

PETCO INTERNATIONAL, LLC

FOREIGN CORRUPT PRACTICES ACT AND ANTI-BRIBERY POLICY

Effective: January 1, 2012

PETCO International, LLC (“PETCO”) must comply with all anti-bribery laws, including the U.S. Foreign Corrupt Practices Act (the “FCPA”), and conduct PETCO’s business operations around the world in a lawful and ethical manner. It is a violation of this policy and federal law for a PETCO associate or affiliate to (a) directly or indirectly, give, offer, promise or approve a bribe to a foreign government official in order to obtain or retain business for PETCO, or for any improper business purpose and (b) fail to maintain PETCO’s books and records accurately and follow the internal accounting controls of PETCO. PETCO, our affiliates, our associates, agents, third-party representatives, and joint venture partners are required to comply with this policy. Violators face severe disciplinary action (up to and including termination) and criminal penalties up to imprisonment, as well as other harsh fines and penalties.

I. WHO IS COVERED BY THE FCPA AND THIS POLICY

- PETCO and any affiliated entities.
- PETCO’s associates, officers, and directors, wherever located.
- PETCO’s agents, brokers, joint venture partners and third party representatives.

II. WHAT YOU ARE NOT ALLOWED TO DO UNDER THE FCPA AND THIS POLICY

You are not allowed to violate this policy, or the provisions of the FCPA: namely, (a) the anti-bribery provisions of foreign officials; or (b) the books and records/internal controls provisions of the FCPA.

A. Anti-bribery Provisions: No Bribes or Anything of Value to Foreign Officials

1. You must never make a payment or anything of value, directly or through third parties, to a foreign official, foreign political party, foreign party

official, candidate for foreign political office or a representative from a state-owned commercial enterprise in order to obtain business for PETCO, or to gain an improper advantage or benefit for PETCO.

2. A “foreign official” includes any officer or employee of a foreign government or any foreign government’s department, agency, or branch, any foreign political party, foreign party official or candidate for foreign political office, or an employee of a public international organization, and any person acting on behalf of one of these persons.

3. An improper payment under PETCO’s policy and the FCPA includes cash or anything of value that is either offered or given in order to improperly influence a foreign official to provide a business opportunity or to retain business, or otherwise to obtain an improper advantage.

4. An improper business purpose exists when the payment is offered or made to influence a foreign official to do or stop doing something in violation of his or her lawful duty. Such a payment is improper even if the purpose is to influence the foreign official to make a sound business decision. The improper payment still violates the policy and the FCPA even when it does not result in a successful business outcome for PETCO.

5. If you know that an improper payment is intended to be passed on to a foreign official by a broker, agent or other third party, or if you have a “firm belief” that the payment will be passed on the official, you have “knowledge” of misconduct. “Sticking one’s head in the sand”, or looking the other way will not protect an associate, officer or director from creating legal exposure for PETCO or the associate, as “conscious disregard” or “willful blindness” constitutes “knowledge” of wrongdoing and creates legal liability under the FCPA.

6. Fees significantly higher than normal and guarantees of success are red flags for illegal payments under the FCPA. PETCO will not pay unusually large or above-market fees, commissions, costs or other expenses for goods or services in a foreign country.

B. Books and Records: No False Recordkeeping/ No Unauthorized Payments

PETCO's books and records must be accurate, and our accounts must fairly reflect the transactions and activities of PETCO. PETCO has a system of internal accounting controls that are designed and maintained to provide all financial and accounting assurances required for a U.S.-publicly traded company.

Our company internal controls should provide assurances that reflect that:

- Company transactions are properly authorized by management.
- Access to company assets is restricted and requires management's appropriate authorization.
- Transactions are recorded as required for preparation of PETCO's financial statements, and in a way that PETCO's actions can be accounted for in proper manner at all times.

III. OTHER PAYMENTS FOR LIMITED PURPOSES UNDER THIS POLICY AND THE FCPA

The FCPA permits payments to be made for foreign officials under very limited circumstances and highly technical, legal conditions. These payments include "facilitating payments", payments that are lawful under local law, and payments made in connection with marketing and promotion of PETCO's products or directly related to the performance of a contract. You must consult PETCO's outside counsel, The Sack Law Firm P.C. ("Sack Law Firm") prior to making the following payments in order to verify that the payments are permissible under PETCO policy, the FCPA, and local anti-bribery law. Failure to do so could result in severe penalties for you and PETCO.

A. "Facilitating" Payments under Limited Circumstances

PETCO only permits so-called "facilitating payments" to local foreign officials when the payment is pre-approved by the Sack Law Firm, and made as a last resort. It is permissible under the FCPA to make small "facilitating" payments to low-level foreign officials in order to induce them to perform routine administrative actions or clerical tasks that you are otherwise lawfully entitled to, and which do

not involve the exercise of the official's discretion. The payments must be accurately reflected in PETCO's books and records.

Example: With the Sack Law Firm's permission, it is possible under this policy to make a small (\$5-\$50 in some cases), nominal payment to a low-level worker to expedite a business permit.

B. Payment under Local Law Exception Must Be Pre-Approved

Whenever the Sack Law Firm determines that the written laws and rules of the foreign country allow a payment to be made to a foreign official in that country, it may be possible for you to seek permission to make a payment to that official without violating PETCO policy or the FCPA. However, since no foreign country's written laws allow bribery of a foreign official, you must contact the Sack Law Firm before making any payment to a foreign official based on local custom, law, or practice. The Sack Law Firm must analyze the payment request in light of PETCO's policy, the FCPA, and the local legal opinion obtained from a reputable attorney from the foreign country as to whether local law permits the proposed payment to a foreign official.

C. Business Entertainment, Travel and Gifts Involving Foreign Officials Restricted

PETCO policy and the FCPA allow associates, brokers, agents and third party representatives to reimburse or cover the reasonable and bona fide expenses of foreign officials that are (a) directly related to the marketing, promotion, demonstration or explanation of PETCO's products and operations; or (b) directly related to the performance of a contract between PETCO and the foreign government or one of its agencies. However, you must obtain prior approval from the Sack Law Firm before making or approving any promotional or marketing payments, or payments that you believe relate to contract performance by PETCO. Lavish or extravagant business entertainment and any entertainment that could be interpreted as a bribe, incentive or kick-back is unacceptable under the PETCO policy.

D. Political Contributions to Foreign Officials Prohibited

It is against this policy for any associate, officer, director, broker, agent or joint venture partner to make contributions to candidates for any foreign or domestic political office with the intent to gain an improper advantage or benefit for PETCO. Associates, brokers, agents, joint venture partners, and third party intermediaries are prohibited from making a political contribution on behalf of PETCO.

E. Donations to Non-U.S. Charities Linked With Foreign Officials Restricted

No PETCO associate, broker, agent, joint venture partner, or third party representative is permitted to make a charitable donation to a non-U.S. charity on behalf of PETCO without prior review and approval of the Sack Law Firm. The Sack Law Firm and requesting person must provide information indicating that the charity is legitimate, the donation will be for proper charitable purposes, and the donation will not directly or indirectly be used for personal benefit by a foreign official who is associated with the foreign U.S. charity.

IV. PETCO PROCEDURES FOR FOREIGN THIRD PARTY RELATIONSHIPS AND HIRING

PETCO requires associates to conduct appropriate anticorruption and reputational due diligence for all non-U.S. agents, brokers, distributors, consultants, and joint venture partners or other third parties (“third party representatives”). Due diligence will help prevent policy and FCPA/anticorruption breaches involving a third party representative. Associates should also report to the Sack Law Firm any FCPA or anticorruption “red flags”, described below, because actions of PETCO’s brokers and representatives can create criminal and civil liability under the FCPA and local anticorruption laws for associates, Officers, Directors, and the company.

The following are some of the key steps that should be taken before entering relationships with foreign partners and representatives, depending on the circumstances. Some steps may not be necessary if the risks posed are low, or if

other public information is readily available about the third party. Consult with the Sack Law Firm for approval of any due diligence process exceptions.

A. Conduct Reasonable Due Diligence

Before entering into, or renewing any agreement with, or compensating a foreign third party representative, associates must perform an analysis of that party's reputation for, and history of, legal compliance, particularly with respect to anticorruption laws and regulations.

B. Annual Reviews and Certifications for Third Party Representatives

All foreign third party representatives should have annual compliance reviews to determine their compliance with PETCO policy and contractual requirements, as well as to ensure their execution of new FCPA and anticorruption certifications, as required.

V. FCPA AND ANTICORRUPTION DUE DILIGENCE IN PETCO MERGER AND ACQUISITIONS

In high risk countries for public corruption, PETCO is required to perform reasonable anticorruption due diligence on joint venture partners and target companies for acquisition before finalizing the venture or acquisition. The due diligence should include the above steps in Part IV of this policy. It should also include interviews of key target company officers, and a sample of supervisory employees whose functions will interact with PETCO. The anticorruption due diligence should also include document reviews, and it should also seek to determine if the target maintains accurate books and records, and whether it has any system of internal accounting controls. In exceptional cases, PETCO may have to determine whether or not a violation by the target must be disclosed to U.S. enforcement authorities before the transaction may proceed. The Sack Law Firm should coordinate and supervise all anticorruption merger and acquisition due diligence, as appropriate.

VI. MONITORING COMPLIANCE

PETCO's outside accounts should oversee and supervise periodic compliance audits that assess the level of employee and business unit compliance with PETCO's FCPA and anticorruption policy, and also whether additional procedures are necessary to meet PETCO's dynamic operating needs and compliance risks.

VII. TRAINING

The Sack Law Firm will oversee and coordinate periodic employee training on this policy for affected associates, officers, directors and third party representatives/partners.

VIII. REPORTING VIOLATIONS OR SUSPECTED MISCONDUCT

Any associate, director, officer, agent or business partner who learns information about a suspected violation of the FCPA or this policy must report it to a supervisor, or to the Sack Law Firm (the supervisor must report it to the Sack Law Firm). PETCO prohibits retaliation against an employee who makes a report of a suspected violation of the FCPA or this policy in good faith.

This policy does not address every aspect of the FCPA and anticorruption compliance. It is designed to help you understand the FCPA and provide guidance for PETCO associates, officers, directors, agents, and business partners.

IX. PENALTIES

Violations of this policy and the FCPA can result in termination of agreements or termination of employment from PETCO for individuals, as well as severe fines and penalties, and imprisonment. In addition, PETCO can face millions of dollars in fines and penalties for anti-bribery violations, and tens of millions in fines for violations of both the anti-bribery and books and records requirements due to provisions that allow fines of twice the profit on any unlawfully obtained business, as well as the gross amount of the pecuniary gain, among other provisions. PETCO could also face reputational harm, imposition of a compliance monitor who reports to the United State Department of Justice.