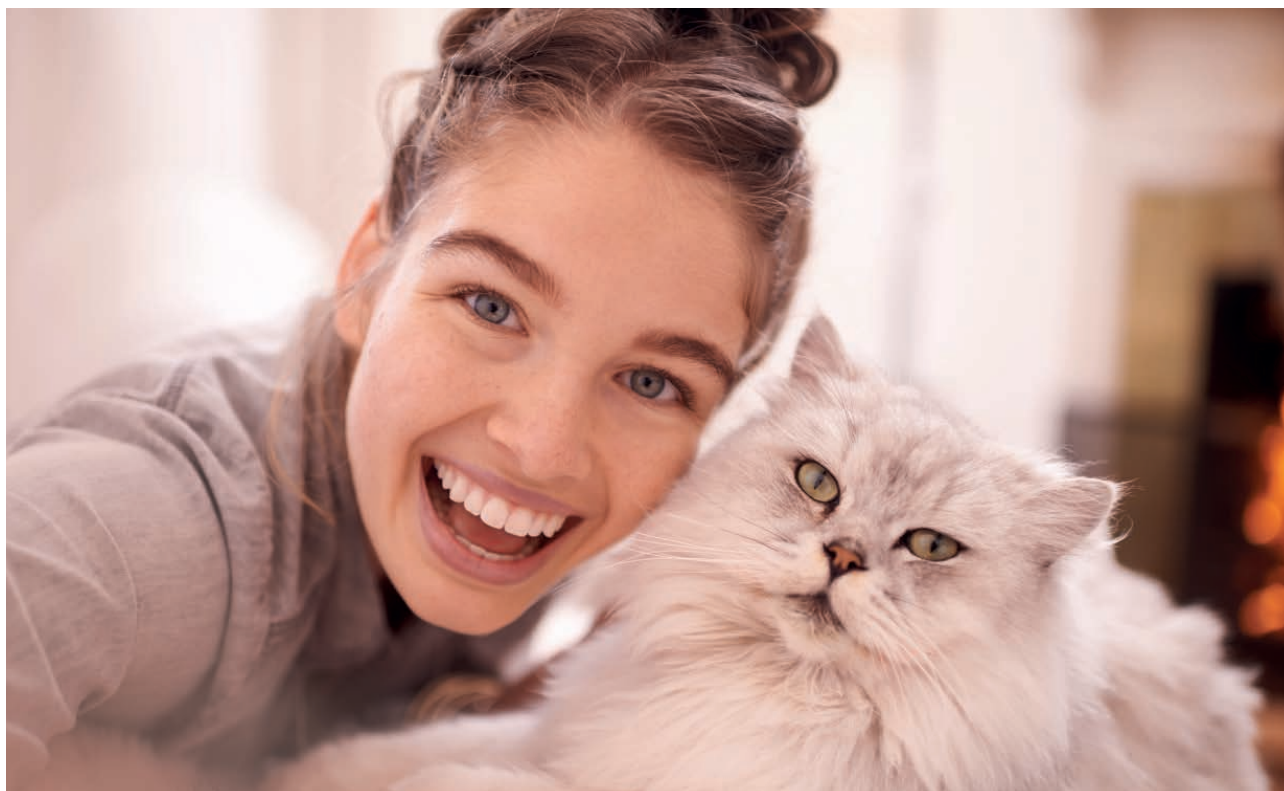
In 2019, 39,136 euros was invested in actions to control and filter the emission of dust and odours resulting from its operations.

2.5. Protection of biodiversity

Affinity's activities and products do not have significant impacts on biodiversity.

3. Human resources management

3.1. Management approach



The strategic plan of the Human Resources department, approved in 2019, is intended to support teams in attaining the targets set in the Corporate Strategic Plan approved for 2018–2022.

Some of the challenges we face in the area of HR management are:

- 🐾 Attracting and retaining top level members of staff able to build up solid teams committed to the growth targets set in the strategic plan.

- 🐾 Strengthening an international culture common to all of the places in which we operate that enables us to better respond to

the requirements of our customers in all of our markets.

- 🐾 Encouraging the training of staff to bring about digital transformation in all of the company's departments.

Equal opportunities and non-discrimination are basic principles of the Affinity corporate culture. Our companies comply with national regulations on integration and access to employment. All Affinity locations comply with the applicable accessibility regulations in each one of the geographical locations where we do business.

Affinity has a total of eight employees with disabilities. In Spain we also work with socially responsible companies that guarantee the employment of functionally diverse people. Specifically, in Spain we work alongside the Àuria Group to keep our nutrition centre up and running, and with Fundació Privada Mas Albornà at our factory in Monjos on the placement of adhesive labels and filling rigid containers, while Fundació Privada Santa Teresa del Vendrell works with us on the placement of adhesive labels and packing small bags.

“Equal opportunities and non-discrimination are basic principles of the Affinity corporate culture”

3.2. our staff

About our staff

At the 2019 year-end, Affinity had a workforce of 734, of whom 59% were men (435) and 41% were women (299). Our main offices are located in Barcelona, Paris and Milan. We also have

production centres in all three countries. In addition, some of our employees are based in Belgium, Germany, Greece, Poland and Portugal.

Due to the occupational segregation affecting the industrial sector, there is still a predominance of men at our factories, while the percentage of women working in our offices is 55% of the total.

STAFF 2019

Total number of
employees on staff



734

Total number of
factory employees



352

Total number of office
workers/sales reps



382

STAFF 2018

Total number of
employees on staff



700

Total number of
factory employees

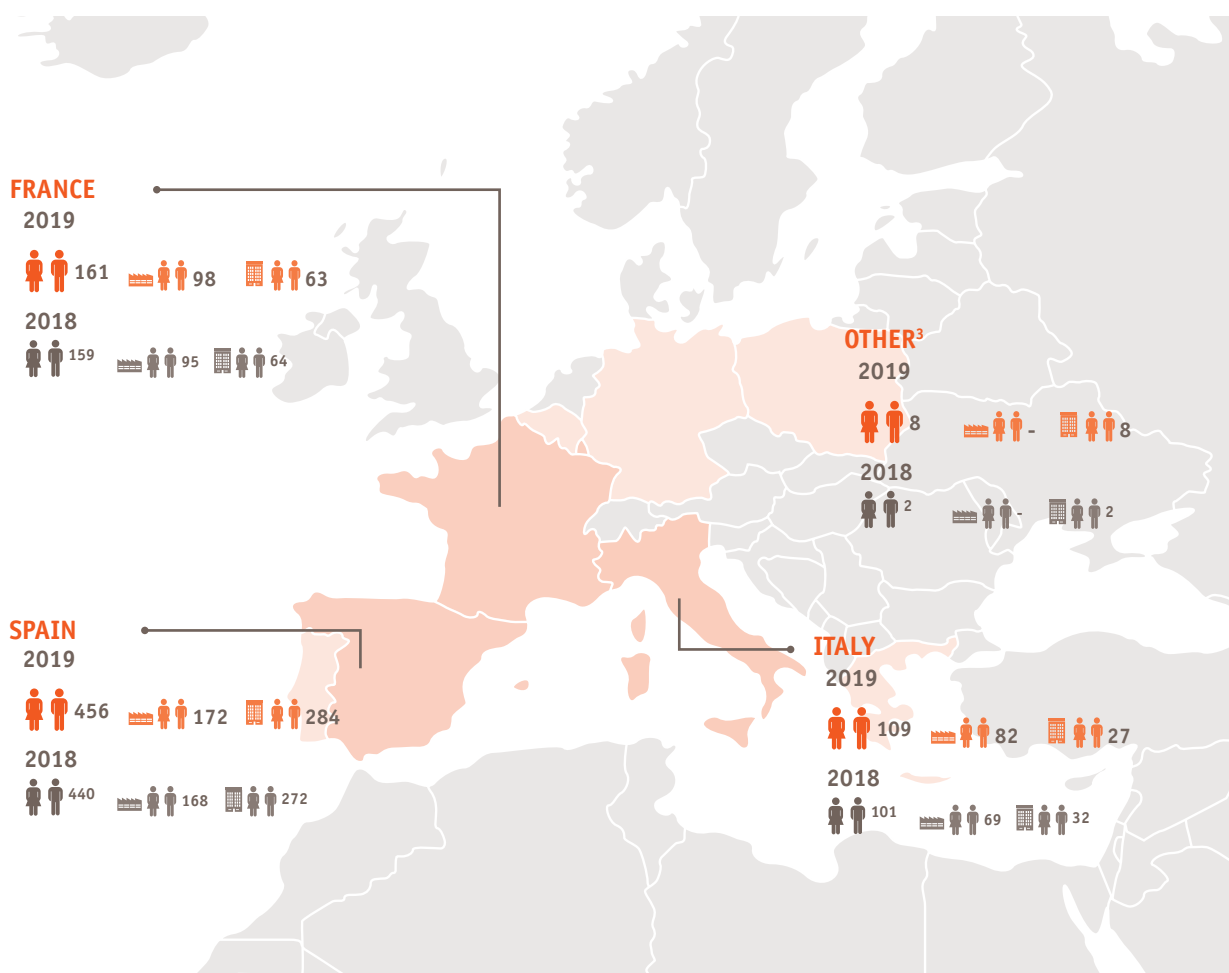


332

Total number of office
workers/sales reps

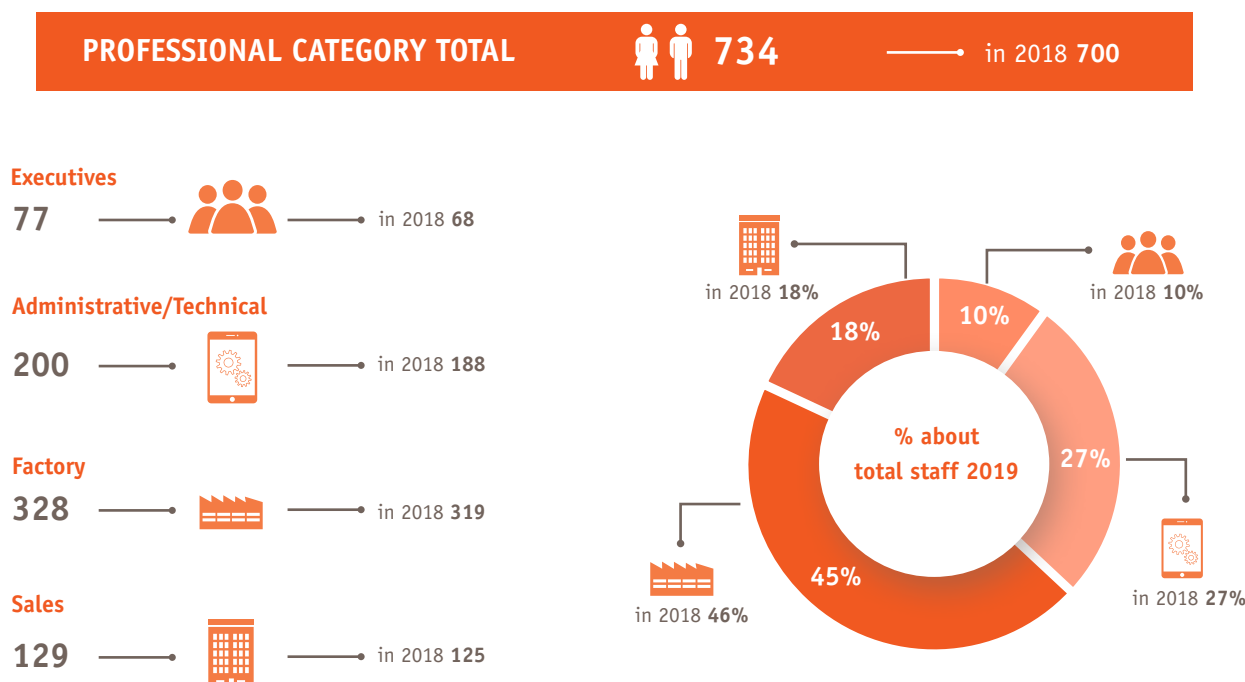


368



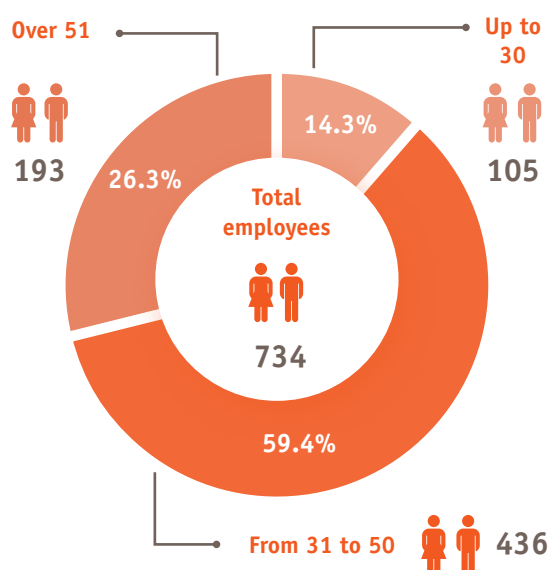
³ Employees in Belgium, Germany, Greece, Poland and Portugal.

STAFF DISTRIBUTION BY PROFESSIONAL CATEGORY 2019

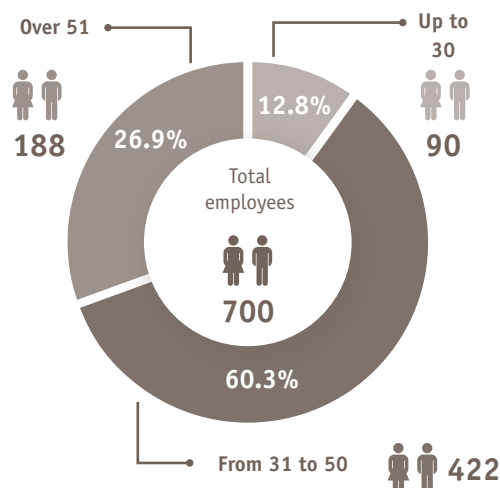


In 2019, the number of employees under the age of 30 increased by more than 19% and the total number of employees over the age of 60 years who had reached retirement decreased.

THE DISTRIBUTION OF STAFF BY AGE BRACKETS 2019

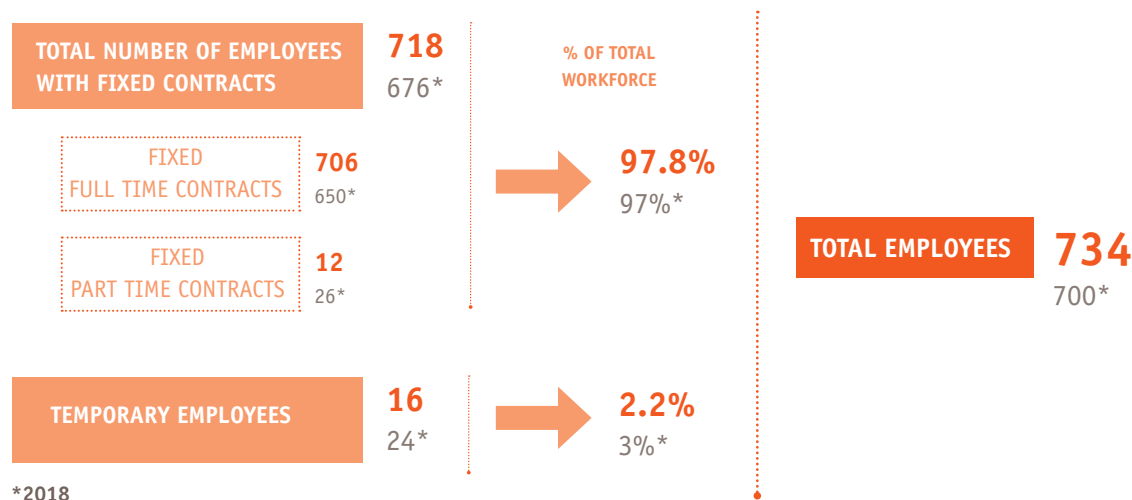


2018

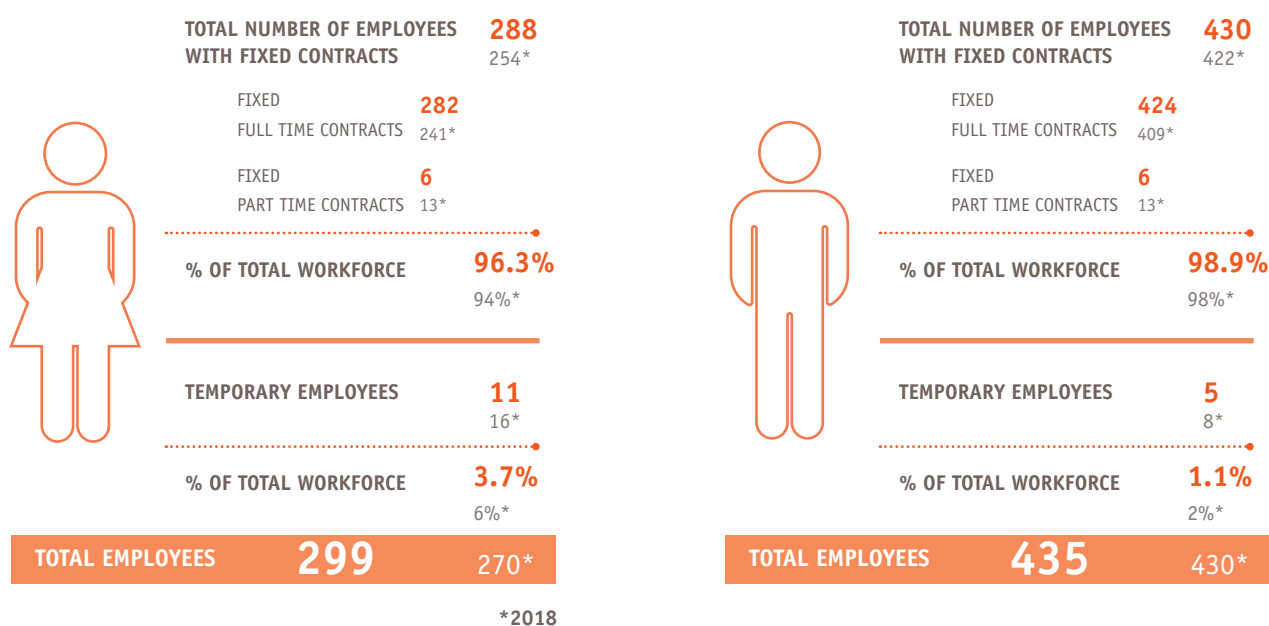


“ 97.8% of employees have an open-ended contract ”

Total number of employment contracts and breakdown by type



DISTRIBUTION OF EMPLOYMENT CONTRACTS BY GENDER 2019



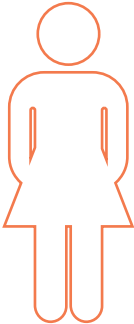
“At Affinity we consider it a priority to offer stable and quality employment”

ANNUAL AVERAGE OF THE DISTRIBUTION OF EMPLOYMENT CONTRACTS 2019

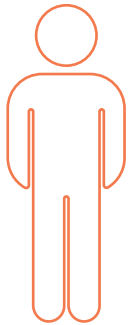
AVERAGE NUMBER OF EMPLOYEES WITH A FIXED CONTRACT	709 676*	AVERAGE NUMBER OF TEMPORARY EMPLOYEES	13 14*	AVERAGE NUMBER OF EMPLOYEES	722 690*
FIXED FULL TIME CONTRACTS	695 649*				
FIXED PART TIME CONTRACTS	14 27*				

*2018

ANNUAL AVERAGE OF THE DISTRIBUTION OF EMPLOYMENT CONTRACTS BY GENDER 2019

	AVERAGE NUMBER OF EMPLOYEES WITH A FIXED CONTRACT	281 251*
	FIXED FULL TIME CONTRACTS	273 238*
	FIXED PART TIME CONTRACTS	7 13*
	AVERAGE NUMBER OF TEMPORARY EMPLOYEES	8 10*
AVERAGE NUMBER OF EMPLOYEES		288 260*

*2018

	AVERAGE NUMBER OF EMPLOYEES WITH A FIXED CONTRACT	428 425*
	FIXED FULL TIME CONTRACTS	422 411*
	FIXED PART TIME CONTRACTS	7 14*
	AVERAGE NUMBER OF TEMPORARY EMPLOYEES	5 5*
AVERAGE NUMBER OF EMPLOYEES		434 430*

*2018

ANNUAL AVERAGE OF THE DISTRIBUTION OF EMPLOYMENT CONTRACTS BY AGE 2019

	Up to 30	From 31 to 50	Over 51
AVERAGE NUMBER OF EMPLOYEES WITH A FIXED	89 71*	417 413*	203 191*
FIXED FULL TIME CONTRACTS	89 71*	412 402*	194 176*
FIXED PART TIME CONTRACTS	0 0*	5 12*	9 15*
AVERAGE NUMBER OF TEMPORARY EMPLOYEES	7 7*	7 7*	0 0*
AVERAGE NUMBER OF EMPLOYEES	96 78*	424 421*	203 192*

*2018

ANNUAL AVERAGE OF THE DISTRIBUTION OF EMPLOYMENT CONTRACTS BY PROFESSIONAL CATEGORY 2019

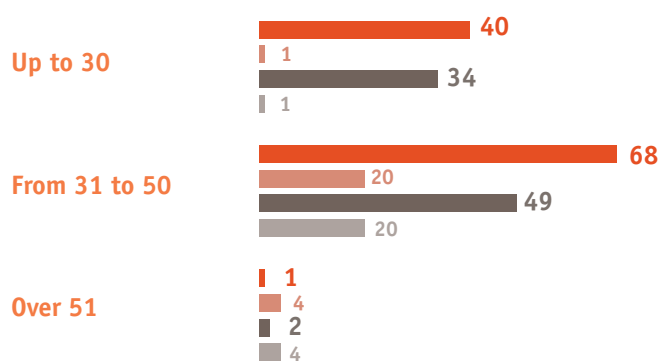
	Executives	Administrative/ Technical	Factory	Sales
FIXED FULL TIME CONTRACTS	73 68*	187 166*	308 295*	126 120*
FIXED PART TIME CONTRACTS	0 0*	2 7*	12 19*	0 1*
TEMPORARY CONTRACTS	0 0*	5 10*	8 5*	0 0*

*2018

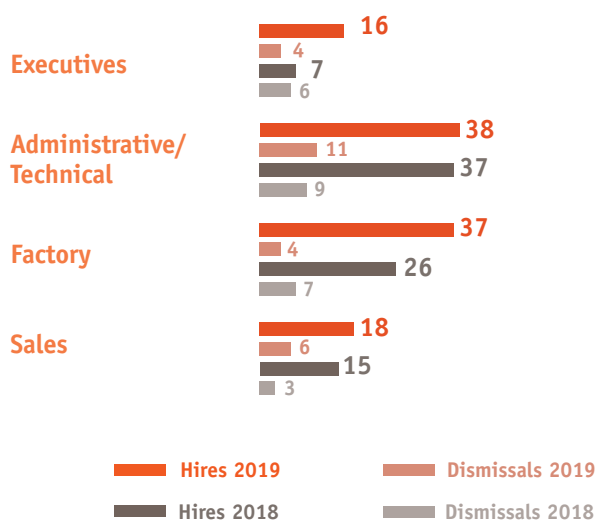
Number of new hires and dismissals by gender, age and professional category



BY AGE



BY PROFESSIONAL CATEGORY



Implementation of workstation disconnection policies

In those countries where this is regulated, Affinity complies with the regulations. In places where it is not regulated, it is common practice to favour disconnection. Workstations are set up in such a way that at the end of the workday it is neither necessary nor required to remain connected to the devices provided to employees by the company. Meetings are not scheduled outside of working hours.

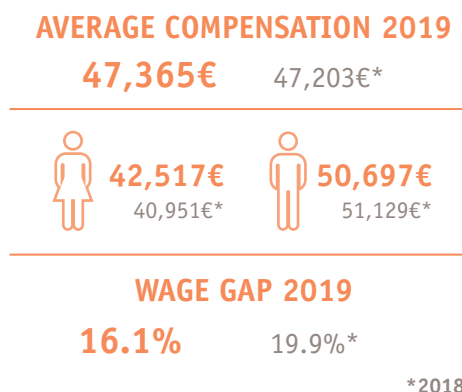
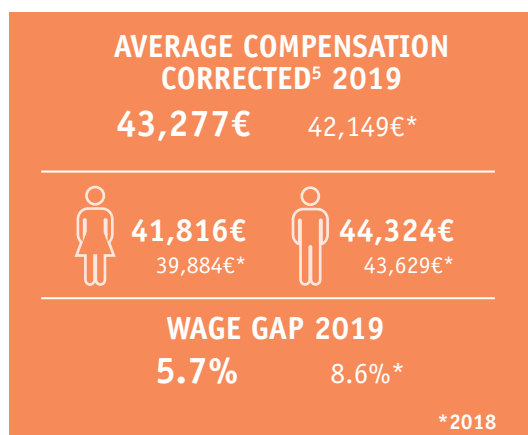
3.3. Compensation⁴ and salary gap

As specified in our Code of Conduct, Affinity does not allow discriminatory behaviour of any kind. In keeping with this principle, Affinity employees are paid for their work according to their professional category and work performed.

Affinity's compensation model is linked to performance and the evolution of salaries on the market, in such a way that during the annual performance review process the highest increases are assigned to the employees with the best performance and/or whose compensation lags farthest behind the market reference.

An analysis of the average compensation in 2019 in comparison with the previous year shows the results of the measurements used. Over one year, the general wage gap in the company was reduced by 3.8 points, which is an improvement of almost 20%.

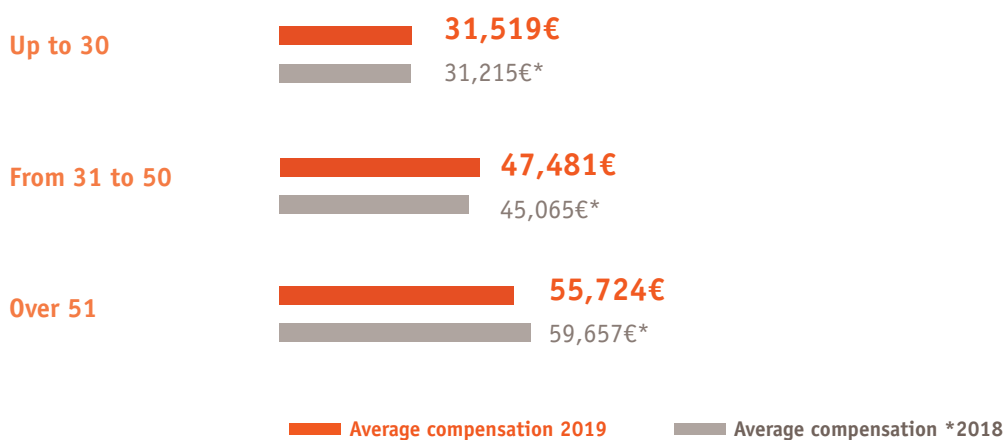
It should be noted that if we exclude the top level of management and the group with the most seniority, the wage gap would decrease from 16.1% to 5.7%.



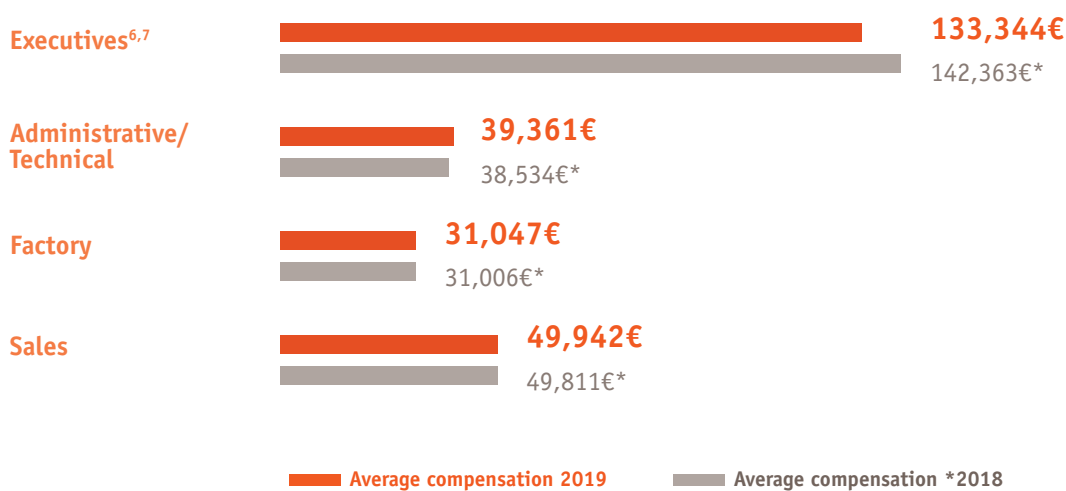
⁴ Both the fixed salary and theoretical variable per employee for fiscal year 2019 were considered in the compensation calculations.

⁵ The average corrected compensation does not include the top level of management or the group with the most seniority.

AVERAGE COMPENSATION BY AGE



AVERAGE COMPENSATION BY PROFESSIONAL CATEGORY



As reflected in the equal opportunities plan passed in 2019, as a company we continue our efforts to improve this indicator and to ensure, through the application of specific measures, equal employment opportunities and wage policies that are in line with the criteria of equity and non-discrimination.

⁶ Members of the Affinity Group Board of Directors are not remunerated.

⁷ The average salary of male executives was €148,244 and €104,157 in the case of female executives.

3.4. Organisation of work and flexibility policies

Organisation of working hours

Working hours are organised differently at each production centre. At the industrial centres in Els Monjos (Spain) and Castelvomberto (Italy), there are three shifts (morning, afternoon and evening), with 24-hour operations from Monday to Friday. In France, however, there are four shifts with the plant operating continuously from Sunday to Friday.

Office staff work a split shift, ensuring in all cases that the total working hours adhere to the labour laws in each country.

Description of measures aimed at facilitating work/life balance and fostering the jointly responsible exercise thereof by both parents

Affinity has implemented a number of measures to facilitate a work-like balance for its employees.

Office employees enjoy limited flexibility that allows them to adjust their starting and finishing times based on their personal needs and the company's needs.

For workers at the Barcelona and Milan offices, a gymnasium service is available either through an on-site gym or subsidised access to a local gym.

Along these same lines, a fully financed canteen and breakfast service is available at the central offices. At other locations, food is totally or partially subsidised through on-site canteens or restaurant vouchers.

Through these measures, the company reduces travel times while promoting healthy habits.

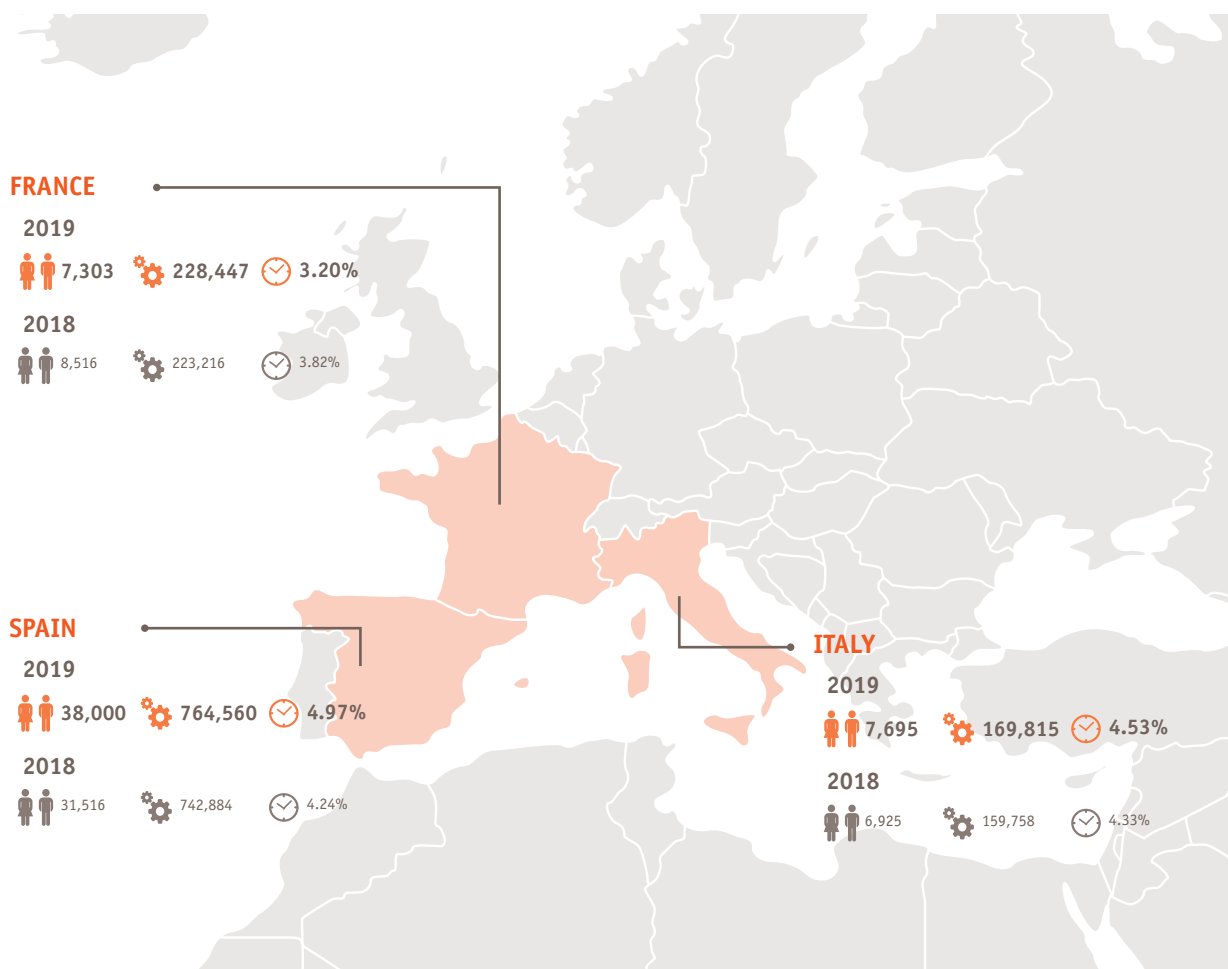
Absenteeism hours

Absenteeism is calculated as the sum of the hours not worked due to medical leave, weighted against the total hours that should have been worked in theory.

2019 FIGURES



DATOS DE 2018⁸



The increase in absenteeism from 2018 to 2019 was due to a number of long-term sick leaves.

⁸ Due to a change in the method used to calculate this indicator, the figures for 2018 were recalculated.

3.5. Health and safety at the workplace

Health and safety conditions at the workplace

The company's occupational risk prevention policy seeks to mitigate occupational risks for all employees.

At our factories, which are the workplaces with the greatest potential risk, all risks are identified by sections. For each section, we assessed the characteristics of each worksite and the different action plans implemented on them.

🐾 At the factory in Spain, the "Risk Assessments" of the different sections are updated between two and four times per year, especially when there are significant changes at the facility. This ensures that all risk assessments are updated at least every five years. Moreover, we use the services of an external risk prevention company to help us prepare the different assessments and to detect the areas where improvements or staff training are required. An "Annual Safety Report" is drafted at the end of the year summarising the aspects of workplace health and safety addressed during the year.

🐾 At the French factory, periodic revisions are carried out in compliance with the

regulations. Each of the five identified sections has its own indicators and measures. Every year, the Works Committee and the Health and Safety Committee hold at least three meetings for the specific purpose of addressing Occupational Health and Safety issues. All findings are recorded in a shared document that is updated at least once a year.

🐾 At the Italian factory, occupational risks are assessed by an external team. Risk assessments are updated whenever there are significant changes at the facilities. The external prevention service is responsible for providing worker training.

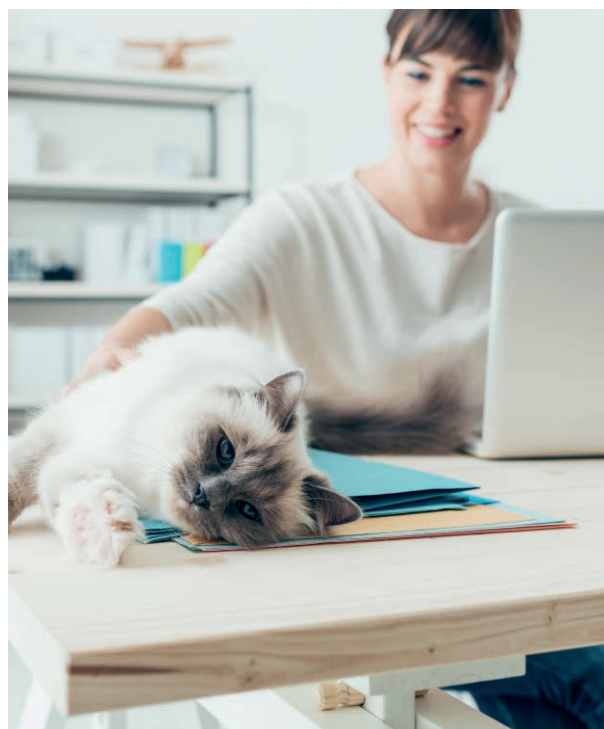
The company's offices are divided into different sections for risk assessment purposes.

🐾 In Barcelona, the Risk Assessment was updated in 2017 so it did not need to be reviewed in 2019. As with the factory, there is an external prevention service (EPS) that prepares risk assessments and runs staff training courses. There is also a "Prevention Activity Plan" which contains the risks and improvement actions to be carried out. As in previous years, in 2019 the employees at the Barcelona offices received special Occupational Risk Prevention training.

🐾 In Paris, all employees took training courses on Occupational Risk Prevention in 2019, as required by law.

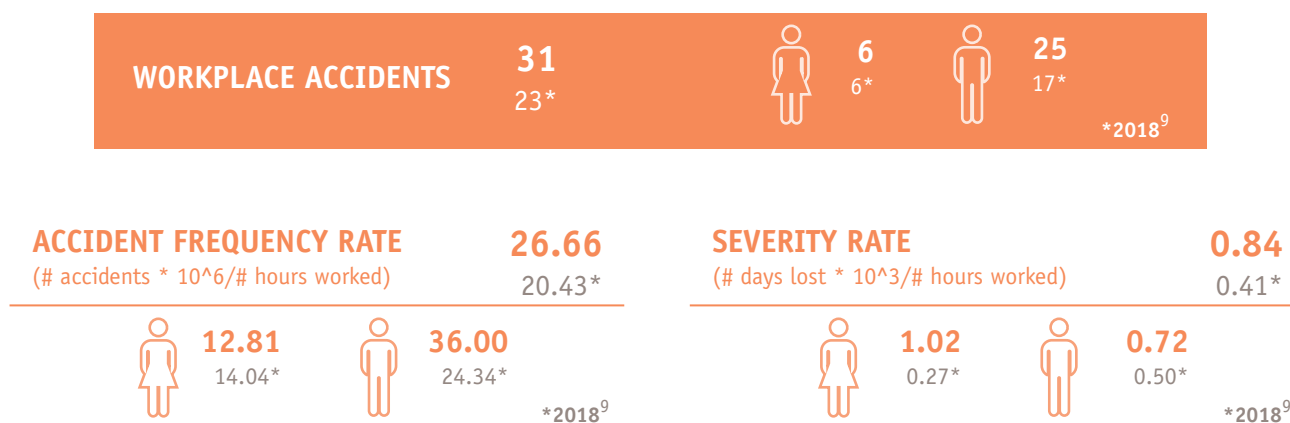
🐾 At the offices in Milan, the risk assessment service is outsourced. Risk assessments are regularly updated in compliance with the laws on Health and Safety at the Workplace. Various courses were run in 2019 to update employees on new concepts in Occupational Risk Prevention.

“Applying occupational risk prevention policies is a prime concern for Affinity”



On-the-job accidents and occupational diseases

In 2019 there were a total of 31 workplace accidents and no occupational diseases.



3.6. Social Relations

“100% of Affinity employees are protected by a collective bargaining agreement”

- ✿ In Spain, the employees of the Barcelona offices and the Els Monjos factory are covered under the “National Collective Bargaining Agreement for Manufacturers of Compound Animal Feeds”.
- ✿ In France, both the Paris offices and the La Chapelle factory are covered under a similar agreement called “Convention Collective de la Meunerie”.
- ✿ There are two different agreements in Italy. The Milan offices are covered under “CCNL Commercio” while the Castelvoghera factory is covered under the “CCNL Alimentare”.

The four agreements make specific mention of matters on health and safety at the workplace. Dialogue between management and labour is channelled through works committees composed of democratically elected workers. There are two committees in France and Spain, one for the factories and the other for offices, whilst in Italy there is one committee for the factory.

There is also an internal, non-anonymous communication channel to facilitate structured and

confidential queries regarding the interpretation or application of the Code of Conduct and to communicate and report potential breaches.

Finally, it should be noted that it is part of Affinity's corporate culture to create spaces for dialogue with employees, places to share projects, achievements and other information of general interest. In 2019, 46 meetings of this type were held at the different worksites in Barcelona, Paris, Milan, Monjos, La Chapelle and Castelgomberto.

3.7. Training of workers

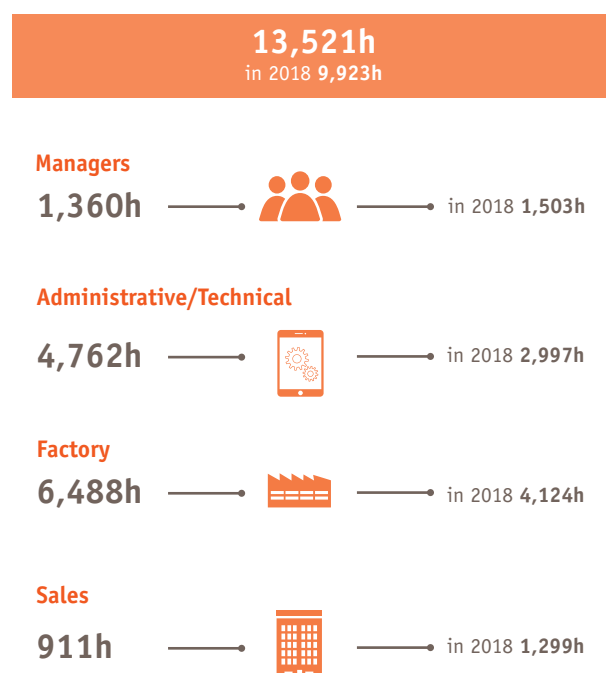
In 2019, a total of 13,521 hours of training were given (an average of 18.42 hours of training per employee).

At Affinity, training opportunities are offered that go beyond those established by law and are intended to enhance work skills.

Although a start was made in 2019 to count the hours spent on training courses through a platform for handling training, it has not yet been implemented in all departments and countries. Thus, the figures reported in this report do not include all of the training courses attended by Affinity's employees.

The breakdown of the training hours by professional category is as follows:

TOTAL HOURS OF TRAINING 2019



3.8. Respect for diversity and equal opportunities

As reflected in our Code of Conduct, Affinity does not allow discriminatory behaviour of any kind. In particular, we promote equal treatment between men and women in terms of opportunities, access to employment, training, professional promotion and working conditions.

With regard to this, Spain and France each have their own gender equality plans. They both put forward measures in the areas of work organisation, recruitment, selection, internal promotion, training, leaves of absence and communication, among others. In Italy, there are no legal obligations related to gender equality but the same non-discrimination practices that

are observed in Spain and France are also applied there.

In 2019, as in previous years, no discriminatory incidents were reported either through whistleblower hotline provided by Affinity to employees or through any other channel. If a report is made, it is automatically forwarded to the Ethics and Compliance Committee, which is responsible for adopting the corresponding decisions and measures following an internal review (see sect. 4). In certain cases, even Affinity's Board of Directors may become involved.



4. Ethics and integrity

4.1. Ethics and the internal control model

Ethical conduct is one of the Affinity Group's core pillars, as reflected in its Code of Conduct. On an organisational level, one of the functions of the Ethics and Compliance Committee, as a permanent internal governing body, which reports to the Audit Committee of the Board of Directors, is to promote a culture of ethical conduct with zero tolerance in respect of any unlawful acts committed and situations that go against the legislation in force.

To assist it in performing its functions, the Compliance Committee relies on Affinity's Internal Control System,⁽¹⁾ which is designed in accordance with international COSO standards whose aim is to provide a reasonable level of certainty that control objectives are attained in the following areas:

- 🐾 Efficiency of operations
- 🐾 Reliability of information
- 🐾 Compliance with the laws, rules and regulations that apply

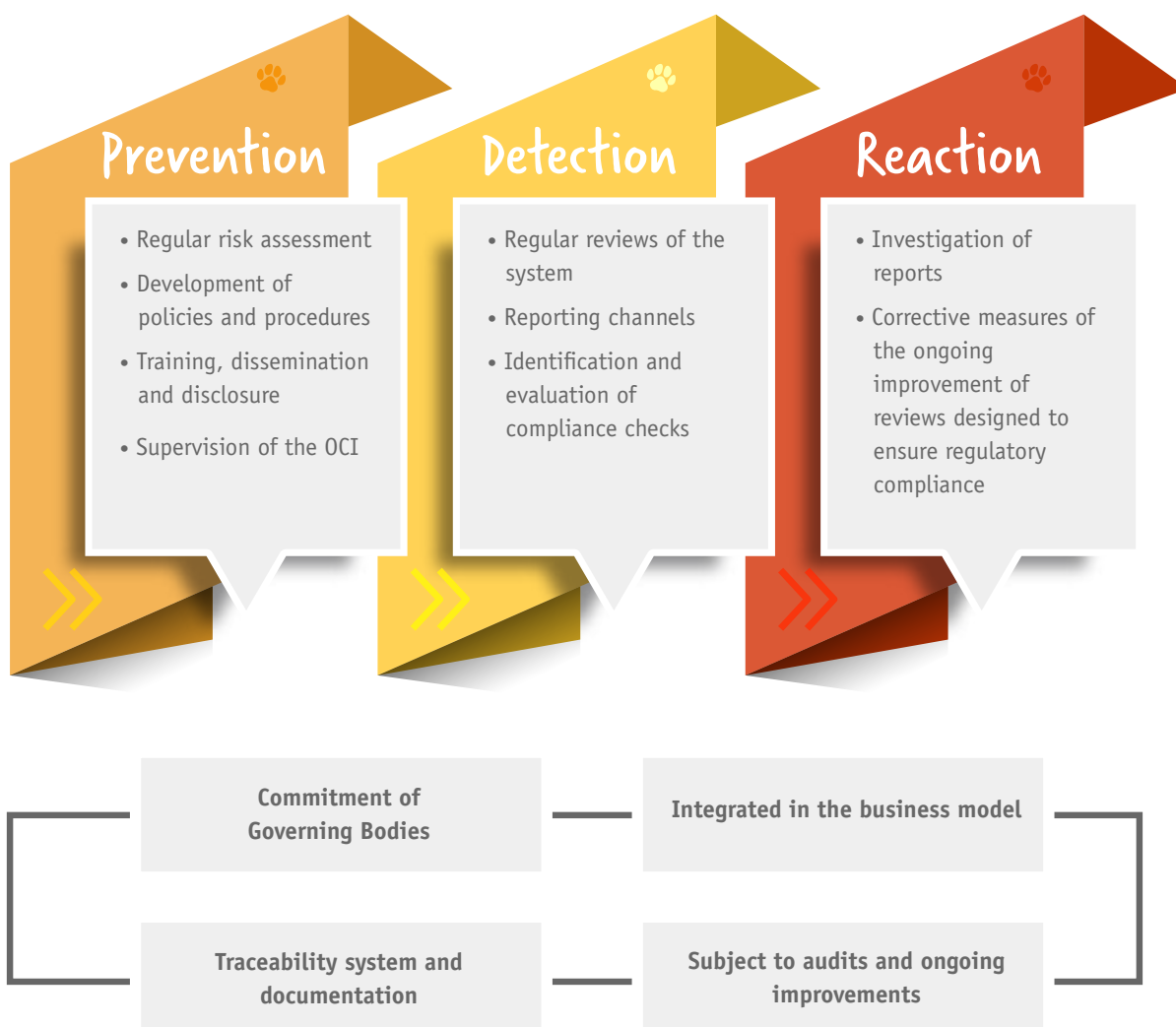
Therefore, Affinity's control model comprises a set of substantive rules procedures and specific actions designed by the group to encourage the organisation to act ethically and in compliance with current regulations, among other things. Its ultimate aim is to prevent, detect and react to irregular actions, fraud or conduct that is contrary to the Affinity Group's Code of Ethics in general, and to current regulations in particular.

⁽¹⁾ The 5 features governing Affinity's Internal Control System are as follows:



The Compliance Committee has identified the regulatory frameworks to which the Group is subject, as well as the most relevant ones in line with the nature of our business, based on applying a risk assessment methodology. The departments and functions with responsibility or competencies in compliance-related areas have been established with the aim of coordinating these functions and thereby ensuring the effective operation of the compliance system as a whole. Therefore, our regulatory compliance system is not only subject to matters related to the adaptation of amendments made to Spain's Criminal Code, and the fight against activities such as corruption and bribery, but also to all levels of compliance the Group is obliged to fulfil.

The Affinity Group's Compliance System is a comprehensive, three-pronged system:



Most notable actions in the area of ethics and compliance

As pointed out above, in the framework of its Internal Control System, the Group carries out a number of actions and has monitoring systems in place for ensuring compliance with the laws and regulations in force.

These include (i) crime prevention programmes developed to comply with the provisions of the Spanish Criminal Code (without prejudice to additional actions required under the laws in other jurisdictions where the group operates); (ii) measures for compliance with the Code of Conduct, including, inter alia, specific training and communication plans for all professionals in the Group, as well as the whistle-blower

hotline; (iii) specific internal rules on regulatory compliance; and (iv) controls that mitigate the risk of breaches of the laws in force.

The Compliance Committee is responsible for the Code of Conduct, the Corruption and Fraud Policy, the Purchasing Policy and the Supplier Code of Ethics, the Crime Prevention Policy, the Whistle-Blower Channel and any others assigned to it by the Audit Committee, the Board of Directors of the Group's holding company or that are included in Affinity's Corporate Governance System.

Fighting corruption and bribery

The Code of Conduct sets out Affinity's commitment against corrupt business practices (in any shape or form) and/or bribery.

Affinity's Anti-Corruption Policy, applicable to all Group companies, develops the principles contained in our Code of Conduct of staunch commitment to strict compliance with the regulations on preventing and fighting against corruption.

Affinity rejects any form of corruption by taking a zero-tolerance approach to any breach of our policy. To prevent corruption, Affinity conducts its business in accordance with the laws in force in all areas and in all the countries where we operate, true to the purpose and spirit of the law, undertaking:

-  Not to influence the will or objectivity of people outside the Company to obtain any benefit or advantage by means of unethical and/or illegal practices.
-  Not to give, promise or offer, directly or indirectly, any item of value to any natural or legal person in order to obtain undue advantages for the Company.
-  Not to allow facilitation payments (small payments in order to expedite or facilitate the completion of administrative or similar formalities).
-  Not to directly or indirectly finance any political party, its representatives or its candidates.
-  Not to use donations to cover up improper payments.
-  Not to solicit or improperly receive, directly or indirectly, commissions, payments or benefits from third parties in connection with investments, divestments, financing or expenditures carried out by the Company.
-  To faithfully and adequately reflect the Company's activities, operations and transactions in the Company's books and records.
-  To foster a culture of integrity within the group, as well as with suppliers and collaborators, through the dissemination of ethical conduct.

Whenever there is any evidence, doubt or suspicion of any form of corruption whatsoever, it must be reported immediately by the Affinity employee to his or her superior, to Legal Services or to Affinity's Internal Control Body. The Company's employees, as well as third parties, may also convey their doubts or concerns through the whistle-blower hotline provided for this purpose.

Affinity will not tolerate any retaliation against anyone who in good faith reports facts that could constitute a breach of our policy.

The company's Code of Conduct, its corporate policies and access to the Whistle-Blower Channel are available on its intranet. A channel has also been enabled on the corporate website, through which the company's suppliers are able to report any conduct that goes against our Suppliers' Code of Ethics.

In 2019, the Compliance Committee did not detect any cases of corruption and/or bribery, nor of any discrimination or breach of human rights.

Finally, as Affinity is not subject to Act 10/2010, of 28 April, on the Prevention of Money Laundering, no specific policy on this matter has been drawn up. Notwithstanding the foregoing, money laundering is dealt with in the risk analysis drawn up by the Compliance Committee, whose findings were that the company's Finance department would be most likely to engage in this practice.



Respect for human rights

Respect for human rights forms part of Affinity's commitments to society and its employees. The Code of Conduct sets forth the basic principles on the dignity of individuals, equal opportunities and gender equality, and non-discrimination. In conducting our business and operations, we are bound by the ethical considerations of the UN's Universal Declaration of Human Rights, the Tripartite Declaration of the International Labour Organization (ILO) and the Guidelines for Multinational Enterprises of the Organisation for Economic Co-operation and Development (OECD).

It should likewise be highlighted that the operations of the companies controlled by the Affinity Group are basically limited to the European market, where both EU and local laws offer a high level of protection in the areas of human rights, prevention of forced labour and child labour.

Knowledge of and compliance with the Code of Conduct is reinforced by the company's communication and training plan, which is delivered to new hires when they join Affinity,

an on-line course that must be completed by all employees; training based on the explanation of the principles and conflicts that may arise; and information sessions on the Code and involvement in the business.

Non-compliance with either the Code or any other aspect related to human rights, will be analysed according to internal procedures, legal regulations and the agreements in force, and may result in disciplinary action or termination as stipulated in the internal regulations and the law.

Affinity's employees have the obligation to inform the company, confidentially, of any breach of the commitments contained in this policy they may observe. People who are not employees of the company but who observe potential breaches in this area may also report them. The company has not received any complaints for human rights violations.

When considering a potential acquisition, Affinity will take into consideration its impact on the protection and promotion of human rights and will define indicators in this regard.

Similarly, the Supplier Code of Ethics to which our suppliers adhere includes among its guiding principles the commitment to respect the protection of internationally recognised

fundamental human and workers' rights within their sphere of influence, and to provide a safe working environment, guaranteeing equal opportunities and complying with all established occupational risk requirements. Suppliers are also responsible for ensuring that their associates and subcontractors abide by these principles.

“The Code of Conduct outlines the principles of the dignity of individuals, equal opportunities and gender equality, and non-discrimination”

4.2. Consumer protection

Quality assurance and food safety

Affinity Petcare, in keeping with its quality and food safety policy:

- 🐾 **Implements** management systems based on efficient processes focused on achieving:
 - Customer and consumer satisfaction.
 - Production and distribution of products that are safe for pets.
- 🐾 **Sets** goals and objectives that continuously challenge us to improve results for customers, consumers, shareholders and suppliers.
- 🐾 **Periodically reviews** the effectiveness of the implemented systems and the associated goals and objectives.

For quality assurance purposes we have identified the following stakeholders:

- 🐾 **Customers:** the ones who distribute and sell Affinity products to consumers.
- 🐾 **Consumers:** the owners of the pets who buy Affinity brand products.
- 🐾 **Dogs and cats:** the end consumers of Affinity products.

As far as food safety, we consider a food risk to be anything which could affect the pet's health and whose effects have either been demonstrated or fall within the realm of reasonable possibility.

All products marketed by Affinity Petcare are designed, manufactured and distributed under controlled conditions with hazard analyses.

For products manufactured by third parties, Affinity ensures that the same principles are applied.

To guarantee all this, Affinity has implemented a HACCP (Hazard Analysis and Critical Control Points) system based on:

- 🐾 **FEDIAF Code of Practices** for the manufacture of safe food for dogs and cats.
- 🐾 **FAO/WHO Codex Alimentarius** “Recommended International Code of Practices - General Principles of Food Hygiene”.
- 🐾 **ISO 22000** “Food safety management systems - Requirements”.

Complaint systems, reception and resolution of complaints

Promoting satisfying relationships with our consumers is vital to our business and their continued improvement.

Affinity maintains a constant dialogue with consumers, who have different channels available to them to communicate with each of the brands and to stay informed of new commercial developments. Communication with our consumers is essential to our business model as their suggestions and opinions enable us to continually improve.

Our customer service handled 9,500 enquiries in 2019, as opposed to 11,000 in 2018. Of the enquiries made in 2019, 9% were for claims, in comparison with 8% in 2018.

In respect of the channels used, 80% were submitted online (85% in 2018) and 20% by telephone (15% in 2018). Insofar as the subject

“Affinity maintains a constant dialogue with consumers, who have different channels of communication available to them”

matter of enquiries is concerned, they were related to a wide range of questions, from where to find a product, its characteristics, incidents through to enquiries about new products. A total of 99% were resolved as of the date of this report (98% in 2018).

Affinity's customer service is free and the open channels allow consumers to hear opinions and clarify doubts as quickly and accurately as possible. Affinity has open channels for all of its brands in order to provide a more personalised and streamlined service.

A change was introduced in September 2019 to consumer care tools and classifications that

brought about a modification to the different indicators for monitoring our business, amongst which was customer satisfaction. By applying these new indicators, the average score out of 10 for our free helpline and online service for the period from September to December 2019 was 8.03 and 6.96, respectively. Using the previous rating methods, the results of the customer satisfaction indicators in 2018 on a four-point scale were 2.69 for the customer helpline and 3.86 for the online service.

The free customer service telephone numbers and the contact forms and e-mail addresses are listed on our website. These contact details also appear on all of our packaging.



4.3. Sustainability in the supply chain

Because Affinity's supply operations are carried out on a European scale, we are able to offer suppliers a guaranteed regulatory framework that affords uniform levels of protection and security in all our commercial relations.

Affinity seeks to establish lasting relationships based on mutual trust with our suppliers wherever we do business and in the different categories of applicable products and services. The mutual success of this business relationship is based on respect for the following principles contained in the Code of Ethics of Good Practice, to which our suppliers adhere:

“Affinity seeks to establish lasting relationships based on mutual trust with our suppliers”

Ethics and Legality:

Suppliers ensure that they comply with the laws in force in the countries where they operate and make a commitment to uphold the strictest standards of ethical and moral conduct, avoiding any type of corrupt practices, conflicts of interest, providing truthful information in their communications with Affinity and ensuring the exercise of free competition.

Labour Practices, Health and Safety:

Suppliers undertake to respect the protection of internationally recognised fundamental human and workers' rights within their sphere of influence, and to provide a safe working environment, guaranteeing equal opportunities and complying with all established occupational risk requirements.

🐾 **The Environment and Animal Welfare:**

Suppliers comply with all legal requirements related to environmental protection and are in possession of the required operating permits, taking a preventive approach and properly managing any substance or material that represents a danger when released into the environment. The Supplier must likewise comply with any legal requirements related to animal welfare if applicable to it.

🐾 **Product Quality and Safety:**

Suppliers guarantee that all products supplied to Affinity comply with all food quality and food safety regulations and laws in force. The Supplier undertakes to immediately inform Affinity about any matter or suspicion related to food safety.

🐾 **Confidentiality and Intellectual Property:**

Suppliers undertake to respect intellectual property rights and to treat any information shared by Affinity and concerning the business relationship between them as confidential, refraining from disclosing it to third parties without Affinity's prior written consent.

🐾 **Subcontracting:**

Suppliers are responsible for ensuring that their collaborators and subcontractors abide by these principles.

In line with its Quality Assurance Policy and in the way it conducts its operations, Affinity uses a standard Supplier Certification Process that, based on the critical nature of the products purchased, subjects its suppliers to audits that cover aspects related both to quality and environmental considerations. Affinity also continually monitors its suppliers in order to guarantee the level of quality and safety of the products purchased.

5. Other commitments to society and sustainable development

5.1. Commitment to society and local communities

In the countries where we have a direct presence, our commitment to Society is expressed through different initiatives focused on animal welfare and the people who interact with them.

Cross-company initiatives

Affinity supports the work of animal shelters in Spain, Italy and France through our **programme of donations to shelters**. It is our contribution to the praiseworthy work of these shelters that take in and care for cats and dogs that have been abandoned or mistreated.

As a result of this initiative, we donate a certain amount of our products to pet shelters every year (see 2.3).

Products sent to dogs and cats shelters



“Affinity supports the work of animal shelters in Spain, Italy and France through our programme of donations”

Specific initiatives

As far as other more specific initiatives are concerned that we are involved in on our main markets, the **Cani Eroi Programme**, “Dogs that save and improve lives” was started in **Italy** in 2010 as a result of the social commitment of the Trainer brand. This initiative seeks to raise awareness of the importance of dogs to humans and the fundamental role they play in protecting human lives and rescuing people in situations of danger.

Dogs play a leading role in many civil protection efforts, water rescue, search and rescue of missing persons, assisting the disabled and acting as therapy animals.

“The Cani Eroi Programme “Dogs that save and improve lives” was started in Italy as a result of the social commitment of the Trainer brand”



With the Cani Eroi project, Trainer seeks to showcase the work, commitment and dedication of these dogs and their educators through different volunteer and governmental associations.



“Our Foundation, present in Spain and France, investigates, acts and promotes the benefits of dogs and cats in society”

Furthermore, in **Spain** and **France** a very important part of Affinity’s commitment to society and local communities is embodied in our corporate Foundation, the **Affinity Foundation**, which since its creation in 1987 researches, engages with and promotes the benefits of pets in society. Funding in 2019 amounted to 1,196 thousand euros (1,191 thousand euros in 2018).

In 2019, the Foundation continued with the mission of spreading the benefits of the relationship between pets and people from the three different areas where the Foundation’s efforts are focused: research, social action and awareness raising. We continued to support the cause #AnimalesQueCuran, through which we wish to highlight the benefits of pet-assisted therapy and the role of pets in society.



In the field of **Dissemination**, the Foundation has spearheaded campaigns in France and Spain to raise awareness of the benefits that animals and, more specifically, therapy dogs, can contribute to people with special needs by publishing the figures of a study conducted by it called “He would never do it”, which puts the problem of abandoned dogs into figures. The Foundation also raises awareness about the responsible ownership of pets.

Our **Social Action** concentrated on animal-assisted therapies.

🐾 The presence of animals can improve the physical, mental, emotional and social health of the people who interact with them. This is clearly demonstrated in animal-assisted therapy programmes.

🐾 Since the early 1990s, the Affinity Foundation has done a great deal of work to introduce, train experts and set up

animal-assisted therapy programmes, with special emphasis placed on best practice and compiling results.

🐾 In 2019, we ran therapy programmes in different fields in both France and Spain. In this case, we contributed through our work with local organisations to set up animal-assisted therapy programmes that were awarded funding in our 2018 Call for Grants.



We continue to be committed to **Research** through the Affinity Animals and Health Foundation Chair at the Autonomous University of Barcelona (UAB), which is gradually working to position itself as a research group at a European level, with several studies, publications and presentations at international conferences on anthrozoology.

The main activities carried out by the Foundation in 2019 are detailed below:

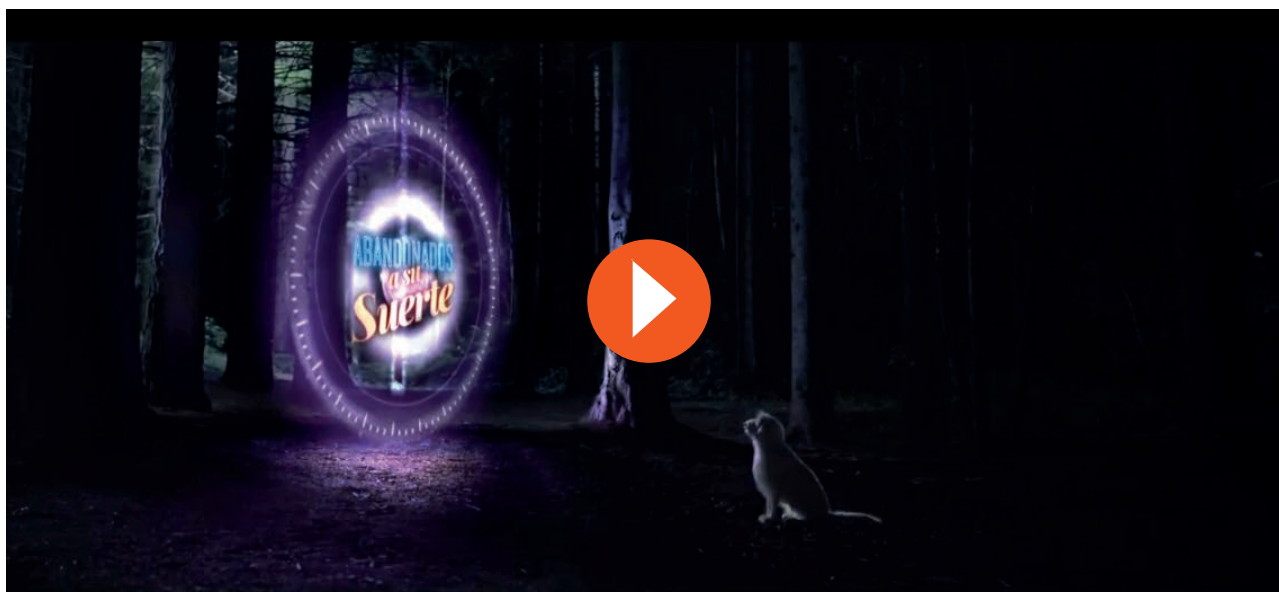
Research

The Chair has conducted and/or supervised 6 research studies, such as a study on abandoned pets, studies to evaluate animal-assisted therapy programmes, and other studies on the link between people and animals in France and Spain.

A total of 12 papers were published in journals such as Animals and Nature Scientific Reports, and submissions at international conferences, such as the IAHAIO Conference, the VMX-NAVC (North American Vet Society) Conference and

the ECAWBM (European College of Animal Welfare & Behavioural Medicine) Congress.

In addition, as we have done each year for more than 20 years, we completed a study on abandoned and adopted pets with the help of hundreds of pet shelters in Spain, which brought to light the gravity of the problem of abandoned pets. The number of pets taken into shelters was stable in comparison with other years, with a figure of around 140,000 cases reported.

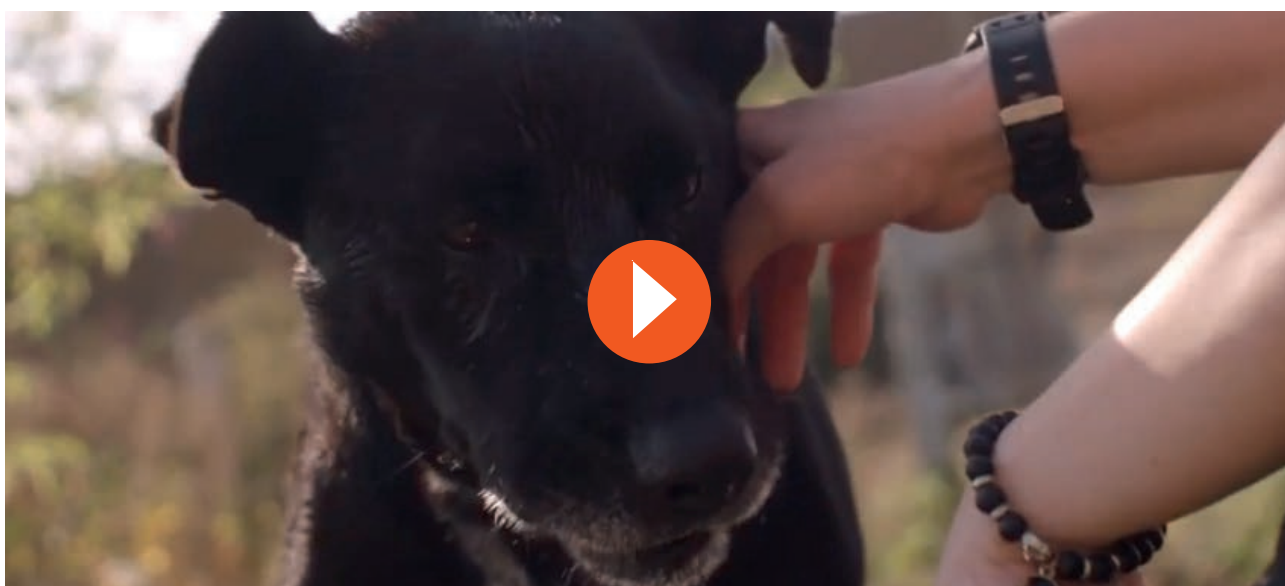


In France, following a study of the relationship between people and cats last year in the CORS study, further work was done into the relationship between people and dogs in the MDORS study.

Social action

We ran a number of programmes on animal-assisted therapies in France and Spain, such as **Compludog**, in collaboration with the Complutense University of Madrid, to help mitigate students' stress levels; the **Opening Doors** programme in a prison in Nantes with the association Coeur d'Artichien; **Ehpad Alzheimer**, a programme intended for old people with Alzheimer's disease; **Zigzag Zoo**, a programme carried out in collaboration with the association Les Animaliens, for children with slight learning disabilities and behind in their schooling; and **HealingDog**, a programme to lessen post-traumatic stress with the help of rescue dogs, with the collaboration of the Institute of Victimology and the AVA Refuge.

“Social Action
has focused
on Therapy
programs”





Others continued to be run, such as **Buddies**, set up for young adolescents who live in government-run boarding schools in Catalonia; **Respect Me**, a programme for the prevention of bullying carried out at the school Leon XIII; the one at La Falguera retirement home, which seeks to contribute to the emotional, cognitive, physical and social well-being of the old people who live at the home; and the **Opening Doors** programme, which has been run in a number of prisons across Spain for several years.



Awareness

The Foundation's message was disseminated through the usual channels: media, events, public relations, web, social networks, etc.



#Animales QueCuran

Dissemination makes known the benefits of animal-assisted therapies through the testimonials of the people involved in them.

The Affinity Foundation also flags up abandoned pets and promotes their adoption in collaboration with the **Miwuki digital platform** that brings shelters and potential adopters together.



5.2. Net profit per country and corporate tax paid

The net profit by country, including companies consolidated using the full and proportional integration method (excluding companies carried for by the equity method), is as follows:

BENEFICIO NETO POR PAÍS (thousands of €)			2019		2018	
Spain	35,418	71%	36,088	74%		
Italy	9,275	20%	8,203	17%		
France	3,853	8%	4,367	9%		
Germany	0	0%	-9	0%		
Belgium	18	0%	26	0%		
UK	0	0%	-4	0%		
Netherlands	0	0%	1	0%		
Portugal	265	1%	348	1%		
Brazil	-2	0%	-64	0%		
TOTAL	48,828	100%	48,956	100%		

The corporation tax paid by Affinity was 13,439 thousand euros in 2019 and 14,473 thousand euros in 2018. This amount was calculated on a cash basis.

5.3. Public aid received

The grants carried over to the income statement can be broken down as follows:

(thousands of €)	2019	2018
Spain	33	0
France	34	26
TOTAL	67	26

As was the case in the previous year, in France we received a payment for energy efficiency in the framework of the Primes Énergie programme. In addition, in Spain we received a capital grant in the amount of €532,542 in the framework of a grant programme for energy efficiency, which is co-financed through European Union funding and managed by the Agency for Innovation and Development of Andalusia (IDEA), that was used to improve the technology in machinery and industrial processes.

Appendix 1 “Table of contents of Act 11/2018 on Non-Financial Reporting”

Requirements of Act 11/2018	Related GRI standards		NFIS Caption
General information			
Brief description of the Group's business model, which should include: 1.) Its business environment 2.) Its set-up and structure 3.) The markets on which it operates 4.) Its objectives and strategies 5.) The main factors and trends that could affect its future evolution	102-1	Name of the organisation	1.1. Business model
	102-2	Activities, brands, products and services	1.1. Business model 1.2. Market environment
	102-3	Location of the company's headquarters	1.1. Business model
	102-4	Location of operations	1.1. Business model
	102-6	Markets served	1.1. Business model
	102-7	Size of the organisation	1.1. Business model 1.2. Market environment 1.3. Business strategy
	Description of the policies that the group applies with respect to environmental management, including the due diligence procedures applied to identify, evaluate, prevent and mitigate risks and significant impacts, and for verification and control, including the measures adopted.	103	Management approach for each area.
103		Management approach for each area	4.1. Ethics and the internal control model 4.2. Consumer protection 4.3. Sustainability in the supply chain 5.1. Commitment to society and local communities
The results of these policies should include key indicators for the most significant non-financial results that allow us to monitor and evaluate our progress and that encourage comparability across companies and sectors, in accordance with the benchmark national, European and international frameworks used for each matter.			
The key environmental risks associated with the Group's activities, including, where pertinent and proportionate, its business relations, products or services that might have a negative impact on these areas, and the way the group manages these risks, explaining the procedures used to detect and evaluate them in accordance with the benchmark national, European and international frameworks for each matter. Disclosures on the impacts detected must be included, providing a breakdown thereof, particularly key short, medium and long-term risks.	102-15	Main impacts, risks and opportunities	1.4. Risk management 2.1. Management approach 3.5. Health and safety at the workplace 4.2. Consumer protection 4.1. Ethics and the internal control model 4.3. Sustainability in the supply chain

1. Information on environmental issues

1.) Detailed information on the current and foreseeable effects of the company's activities on the environment and, where applicable, on health and safety, environmental assessment and certification procedures. 2.) The resources dedicated to preventing environmental risks. 3.) The application of the precautionary principle, the number of provisions and guarantees in place for environmental risks.	103-1	Management approach for each area on environmental issues	2.1. Management approach
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Requirements of Act 11/2018

Related GRI standards

NFIS Caption

Pollution

Methods to prevent, reduce or offset carbon emissions that seriously damage the environment, keeping in mind any type of atmospheric pollution that is specific to a given activity, including noise and light pollution.

103-1

Explanation of the topic in question and how it is covered (Emissions/Biodiversity)

2.4. Pollution

Circular economy, and waste prevention and management

Waste: Description of measures for prevention, recycling and reuse, other forms of waste recovery and elimination; actions to combat food waste.

103-1

Explanation of the topic in question and how it is covered (Effluents and Waste)

301-2

Supplies recycled

2.3. Circular economy, and waste prevention and management

306-2

Waste by type and means of disposal

Sustainable resource use

Water consumption and water supply in accordance with local restrictions.

303-1

Interactions with water as a shared resource

303-4

Wastewater

303-5

Water consumption

2.2. Sustainable use of resources

Consumption of raw materials and the measures adopted to improve how efficiently they are used.

103-1

Explanation of the topic in question and how it is covered (Materials)

301-1

Material used by weight or volume

2.2. Sustainable use of resources

Direct and indirect energy consumption, measures taken to improve energy efficiency and the use of renewable energy.

103-1

Explanation of the topic in question and how it is covered (Energy)

302-1

Energy consumption within the organisation

302-4

Reducing energy consumption

2.2. Sustainable use of resources

Climate change

The most significant aspects of greenhouse gas emissions generated as a result of the company's business activities, including the use of the goods and services produced by the company. The measures adopted to adapt to the consequences of climate change; Our medium and long-term goals established to reduce greenhouse gas emissions and the means implemented for that purpose.

103-1

Explanation of the topic in question and how it is covered (Emissions)

305-1

Direct greenhouse gas emissions (Scope 1)

305-2

Indirect greenhouse gas emissions while generating energy (Scope 2)

305-5

Reducing greenhouse gas emissions

2.4. Pollution

Biodiversity

Measures taken to preserve or restore biodiversity.

103-1

Explanation of the topic in question and how it is covered (Biodiversity)

2.5. Protection of biodiversity

Impacts caused by activities or operations in protected areas.

304-2

Any significant impact of our activities, products or services on biodiversity

2.5. Protection of biodiversity

Requirements of Act 11/2018

Related GRI standards

NFIS Caption

II. Information on social and employee issues

Employment

Total number of employees and distribution by gender, age, country and professional category.	102-8	Information on employees and other workers	
Total number and distribution of work contracts.			
Annual average in terms of permanent contracts, temporary contracts and part-time contracts by gender, age and professional category.	405-1	Diversity in government bodies and employees	3.2. Our staff
Employees with disabilities.	405-1	Diversity in government bodies and employees	3.1. Management approach
The average salary and its evolution, broken down by gender, age and professional category or equal value			
Wage gap, salaries for the same work job or similar positions in the company.	405-2	Comparison of base salary and compensation for women compared to men	3.3. Compensation and wage gap
The average salaries of board members and senior management, including variable compensation, meal allowances, other expenses and payment into long-term savings systems, as well as any other item, broken down by gender.	102-35	Salary policies	3.3. Compensation and wage gap
Implementation of workstation disconnection policies.	103-1	Explanation of the topic in question and how it is covered (Employment)	3.2. Our staff
Number of dismissals by gender, age and professional category.	401-1	Newly hired employees and job rotation	3.2. Our staff

Work organisation

Organisation of working hours.	103-1	Explanation of the topic in question and how it is covered (Employment)	3.4. Organisation of work and flexibility policies
Number of hours of absenteeism.	403-9	Injuries due to work-related accidents	3.4. Organisation of work and flexibility policies
Measures aimed at facilitating a good work/life balance and encouraging joint parenting by both parents.	103-1	Explanation of the topic in question and how it is covered (Employment)	3.4. Organisation of work and flexibility policies

Health and Safety at the Workplace

Health and safety conditions at the workplace.	103-1	Explanation of the topic in question and how it is covered (Health and Safety at the Workplace)	3.5. Health and safety at the workplace
Workplace accidents, especially their frequency and seriousness, and occupational illnesses, broken down by gender.	403-9	Injuries due to work-related accidents	3.5. Health and safety at the workplace

Social Relations

Organising a social dialogue, including procedures to inform and consult staff and negotiate with them.	103-1	Explanation of the topic in question and how it is covered (Employee-Employer Relations)	3.6. Social relations
Percentage of employees covered by the company's collective bargaining agreement.	102-41	Collective bargaining agreements	3.6. Social relations



Requirements of Act 11/2018

Related GRI standards

NFIS Caption

Overview of the collective bargaining agreements, particularly in the field of occupational health and safety.

403-4

Employee participation, dialogue and communication on health and safety in the workplace.

3.6. Social Relations

Training

Policies implemented in relation to training.

103-1

Explanation of the topic in question and how it is covered (Courses and Training)

3.7. Training of workers

Total hours of training by professional category.

404-1

Average hours of training per year per employee.

3.7. Training of workers

Accessibility

Universal accessibility for people with disabilities.

103-1

Explanation of the topic in question and how it is covered (Diversity and Equality)

3.1. Management approach

Equality

Measures taken to promote equal treatment and opportunities for men and women.

Equality plans (Chapter III of Organic Law 3/2007 of 22 March, on equality for men and women), measures adopted to promote employment, protocols against sexual and gender-based harassment, integration and universal accessibility for people with disabilities.

Policies against all types of discrimination and, where appropriate, diversity management.

103-1

Explanation of the topic in question and how it is covered (Diversity and Equality)

3.8. Respect for diversity and equal opportunities

III Information on respect for human rights

Application of due diligence procedures in human rights matters. Prevention of risks of human rights breaches and, where applicable, measures to mitigate, manage and correct any human rights abuses committed.

103-1

Explanation of the topic in question and how it is covered (Evaluation of Human Rights)

102-16

Values, principles, standards and codes of conduct

4.1. Ethics and the internal control model

102-17

Mechanisms in place for ethical evaluation and concerns.

Promoting and complying with the provisions of the fundamental conventions of the International Labour Organisation in relation to respect for freedom of association and the right to collective bargaining.

407-1

Operations and suppliers where their right to freedom of association and collective bargaining might be at risk.

3.1. Management approach
2.2. Ethics and the internal control model

Complaints made for human rights abuses.

406-1

Cases of discrimination and corrective actions taken

4.1. Ethics and the internal control model

Eradicating discrimination in recruitment and the workplace. Eradicating forced or compulsory labour; the effective eradication of child labour.

408-1

Operations and suppliers with a significant risk of cases of child labour

4.1. Ethics and the internal control model

409-1

Operations and suppliers with a significant risk of cases of forced or compulsory labour

Requirements of Act 11/2018

Related GRI standards

NFIS Caption

IV. Information related to fighting corruption and bribery

Measures adopted to prevent corruption and bribery Measures to fight against money laundering.	103-1	Explanation of the topic in question and how it is covered (Anti-corruption)	4.1. Ethics and the internal control model
	102-16	Values, principles, standards and codes of conduct	
	102-17	Mechanisms in place for ethical evaluation and concerns.	
	205-2	Communication and training on anti-corruption policies and procedures	
Contributions to foundations and non-profits.	413-1	Operations involving participation from the local community, impact assessments and development programmes	5.1. Commitment to society and local communities

V. Information about the company

The company's sustainable development commitments

The impact of the company's activity on employment and local development. The impact of the company's activity on local towns and in the local region. Partnership and sponsorship actions.	203-1	Investment in infrastructure and supported services.	5.1. Commitment to society and local communities
	413-1	Operations involving participation from the local community, impact assessments and development programmes	
Relationships maintained with stakeholders in local communities and the types of dialogue with them.	102-43	Approaches to stakeholder engagement	5.1. Commitment to society and local communities
	102-44	Key topics and concerns mentioned	

Subcontracting and suppliers

Including social, gender-equality and environmental matters in our purchasing policy. Taking into account social and environmental responsibility in relationships with suppliers and subcontractors. Monitoring systems, audits and their results.	102-9	Supply chain	4.3. Sustainability in the supply chain
	103-1	Explanation of the topic in question and how it is covered (Environmental evaluation suppliers)	
	103-1	Explanation of the topic in question and how it is covered (Acquisition practices)	

Consumers

Measures for the health and safety of consumers Complaint systems, complaints received and their resolution.	103-1	Explanation of the topic in question and how it is covered (Health and Safety of Customers, Marketing and Packaging, Customer Privacy)	4.2. Consumer protection
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Tax information

Profits obtained by country. Tax paid on profits.	103-1	Explanation of the topic in question and how it is covered (Financial Performance)	5.2. Net profit per country and corporate tax paid
Public grants received.	201-4	Financial assistance received from the government	5.3. Public aid received



Appendix 2. Audit Report

Affinity Petcare, S.A. (Sociedad Unipersonal) and subsidiaries

Independent Verification Report
on the Non-Financial Information Statement
31st December 2019



A free translation from the original in Spanish

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent verification report

To the Unique Shareholder of Affinity Petcare, S.A. (Sociedad Unipersonal):

Pursuant to Article 49 of the Code of Commerce, we have verified, under a limited assurance scope, the accompanying Non-Financial Information Statement (NFIS) for the year ended 31st December 2019 of Affinity Petcare, S.A. (the Parent company) and subsidiaries (hereinafter 'Affinity' or 'the Group') which forms part of the Group's Consolidated Management Report.

The content of the NFIS includes additional information to that required by the current mercantile legislation related to non-financial information reporting which has not been covered by our verification work. In this respect, our work has been restricted solely to verifying the information identified in the Appendix 'Table of contents of Act 11/2018 on Non-Financial Reporting' included in the accompanying NFIS.

Responsibility of the Board of Directors of the Parent company

The preparation of the NFIS included in Affinity's Consolidated Management Report and the content thereof are the responsibility of the Board of Directors of Affinity Petcare, S.A. The NFIS has been drawn up in accordance with the provisions of current mercantile legislation and with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards) in line with the details provided for each matter in the Appendix 'Table of contents of Act 11/2018 on Non-Financial Reporting' of the aforementioned Statement.

This responsibility also includes the design, implementation and maintenance of the internal control considered necessary to allow the NFIS to be free of any immaterial misstatement due to fraud or error.

The directors of Affinity Petcare, S.A. are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the NFIS is obtained.

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R. M. Madrid, hoja 87.250-1, folio 75, tomo 9.267, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79 031290



Our independence and quality control

We have complied with the independence requirements and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA) which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies the International Standard on Quality Control 1 (ISQC 1) and therefore has in place a global quality control system, which includes documented policies and procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The engagement team has been formed by professionals specialising in non-financial information reviews and specifically in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent verification report based on the work carried out. Our work has been carried out in accordance with the requirements laid down in the current International Standard on Assurance Engagements 3000 Revised, 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information' (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with the Guidelines for verification engagements on non-financial information statement issued by the Spanish Institute of Auditors ('Instituto de Censores Jurados de Cuentas de España').

In a limited assurance engagement, the procedures performed vary in terms of their nature and timing of execution, and are less extensive than those carried out in a reasonable assurance engagement. Accordingly, the assurance obtained is substantially lower.

Our work has consisted of posing questions to management and several Group's units that were involved in the preparation of the NFIS, in the review of the processes for compiling and validating the information presented in the NFIS, and in the application of certain analytical procedures and review sampling tests, as described below:

- Meetings with the Group personnel to ascertain the business model, policies and management approaches applied, the main risks related to these matters and to obtain the information required for the external review.
- Analysis of the scope, relevance and integrity of the contents included in the NFIS for 2019, based on the materiality analysis carried by the Group, considering the content required under current mercantile legislation.
- Analysis of the procedures used to compile and validate the information presented in the NFIS for 2019.



- Review of information concerning risks, policies and management approaches applied in relation to material issues presented in the NFIS for 2019.
- Verification, through sample testing, of the information relating to the content of the NFIS for 2019 and its adequate compilation using data supplied by the Group's sources of information.
- Obtainment of a management representation letter from the Directors and the Management of the Parent company.

Conclusion

Based on the procedures performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Affinity's NFIS for the year ended 31st December 2019 has not been prepared, in all its significant aspects, in accordance with the provisions of current mercantile legislation and the GRI Standards in line with the details provided for each matter in the Appendix 'Table of contents of Act 11/2018 on Non-Financial Reporting' of the aforementioned Statement.

Use and distribution

This report has been drawn up in response to the requirement laid down in current Spanish mercantile legislation and therefore might not be suitable for other purposes or jurisdictions.

PricewaterhouseCoopers Auditores, S.L.

PRICEWATERHOUSECOOPERS AUDITORES, S.L.

Original in Spanish signed by
Ignacio Marull Guasch

May 13th, 2020



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