

Petco Health and Wellness Company, Inc.

Principles of Corporate Governance

The Board of Directors of Petco Health and Wellness Company, Inc. (the “Company”) has adopted the corporate governance principles (the “Principles”) set forth below as a framework for the governance of the Company. The Nominating and Corporate Governance Committee reviews the Principles annually and recommends changes to the Board of Directors (the “Board of Directors” or the “Board”) as appropriate.

1. Role and Composition of the Board of Directors

(a) Role of the Board

The Board of Directors, which is elected by the Company’s stockholders, oversees the management of the Company and its business. The Board selects the senior management team, which is responsible for operating the Company’s business, and monitors the performance of senior management. Consistent with the oversight function of the Board, the Board’s core responsibilities include:

- Reviewing the Company’s strategies and monitoring their implementation and results;
- Overseeing the integrity of the Company’s financial statements and the Company’s financial reporting process;
- Overseeing the Company’s processes for assessing and managing risk;
- Overseeing legal and regulatory compliance;
- Engaging in succession planning for the Board and key leadership roles on the Board and its committees;
- Nominating the Company’s director candidates and appointing committee members;
- Shaping effective corporate governance; and
- Providing advice and counsel to management regarding significant issues facing the Company and reviewing and approving significant corporate actions.

(b) Size, Composition and Membership Criteria

The number of directors that constitutes the Board is fixed from time to time, pursuant to the Company’s Certificate of Incorporation (as amended and/or restated from time to time, the “Certificate of Incorporation”) and the Company’s Bylaws (as they may be amended from time to time) and subject to the rights granted to the Principal Stockholder (as defined in the Certificate of Incorporation) under the Stockholder’s Agreement (as defined in the Certificate of Incorporation). Once the Company is no longer a “controlled company” under the rules of the Nasdaq Global Select Market LLC (“Nasdaq”) and subject to the applicable transition rules with respect thereto, the Board will have a majority of directors who are “independent.” An “independent” director is a director who meets the Nasdaq definition of independence, as determined by the Board. The Board makes an affirmative determination regarding the independence of each director annually, based upon the recommendation of the Nominating and Corporate Governance Committee.

The Nominating and Corporate Governance Committee considers and makes recommendations to the Board regarding the size, structure, composition and functioning of the Board. In addition, the Nominating and Corporate Governance Committee engages in succession planning for the Board and key leadership roles on the Board and its committees. The Nominating and Corporate Governance Committee is also responsible for establishing and overseeing processes and procedures for the selection and nomination of directors.





The Nominating and Corporate Governance Committee periodically reviews, and recommends to the Board, the skills, experience, characteristics and other criteria for identifying and evaluating directors. The Board considers diversity of occupational and personal backgrounds and perspectives among its members and expects that its members will have a range of skills and expertise sufficient to provide guidance and oversight with respect to the Company's strategy and operations. The Board expects directors to be open and forthright, to develop a deep understanding of the Company's business, and to exercise sound judgment in fulfilling their oversight responsibilities. Directors should embrace the Company's values and culture and should possess the highest levels of integrity.

The Nominating and Corporate Governance Committee evaluates the composition of the Board annually to assess whether the skills, experience, characteristics and other criteria established by the Board are currently represented on the Board as a whole, and in individual directors, and to assess the criteria that may be needed in the future in light of the Company's anticipated needs. The Board and the Nominating and Corporate Governance Committee also actively seek to achieve a diversity of occupational and personal backgrounds on the Board, including diversity with respect to demographics such as gender, race, ethnic and national background, geography, age and sexual orientation. As part of the search process for each new director, the Nominating and Corporate Governance Committee actively seeks out women and minority candidates to include in the pool from which Board nominees are chosen.

The Nominating and Corporate Governance Committee reviews the qualifications of director candidates and incumbent directors in light of the criteria approved by the Board and recommends the Company's candidates to the Board for election by the Company's stockholders at the annual meeting. The Nominating and Corporate Governance Committee also considers director candidates recommended by Company stockholders in accordance with the procedures set forth in the Company's proxy statement for the annual meeting.

(c) Board Leadership

The Nominating and Corporate Governance Committee and the Board periodically review the Board's leadership structure to evaluate whether the structure remains appropriate for the Company. In addition, at any time when the Chairman of the Board, if any, is not an independent director, the independent directors may appoint, or recommend to the Board for appointment, an independent director to serve as the lead independent director for a period of at least one year. The responsibilities of the lead independent director, if any, shall include such responsibilities as delegated thereto by the independent directors or the Board, as applicable, and may include: (i) working closely with the CEO and Chairman, if any, in framing the issues for Board consideration and setting the Board agenda; (ii) working closely with the CEO and Chairman, if any, to ensure that there is sufficient time for discussion of all agenda items and reviewing schedules for Board meetings; (iii) working with the CEO and Chairman, if any, with respect to information sent to the Board for Board meetings; (iv) presiding at all meetings of the Board at which the Chairman, if any, is not present and at all executive sessions of the non-employee and independent directors, as applicable; (v) acting as a liaison between the non-employee directors and the CEO and Chairman, if any; and (vi) if requested by major stockholders, being available for consultation and direct communication. The lead director, if any, may also have the authority to call meetings of the independent directors.

(d) Change in Principal Occupation

When a director's principal occupation or business association changes substantially during the director's tenure on the Board, the director must notify the chairperson of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee will evaluate the continued appropriateness of Board membership under the new circumstances and make a recommendation to the Board as to any action to be taken with respect to such circumstances.



(e) Service on Other Boards and Audit Committees

Directors are encouraged to limit the number of other boards on which they serve so as not to interfere with their service as a director of the Company. Ordinarily, directors may not serve on the boards of more than four public companies, including the Company's Board, unless the Board determines that such simultaneous service would not impair the ability of such director to effectively serve on the Company's Board. However, directors who are chief executive officers (other than interim chief executive officers) of public companies may not serve on the boards of more than one other public company, in addition to the Company's Board. Service on the boards of subsidiary companies with no publicly traded stock (or that issue only debt), non-profit organizations and private companies is not included in this calculation. Moreover, if a director sits on several mutual fund boards within the same fund family, it will count as one board for purposes of this calculation.

Directors must inform the chairperson of the Nominating and Corporate Governance Committee as well as the Chairman of the Board, if any, in advance of accepting an invitation to serve on the board of another for-profit organization.

Members of the Audit Committee may not serve on the audit committees of more than two other public companies, unless the Board determines that such simultaneous service would not impair the ability of such member to effectively serve on the Company's Audit Committee.

(f) Plurality Voting; Director Resignation Policy

The Company has adopted plurality voting in elections of directors as well as a resignation policy for its directors. Under the resignation policy, any director who receives a greater number of votes "withheld" for his or her election than "for" such election must promptly tender his or her resignation offer to the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee will recommend to the Board whether to accept or reject the resignation offer, or whether other action should be taken. In determining whether to recommend that the Board accept any resignation offer, the Nominating and Corporate Governance Committee may consider all factors that the Committee's members believe are relevant.

The Board will act on the Nominating and Corporate Governance Committee's recommendation within 90 days following certification of the election results. In deciding whether to accept the resignation offer, the Board will consider the factors considered by the Nominating and Corporate Governance Committee and any additional information and factors that the Board believes to be relevant. If the Board accepts a director's resignation offer pursuant to this process, the Nominating and Corporate Governance Committee will recommend to the Board and the Board will thereafter determine whether to fill the vacancy or reduce the size of the Board, in each case, subject to the rights granted to the Principal Stockholder under the Stockholder's Agreement. Any director who tenders his or her resignation offer pursuant to this provision will not participate in the proceedings of either the Nominating and Corporate Governance Committee or the Board with respect to his or her own resignation offer.

2. Functioning of the Board

(a) Agendas

Working with the lead independent director, if any, the Chairman of the Board, if any, establishes the agenda for each Board meeting. If there is no Chairman of the Board, unless otherwise determined by the Board, the chairperson of the Nominating and Corporate Governance Committee will establish the agenda for each Board meeting. Agenda items that fall within the scope of responsibilities of a Board committee are reviewed with the chairperson of that committee.





Directors are encouraged to suggest the inclusion of items on the agenda. Directors are also free to raise subjects at a Board meeting that are not on the agenda for that meeting.

(b) Distribution and Review of Board Materials

Board materials related to agenda items are provided to directors sufficiently in advance of Board meetings to allow directors to review and prepare for discussion of the items at the meeting. In some cases, due to timing or the sensitive nature of an issue, materials are presented only at the Board meeting.

(c) Meetings

The Board holds regularly scheduled meetings throughout the year and holds additional meetings as necessary to carry out its responsibilities. Directors are expected to attend Board meetings and meetings of the Board committees on which they serve.

(d) Executive Sessions

The independent directors meet in regularly scheduled executive sessions without management present, as determined by the independent directors. The lead independent director, if any, presides at executive sessions. If there is no lead independent director, the independent directors shall elect a director to present at such executive sessions. In addition, the Board meets regularly with the CEO.

(e) Strategic Planning

The Board reviews the Company's long-term strategic plan at least annually and monitors implementation of the strategic plan throughout the year. In addition, the Board may hold an annual retreat that focuses on the Company's strategy and the major areas of the Company's business.

(f) Confidentiality

Directors must protect and hold confidential all non-public information that comes to them, from whatever source, in their capacity as a director of the Company, unless disclosure is authorized or required by law or as otherwise provided in the Stockholder's Agreement. Subject to the rights granted to the Principal Stockholder and its nominees in the Stockholder's Agreement, proceedings and deliberations of the Board and its committees are confidential.

(g) Attendance at Annual Meeting of Stockholders

Directors are expected to attend the annual meeting of stockholders absent unusual circumstances.

3. Structure and Functioning of Committees

(a) Number, Structure and Independence of Committees

The Board has three standing committees: Audit, Nominating and Corporate Governance and Compensation Committees. The Board may also establish and maintain other committees from time to time as it deems necessary and appropriate.

As a "controlled company," the Company relies upon the exemption from the Nasdaq requirements of having the Nominating and Corporate Governance Committee and the Compensation Committee be composed entirely of independent directors. The Company also relies on the transition rules of the Securities Exchange Commission and Nasdaq





for newly public companies with respect to the independence of the Audit Committee. Once the Company is no longer controlled and can no longer rely on the transition rules for newly public or controlled companies, as applicable, all of the members of the Audit, Nominating and Corporate Governance and Compensation Committees will be required to satisfy the independence requirements detailed in their respective committee charters.

(b) Assignment of Committee Members

The Nominating and Corporate Governance Committee considers and makes recommendations to the Board regarding committee size, structure, composition and functioning. Subject to the rights granted to the Principal Stockholder under the Stockholder's Agreement, committee members and chairpersons are recommended to the Board by the Nominating and Corporate Governance Committee and appointed by the full Board.

(c) Responsibilities

Each standing committee operates under a written charter that sets forth the purposes and responsibilities of the committee as well as qualifications for committee membership. Each standing committee assesses the adequacy of its charter annually and recommends changes to the Board as appropriate. All committees report regularly to the full Board with respect to their activities.

(d) Meetings and Agendas

The chairperson of each committee determines the frequency, length and agenda of the committee's meetings. Materials related to agenda items are provided to committee members sufficiently in advance of meetings to allow the members to review and prepare for discussion of the items at the meeting.

4. Director Access to Management and Advisers

At the invitation of the Board, members of senior management may attend Board meetings or portions of meetings for the purpose of presenting matters to the Board and participating in discussions. Directors also have full access to members of the Company's management, subject to reasonable efforts to avoid disruption to the Company's business and operations.

The Board has the authority to retain such outside counsel, experts and other advisers as it determines appropriate to assist it in the performance of its functions. Each of the Audit, Nominating and Corporate Governance and Compensation Committees has similar authority to retain outside advisers as it determines appropriate to assist it in the performance of its functions.

5. Director Compensation

The Compensation Committee periodically reviews the form and amount of the compensation of directors. Director compensation is set by the Board based upon the recommendation of the Compensation Committee. Compensation consists of a combination of cash and equity. Management directors and directors who are employees or officers of the Principal Stockholder (or its affiliates) do not receive compensation for service on the Board.

6. Stock Ownership Guidelines

In order to align the interests of directors and executive officers with the long-term interests of the Company's stockholders, the Board has adopted stock ownership guidelines.



7. Succession Planning

The Compensation Committee is responsible for oversight of succession planning for certain senior management positions. At least annually, the Compensation Committee reviews with the Board succession planning and management development, including recommendations and evaluations of potential successors to fill the CEO and other senior management positions. The succession planning process includes consideration of both ordinary course succession, in the event of planned promotions and retirements, and planning for situations where the CEO or another member of senior management unexpectedly becomes unable to perform the duties of his or her position.

8. Formal Evaluation of the CEO

The Compensation Committee is responsible for setting annual and long-term performance goals for the CEO, evaluating the CEO's performance against those goals, and setting the CEO's compensation levels. Both the goals and the evaluation are submitted for consideration by the independent directors meeting in executive session. The results of the evaluation are shared with the CEO and used by the Compensation Committee in setting the CEO's compensation levels.

9. Director Orientation and Continuing Education

The Company may implement an orientation process for Board members that is designed to familiarize new directors with various aspects of the Company's business, including the Company's strategy, operations, finances, risk management processes, compliance program and governance practices. The Board encourages directors to participate in education programs to assist them in performing their responsibilities as directors.

10. Board and Committee Performance Evaluations

The Board conducts an annual self-evaluation to assess its performance. The Audit, Nominating and Corporate Governance and Compensation Committees conduct annual self-evaluations to assess their performance. The ability of individual directors to contribute to the Board is considered in connection with the re-nomination process.

The Nominating and Corporate Governance Committee is responsible for developing, administering and overseeing processes for conducting evaluations.

11. Stockholder Engagement

To enable the Company to speak with a single voice, as a general matter, senior management serves as the primary spokesperson for the Company and is responsible for communicating with various constituencies, including stockholders, on behalf of the Company. Directors may participate in discussions with stockholders and other constituencies on issues where Board-level involvement is appropriate. In addition, the Nominating and Corporate Governance Committee oversees the Company's stockholder engagement efforts and makes recommendations to the Board regarding its involvement in stockholder engagement.

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