



The Home of Homes:

Committed to being Good & Circular

Dunelm Group plc
Sustainability Report 2024



The Home of Homes



Product circularity
Learn more about our approach to circularity on pages 16-21



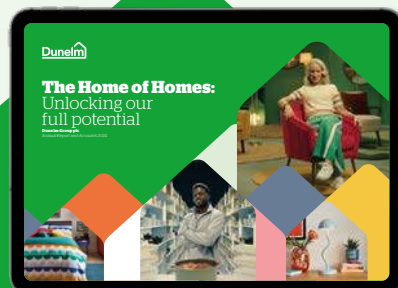
Community
Learn more about how we are committed to having a positive impact in our local communities on pages 26-30



People
Discover our colleague development programmes on pages 31-40



Our approach to sustainability
Learn more about the three core pillars which underpin our approach to sustainability on our corporate website



Read our FY24 Annual Report and Accounts
corporate.dunelm.com



Visit our corporate website for further information about how we approach sustainability in our business

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How to use this Sustainability Report



Where you see QR codes, scan to watch videos online or find out more



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Link to content online



Indicates where a product is Conscious Choice¹ or has other product highlights.

1. For a product to qualify as Conscious Choice it must be made from at least 50% 'More Responsibly Sourced' materials (by weight) compared to conventional alternatives available from Dunelm.

At a glance

We are The Home of Homes, always seeking to create beautiful products and getting to know our customers better, to help them create homes that they love.

We are a specialist retailer of homewares and furniture, with a broad offer for all tastes and budgets, selling thousands of quality products at fantastic prices across our 184 stores and on dunelm.com.

184

stores active in their local communities

c.125,000

gifts donated by customers in our Delivering Joy campaign



1

11,500

colleagues

27%

reduction in overall Scope 1 carbon emissions from 2019 baseline

1. Made from 30% recycled leather and 60% certified responsibly sourced paper.
2. Made with 60% certified responsibly sourced timber and 30% recycled polyester.
3. Made from 53% recycled plastic.
4. Made from 70% recycled polyester.



3



4

>10,300

SKUs in our Conscious Choice range, providing customers with an increasing number of more sustainable products



2

No.1

market leader in UK homewares

About us

Our vision:

To build the UK's most trusted and valuable brand for homewares and furniture

Our purpose:

To help create the joy of truly feeling at home, now and for generations to come

Being Good & Circular:

We are committed to sustainable growth by being good and circular, as we seek to look after all of our homes

Our **home** the Planet
Our **home** in Communities
A **home** for our People

On this journey we are embracing change and recognise that we must learn, invest and be both creative and collaborative.

Our shared values:

Our four key values remain at the heart of our business and will help unlock our full potential

Our values evolved from the key business principles developed 20 years ago, and reflect the attitudes and behaviours we encourage at Dunelm.



Stronger together



Keep listening & learning



Act like owners



Long-term thinking

HELP CREATE
THE **JOY** OF
TRULY
FEELING AT
HOME.

NOW, AND FOR THE
GENERATIONS TO COME



AR

Read how we embed and monitor our culture and values in the Governance report of our FY24 Annual Report from page 68



Learn more about our business model on the following page

Our business model

Ensuring we are The Home of Homes for the long term

Being Good & Circular is integral to our business model. Combined with our strategy, it's how we achieve a competitive advantage and create stakeholder value, guided by our purpose, vision, values, and strong governance.

Our competitive advantages



Read more on our six competitive advantages on page 11 of our FY24 Annual Report

Connect with more customers

Harness our operational capabilities

Elevate our product offer

Our Strategy

Our customer proposition



Read about it on page 11 of our FY24 Annual Report

Being Good & Circular

Our home the Planet

Our home in Communities

A home for our People

Stakeholder value



Read about how we deliver for our stakeholders on page 11 of our FY24 Annual Report

Our purpose, vision and values



Read more on page 2



Read more on our strategy on page 13 of our FY24 Annual Report



Read more on our commitment to being Good & Circular on pages 4 to 6

Our governance



See the Governance report on page 56 of our FY24 Annual Report

CEO's letter

Committed to being Good & Circular



Over the year we've continued to evolve our thinking on how we build sustainability into everything we do. We increasingly recognise that our actions in this area must closely link to our customer proposition, so that we are 'being good and circular' across all aspects of the business.

Our brand is positioned as The Home of Homes, with a comprehensive offer and a purpose to help our customers create the joy of truly feeling at home, now and for generations to come. But as we design, create and sell our products, our impact stretches far beyond our customers' homes. We are now structuring our sustainability initiatives around the **three core pillars** involved in the social and environmental journey of our products:



Our home the Planet

We are mindful that the Planet provides the resources we use to create our products.



[Read more on page 9](#)



Our home in Communities

We have a home in Communities where our stores and sites operate.



[Read more on page 26](#)



A home for our People

We create a home for the People working in our business.



[Read more on page 31](#)

Protecting our business

Our strong corporate and ESG governance frameworks, holistic approach to risk management and well-established codes of conduct and policies protect our business for the benefit of all our stakeholders and preserve value in our business

CEO's letter continued

The three pillars of our sustainability approach are underpinned by a commitment to protecting our business for the benefit of all our stakeholders through the governance, policies and codes of conduct which keep us all safe and ensure that we manage the business in a fit and proper manner.

We've made some good steps in all areas over the past year while remaining on a long-term journey towards our goals, and will continue to learn, adapt, and in some cases, change course along the way.

A year of progress

In the year we had our greenhouse gas emissions targets validated by the Science Based Targets initiative (SBTi). We are the first dedicated homewares specialist in the UK to set near and long-term company-wide emission reduction targets in line with climate science, following the rigorous SBTi assessment, and it frames our commitment to reducing our environmental impact.

There has also been continued progress and learning across all three pillars of our good and circular sustainability approach.



1. Pan body made from 91% recycled steel.
2. Made from 100% recycled cotton.
3. Made from 100% recycled glass.
4. Made from 90% certified responsibly sourced timber.

Our home the Planet

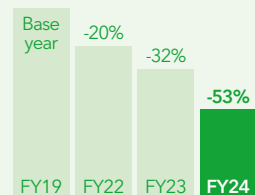


Our overarching goal is to reduce absolute greenhouse gas (GHG) emissions by 50% by FY30 against a FY19 baseline and to be net zero by FY40. Encouragingly, we have reduced our overall Scope 1 carbon emissions by 27% from our FY19 baseline despite strong sales growth of 53% and the expansion of our store footprint over the same period. There is, however, still much to do to hit our ambitions, both in our own operations and across our supply chain.

One area where we are taking positive action is in Product. Product design and development is at the very heart of Dunelm and we are building capabilities and introducing new materials and technology to develop more sustainable products. The progress we are making in Conscious Choice, our designation for products using more sustainable materials and production processes, is encouraging and we increased the proportion of our own-brand products which carry this label to c.26% from c.15% last year.

Scope 1 tCO2e/£1m
Group revenue

-53%
From FY19 baseline



With most of our products being own-brand, we have a high level of control to design and develop lower-impact ranges, by focusing on the choice of materials, how they are manufactured and increasing the number of options available for customers to extend the product lifetime. In our Conscious Choice range and beyond, we are consistently looking to use lower impact materials, to design products in ways which facilitate circularity, and to communicate these initiatives more clearly to make it easier for our customers to make thoughtful choices.

We are also starting a journey to build circular business models which utilise repair, re-use and recycling, whilst also instilling new design principles amongst our product teams as part of a circularity strategy. And importantly, we are maintaining our unrelenting commitment to both quality and value, so that customers aren't paying a price for more sustainable options.

FY24 highlights

Reduction in Scope 1 carbon emission intensity
from FY19 baseline

53%
FY23: 32% reduction



Reduction in overall Scope 1 carbon emissions
from FY19 baseline

27%
53% sales growth over the same period

Number of own-brand products in Conscious Choice range

c.26%
+11% YoY



CEO's letter continued

Our home in Communities



At the same time as monitoring and reducing our impact on the Planet, we are continuing to create enduring and positive social value in the Communities in which we operate. I'm extremely proud of the work we do in this area, which happens across all of our sites and particularly through our stores.

Some of this work links directly to our Planet pillar, using the role of our stores in their communities to help customers support a more circular economy. During the year we were pleased to grow the popularity of our in-store textile takeback service, with customers now, on average, bringing c.98 tonnes of textiles to stores each month. We continue to learn and improve in this area, particularly in how we can realise the most positive environmental impact from the pre-loved textiles being returned.

Our Home to Home scheme, through which customers can donate pre-loved homewares, has also expanded (to 39 stores) and complements our other takeback initiatives. We also ran in-store repair pilots this year, with workshops, drop-in repair cafes and live demonstrations to engage local customers and communities on extending product lifetimes.

Our Delivering Joy campaign is another good example where we drive positive action in our communities. This year we doubled the number of gifts donated by our customers to less fortunate people in their local area. Over 125,000 gifts were contributed, making it our biggest year yet.

FY24 highlights

Delivering Joy campaign

Number of gifts donated in December 2023:

c.125,000

Our biggest year yet

Our partnership with Mind

Money raised over the last three years:

£1.8m

New partnership with Age UK

Commitment to raise over the next three years:

£2.0m

Developing our colleagues

Colleagues participating in our data literacy academy:

93

Colleagues graduating from our first 'Reach' programme:

63



Our national charity work also saw some big developments this year. We celebrated raising £1.8m over three successful years of working with Mind, the mental health charity, and in January we launched our new charity partnership with Age UK, with a commitment to raise £2m over the next three years, focusing on specific key issues such as loneliness.

A home for our People



As we grow sustainably, so does the number of people in our business and supply chain. We employ over 11,500 colleagues directly but many more contribute to the production and distribution of our products.

Listening to our colleagues, at all levels, helps us to become a better employer, and in addition to our annual colleague survey, this year we conducted a series of more targeted 'pulse' surveys on a range of topics including Strategy, Reward and on-boarding experience. Listening also continues through our Local, Regional and National Colleague Voice structure, as well as our four colleague networks. In FY24 we also ran our first colleague data campaign, aimed at understanding our colleagues better, particularly with regard to ethnic diversity.

Encouragingly, we saw colleague retention increase to 89% during the year (FY23: 87%). Our colleague engagement score, however, fell in FY24, and although it remains high by industry standards, we are actively listening to our colleagues and building positive action plans across the business.

We gave an increase to our hourly-paid colleagues of 6.9% in April 2024. All our colleagues also now have Life Assurance of £10,000 with the opportunity to annually increase this at their own expense. This is in addition to our existing offer of competitive benefits.

There were also a number of highlights in the way we are developing our colleagues. To pick a few examples, we identified colleagues from across the business for our first data literacy academy, introduced a development scheme for our newly defined Role Model Leaders, and have tailored a new programme to create learning and development opportunities for colleagues from under-represented ethnic minorities.

What's next?

This year has been an important one in continuing to develop and broaden our approach to sustainability, whilst seeing meaningful progress across all strands of our work.

We are more aware than ever that this is a continuous journey, where we must embrace change, learn, invest and be creative. We are excited about the opportunity to work in collaboration with one another, with our suppliers and with our wider partners on these important topics.

We want to look after all our homes, now and for generations to come.

Nick Wilkinson
Chief Executive Officer

Sustainability governance

Our sustainability targets

Striving to make a positive social and environmental impact in our stores, operations and supply chains by focusing on core metrics and targets.

Key:



Target met or on track.



Broadly on track, improvement required.



Not on track, significant improvement required.

Our home the Planet



Metric	Target	Status
Scope 1 tCO ₂ e	50% reduction by FY30	
Scope 1 tCO ₂ e/£m Group revenue	59.3% reduction by FY26	
Scope 3 tCO ₂ e	50% reduction by FY30	
Virgin plastic packaging used for own brand products by weight/£ sales	30% reduction by FY25	
Aggregate water footprint in own brand textiles	30% reduction by 2030	
'More Responsibly Sourced' cotton in own brand range	80% by FY24 and 100% by FY25	
'More Responsibly Sourced' timber in own brand range	50% by FY25	

Read more about our performance against these targets on page 24

Our home in Communities



Metric	Target	Status
Group and colleague fundraising and Group cash charity contributions	Year-on-year increase	
% of own-brand products for which we offer an easy-to-use takeback service	50% by FY24	

Read more about our performance against these targets on page 30

A home for our People



Metric	Target	Status
Employee net promoter score (eNPS)	Year-on-year increase %pts	
% of role-model leaders ¹ from an ethnic minority background	8% by FY26	

Read more about our performance against these targets on page 40

Protecting our business

Metric	Target	Status	Metric	Target	Status	Metric	Target	Status
Reportable accidents under RIDDOR ²	<30 reportable accidents.		% of Tier 1 factory base with audits not more than two years old	100%		% of low, or medium risk audits	90%	

Read more about how we protect our business for the benefit of all our stakeholders on page 49

1. Regional and store coaches plus all colleagues at 'Head of' level and above, of which we currently have around 300 across the organisation.
2. Reporting of Injuries, Diseases and Dangerous Occurrences Regulations.

Sustainability governance continued

A clear governance framework helps us to ensure that our sustainability targets, initiatives and approach to decision-making are embedded throughout the business and in all that we do.

Group Board

Receives formal updates on sustainability and our principal risks at least twice a year.
Some matters are standing agenda items, e.g. H&S, cyber security, colleague metrics, and governance items.

Board Committees

Nomination Committee

The Nomination Committee sets specifications for new Board roles and has oversight of the Talent Committee to ensure necessary talent and skills are available to deliver our sustainability strategy.

Audit and Risk Committee

The Audit and Risk Committee formally reviews principal risks twice a year and ESG processes and reporting, to verify non-financial KPIs, annually. It receives updates on upcoming sustainability reporting requirements and Dunelm's planned approach.

Remuneration Committee

The Remuneration Committee reviews and approves Executive Director and Executive Team remuneration, including climate-related targets in performance-related pay.

Executive Team

The Executive Team reviews sustainability metrics and initiatives quarterly at its Performance Executive Team meetings. It also reviews our principal risks prior to the Group Board review.

Good & Circular Steering Group

Our CEO leads on the Group's good and circular strategy and initiatives, and chairs the Good and Circular Steering Group. This was re-named (from Pathway to Zero Steering Group) and reconstituted in FY24 following completion of our FY23 materiality assessment, to reflect a wider remit across sustainability, community and customer initiatives.

Risk and Resilience Committee

The Risk and Resilience Committee is chaired by our CFO. It is responsible for reviewing our risk management framework and processes and monitors existing and emerging risks, including climate change and environment risk.

Talent Committee

The Talent Committee is chaired by our Stores and People Director and ensures that we have the correct capability in place to meet our sustainability ambitions.

Our Operational Committees are supported by working groups that are led by members of the Executive Team and other senior managers.

Protecting our business

Steering groups focused on higher-risk areas, such as health and safety, ethics and modern day slavery, food safety and data protection, bring together our subject matter experts with colleagues in operational roles. In addition, our Tech Board provides governance and oversight of all technology projects, including those relating to sustainability.

AR For more information on our governance framework, our Board, and its Committees, see the Governance report on page 58 of the FY24 Annual Report and our website, corporate.dunelm.com

Key stakeholders and areas of focus

Customers



- Customer proposition
- Customer engagement and communication
- Take-back services
- Product safety
- Data protection
- Ethical sourcing

Colleagues



- Learning (learning and development, early careers programmes)
- Thriving (remuneration, wellbeing)
- Belonging (diversity and inclusion, engagement)

Communities



- Community engagement
- Local and national charity support and initiatives
- Local employment and volunteering opportunities
- Services to support local area

Suppliers



- Ethical auditing
- Supplier engagement and education
- 'More responsible' sourcing
- Better manufacturing
- Prompt payment terms

Planet



- Carbon reduction
- Stores and sites (including operational waste and packaging)
- Transport and distribution
- Product circularity

Shareholders



- Dividends and capital allocation
- Board engagement on ESG
- Culture

AR For more information on how we engage with our stakeholders, see page 20 of the FY24 Annual Report.



Our home the Planet

We are committed to protecting our planet, by mitigating environmental impacts in our business and supply chains. We are increasing our focus on circular design, continuing to address the pressing issue of reducing our carbon emissions, and building our understanding of how to preserve nature and conserve water.



Responsible operations

Carbon reduction

Our commitments

Our overarching goal is to reduce absolute greenhouse gas (GHG) emissions by 50% by FY30, against a FY19 baseline, and to be net zero by FY40. Our targets have been validated by the Science Based Targets initiative (SBTi) and are in line with the Paris Agreement goal of limiting warming to 1.5°C. We also support the British Retail Consortium's Climate Action Roadmap and, as a partner, we have pledged to work towards Textiles 2030's targets.

FY24 improvements in measurement and reporting

In FY24 we have continued to invest in our GHG data, measurement and reporting capabilities. Through the application of continuous analysis and improvement, we have re-baselined and restated both our FY19 and FY23 Scope 3 emissions in line with our Base Year Emissions Recalculation & Prior Year Restatement Policy. The changes in emissions are most materially affected by improvements in our approach to measurement for Purchased Goods & Services, and Use of Sold Products respectively.

We continue to prioritise improvements in measurement on our most material areas of emissions. For Scope 3 this means prioritising our ability to measure and report the emissions associated with our products and reported within Purchased Goods & Services. We have improved the granularity of our spend-based methodology to a product-level, enabling more accurate emissions calculations through better country of origin and emissions factor matching.

AR See our Task Force on Climate-related Financial Disclosures on page 46 of our FY24 Annual Report

FY25 focus

The improvements made in FY24 have created the foundation for making further progress in FY25 when we will explore our ability to scale product carbon footprinting. We will continue to transition away from a spend-based approach in FY25. This will include increasing the amount of supplier-specific data that we are gathering and completing life-cycle assessments across a broad range of our products. We intend to incorporate this more accurate data in our reporting from FY25 onwards.

FY24 performance

In FY24, we reduced our overall Scope 1 carbon emissions by 27% from our FY19 baseline despite strong sales growth of 53% over the same period and expansion of our store estate. We continue to purchase 100% renewable electricity and install solar photovoltaic ('PV') panels across our sites where viable¹. This means we report zero Scope 2 emissions using the market-based approach, and that on a location-based basis, our FY24 Scope 2 emissions were 21% lower than in FY19. The Scope 3 emissions within our target boundary have increased by 59% since FY19, driven mostly by the 53% increase in sales over the same period.

“It is encouraging to see a continued reduction in our own operations emissions. We have confidence in our plans for FY30 and will work with our suppliers to share best practice to achieve continued reductions.”

Christina Downend
Head of Sustainability and Climate Change

1. In FY24, we installed 262 PV panels on our Store Support Centre generating on an annual average 92 MWh.

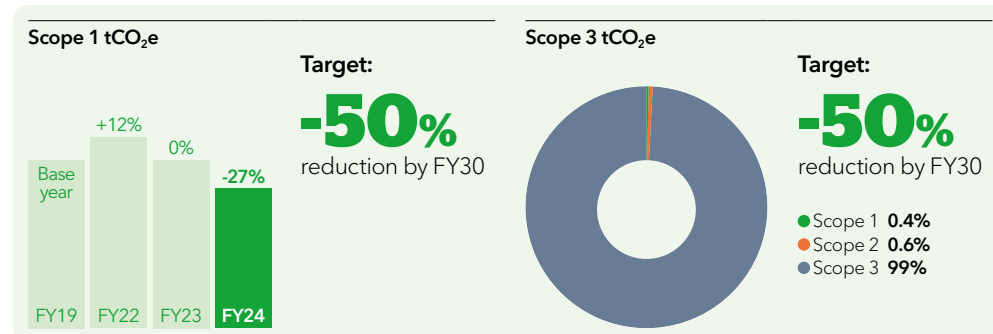


Emissions tCO₂e summary

	FY19 (updated baseline)	FY24 emissions	FY24 total emissions %
Scope 1	7,059	5,139	0.4%
Scope 2 (market-based)	10,861	—	0.6%
Scope 3 (within target boundary) ²	843,748	1,344,633	99%

2. Target boundary for Scope 3 excludes indirect use of sold products, waste generated in operations and business travel (both previously measured but removed based on de minimis materiality), upstream leased assets, processing of sold products, downstream leased assets, franchises and investments (assessed and deemed as not relevant).

AR See page 53 of our FY24 Annual Report for a full breakdown of our Scope 3 emissions



Responsible operations continued

Carbon reduction roadmap

We have a commitment to reduce our carbon emissions to net zero by 2040. To meet this target we have adopted an **improve-innovate-advocate** approach. Initially we look to achieve 'quick win' improvements. We also look for innovation opportunities within our business and operations. Finally, where possible, we connect and collaborate with others in the industry to accelerate change. Our work is iterative, and we review and adapt our actions constantly as we learn more and as data and technology develops.

**Our roadmap to net zero****FY19 carbon emissions (tCO₂e)****Stores and sites**

Focusing on being efficient in the stores and sites that we operate to save resources and cost.

**Improve**

- Engaging colleagues to promote energy efficiency behaviours.
- Replacing gas-fired heating and refrigerants with lower carbon alternatives.
- Installing photovoltaic panels across store estate and sites where viable.

Innovate

- Trialling lower-impact transit packaging.
- Improving product packaging and delivery packaging to reduce damages and returns.
- Introducing drop testing at our DCs to further improve packaging durability.

Advocate

- Advocating for electricity grid decarbonisation via the Aldersgate Group and British Retail Consortium.

Transport and distribution

Working with logistics providers to trial new fuels and electric options, where infrastructure allows, and continue to train drivers.



- Electric-/hybrid-only company car options.
- Ongoing driver training to improve efficiency.
- E-commerce delivery efficiency programme.

- Expanding our use of bio-compressed natural gas (BIO-CNG) in home delivery (HDN) fleet.
- Trialling first-to-market electric vehicles with logistics partners.

- Advocating for low-emissions solutions across fleets and shipping via Sustainable Logistics Forum.

Product circularity

Moving from a linear to a circular mindset for product design, raw material sourcing, use in-home, longevity and disposal.



- Increasing use of lower-impact raw materials.
- Extending products in the Conscious Choice range.
- Using Cascale's Higg Index set of tools to engage suppliers and monitor performance.
- Prolonging product life through product care, repair and upcycling tips.

- Designing products ready for a circular economy as part of our circular strategy and design principles.
- Extending takeback services to cover more product categories.
- Using recycled fibre from takeback service in our Remade product range.
- Implementing services that further develop circular behaviours such as repair.

- Collaborating with Textiles 2030 on textile longevity innovation.
- Better Cotton member.
- Candidate member of Cascale (previously Sustainable Apparel Coalition).

Responsible operations continued**Stores and sites****Approach**

Across our store estate and sites we have set decarbonisation plans and annualised internal targets to ensure we transition to and meet our 2040 net zero target. In FY24, we added six stores to our estate (including one relocation), while incorporating new sites into our decarbonisation plans. As most of our stores and sites are leased, we engage with our landlords to help accelerate our plans where possible.

Gas, oil and refrigerant gases

We continue to replace gas-fired heating with electric heating run on purchased renewable energy. No gas installations are fitted in new stores and existing installations are removed during store refurbishments and refits. We have also removed any sites with oil. In FY24, eight more stores moved to electric heating. We are reducing our emissions from refrigeration gases by replacing them with lower emission gases.

Renewable energy

Our indirect emissions are negligible under a market-based approach as we continue to purchase 100% renewable electricity backed by renewable certifications such as Renewable Energy Guarantees of Origin (REGO). We collaborate with the Aldersgate Group and other organisations to advocate to improve the availability of grid renewable energy.

On-site renewables and energy efficiency

We monitor and manage our use of energy across our stores and sites through our Building Management System. Colleagues are regularly engaged on energy saving practices and regional store coaches receive electricity and gas reports for their stores each month,

allowing them to analyse consumption on a week-by-week basis and identify hotspots.

In FY24, we installed photovoltaic ('PV') panels at six of our freehold stores and we have plans to install panels in another four sites in FY25. Despite the expansion of our store portfolio, overall store electricity usage has decreased slightly since FY19 (0.1% decrease) with 100% of electricity from renewable sources in FY24.

FY24 highlights

Gas absolute emissions (tCO₂e)

59%

reduction from FY19

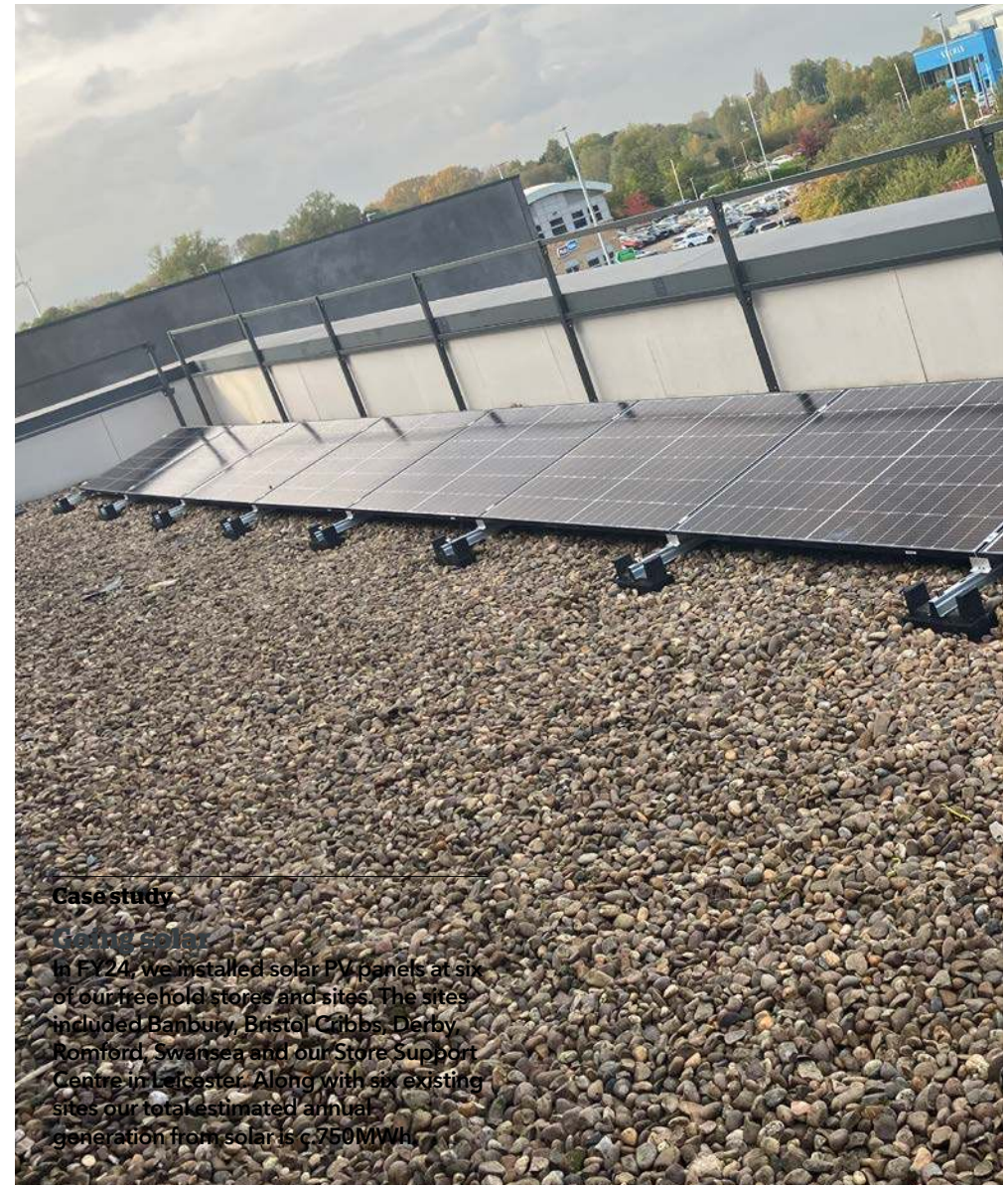
Number of stores with PV panels installed doubled to

12

Electricity in our stores coming from renewable sources

100%**FY25 focus**

- **Continuing decarbonisation from natural gas to electric.**
- **Maintaining electricity consumption at FY19 levels, notwithstanding estate increase.**
- **Expanding solar PV installations, energy efficiency and LED conversion in stores.**

**Case study****Using solar**

In FY24, we installed solar PV panels at six of our freehold stores and sites. The sites included Banbury, Bristol Cubbs, Derby, Romford, Swansea and our Store Support Centre in Leicester. Along with six existing sites our total estimated annual generation from solar is c.750MWh.

Responsible operations continued

Packaging

Approach

We cannot fully eliminate packaging – it serves to protect our products, colleagues and our customers. However, we are committed to analysing, evaluating and adopting ‘better’ packaging alternatives to help reduce our carbon footprint where it makes practical sense. There are inevitable trade-offs and industry challenges, such as the availability of recycled packaging. Our dedicated in-house packaging team continues to review options, working closely with suppliers, packaging suppliers, waste management companies, the British Retail Consortium and compliance bodies.

FY24 performance

In FY24, we reported a 42% percentage decrease in the weight (g/£) of virgin plastic used in own-brand packaging versus our FY20 baseline. We also target 30% recycled plastic content in primary packaging for own-brand products (including web orders and store sales); in FY24 we achieved 29% recycled content.

Throughout FY24, we also targeted getting our retail packaging to be 100% FSC or PEFC standards. In September 2023, 11% of relevant factories were compliant with the FSC and PEFC standards. By June 2024, we achieved 55% of factories compliant.

Reducing damage and returns

To reduce the number of products having to be returned due to damage whilst in transit to our customers, we continue to analyse when, how and which products get damaged. By making our packaging more durable, it reduces the amount of damaged and unrepairable products that then need to be disposed of.

In FY24, we introduced drop testing at our Stoke DC sites enabling us to test and trial packages of fragile and vulnerable products to ensure that proposed new packaging solutions are workable.

Gallery

In FY24, we placed particular focus on the packaging used in gallery to protect products, with a view to mitigating damage and the return of mirrors. We have worked to improve the durability of packaging used for mirrors as the cost and carbon impact of destroying a mirror is considerable compared to the impact of additional packaging. During Autumn 2023, we introduced a trial of Air Sac packaging at our Stoke DC where some medium-sized mirrors are repacked prior to sending to our customers. Whilst Air Sac is a plastic, it is 30% recycled LDPE, which can be recycled at large supermarket chains.



“**Packaging serves an important role in protecting our products. In FY24, we introduced drop testing at our DC sites to test and trial packages of fragile products to reduce damage and returns from customers ordering online.**”

Gillian Cross
Technical Packaging Manager

Implementing these changes has led to a reduction in the number of returns and less mirrors being broken and consequently having to be disposed of. It has also improved our customer experience.

Household bins and glassware

We have also improved the packaging for our household bins and glassware. Whilst adding to product weight, they have led to an overall improvement as less products are having to be disposed of.

We have enhanced the retail box quality and packaging of our household bins, which were being damaged in transit to stores and directly to customers. The improvements in FY24 have reduced the refund rate by 1.1%. We are also moving to enclosed boxes for our packs of four glasses. Currently there is one glass exposed, which can easily be damaged in transit. We are starting to see the benefits of moving to fully enclosed packaging, with the return rate reducing by 0.3% in FY24.

FY24 highlights

Virgin plastic packaging used for own brand products by weight/£ sales

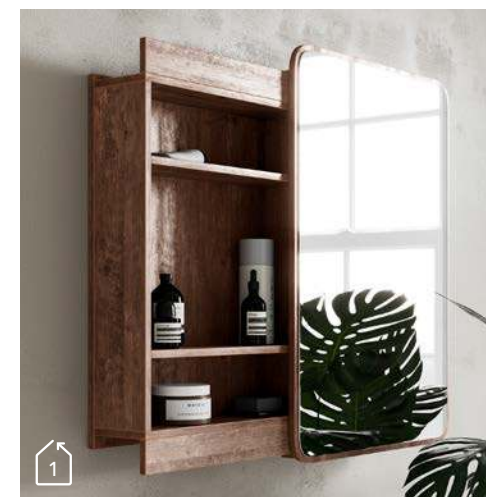
42%

reduction, which is ahead of our 30% target by FY25

Recycled plastic content in primary packaging for own brand products

29%

against a target of 30% by FY25



1. Made from 74% certified responsibly sourced timber.

Responsible operations continued

Packaging thickness and recycled content

We have made progress in a number of other areas to reduce our use of plastic packaging and increase its recycled content. In FY24 we reduced the thickness requirement for our curtain bags and in doing so, removed 5.2 tonnes of plastic. In addition, we use a number of re-work bags in store and in FY24, we increased the volume of recycled content for such bags from 30% to 60%, removing 2 tonnes of virgin plastic.

Overall, our mattresses use 81 tonnes of plastic a year. Our mattress sheeting is now 50% recycled content and we continue to consider new ways in which we can increase it further and reduce our impact.

Plastic tax obligations

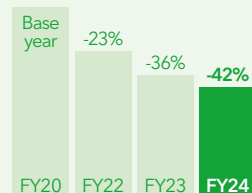
We are obligated to pay for any imported plastic from our FOB suppliers. During the calendar year of 2023 we imported 1,338 tonnes of plastic, of this only 180 tonnes had no recycled content. Only 13% of all plastic imported didn't include the minimum 30% recycled content. This was often due to availability issues depending on the type of polymer.

Reduction in virgin plastic packaging of own-brand products (by weight/£1 sales) versus base year

Target:

30%

reduction by FY25



FY25 focus

- Seeking to eliminate difficult to recycle materials and undesirable packaging identified by the EPR regulations.
- Reviewing and reintroducing 30% recycled content pre-stretch film wraps used in our supply chain following industry technological improvements.



1. Our green loop handle carrier bags are made from 90% recycled content.
2. Our Bag for Life is made from 90% recycled content, with 10p donated to Age UK with each purchase.



Responsible operations continued**Transport and distribution****Own fleet**

We operate home delivery network (HDN), fitter van and company car fleets. In FY23, we introduced nine BIO-CNG vehicles, replacing ten diesel trunking vehicles that previously made up c.40% of the emissions in HDN. Compared to fossil-fuel diesel, BIO-CNG carbon emissions are estimated to be c.85% lower. In FY24, we have reduced absolute HDN emissions by 26% versus FY23.

In FY24, we also recorded a 32% reduction in CO₂e emissions per delivery by our HDN fleet on a year-on-year basis.

Towards the end of FY24 we implemented an enhanced driving training process while also introducing RoSPA trained assessors at each of our sites. We continue to train our HDN drivers, using telematics data to promote best practice in driving behaviours, fuel efficiency and safety.

We also continued our work to reduce the number of split deliveries by implementing a change at check out to the manner in which customers can book delivery slots. This is estimated to save over a thousand deliveries a year.

Store delivery fleet

Across our store-focused supply chain we have been trialling an electric unit in partnership with DHL and have installed an electric charger at our Stoke campus, where the unit is based. Implementing the infrastructure enables future expansion of electric units when availability allows. Learnings from this trial will feed into our future fleet strategy.

Company cars

Our company car fleet options are governed by a 75g of CO₂/km policy which, since July 2021, has proved effective in driving low emissions vehicle uptake for company cars. In FY24, we introduced the Company Car and Cash Allowance Hub, with a dedicated 'Electric Hub', providing employees with the knowledge to make informed choices about company cars. We also introduced a 'Core Vehicle Offering' to ensure colleagues always have access to fit-for-purpose, long range electric vehicles. As of June 2024, we had over twenty 300+ mile range electric vehicles available for colleagues to order, and in FY24 over 90% of the fleet was fully electric or hybrid.

Third-party logistics providers

We continue to collaborate with our third-party logistics partners to support the development of low-carbon infrastructure throughout our supply chain. We engage on a regular basis with these partners, supporting the trial and implementation of lower-impact delivery solutions and we have seen a reduction of up to 27% tCO₂e per parcel year-on-year.

We continue to see an increase in third-party providers' core fleet of trucks running on BIO-CNG and electric. In addition, our partners' secondary parcel delivery fleets are transitioning to low-emission vans, with up to 40% powered by electric or running on hydrotreated vegetable oil (HVO).

We have encouraged the use of zero-emission final-mile delivery solutions, increasing the number of Dunelm parcels delivered to our customers in this way.

FY24 highlightsHDN absolute emissions (tCO₂e)**26%**

reduction from FY23

HDN intensity emissions (tCO₂e/deliveries)**32%**

year-on-year reduction

FY25 focus

- **Reviewing alternative fuels for the M2M van fleet, with plans to set up trials in FY25.**
- **Expanding our home delivery options and increasing availability of Click & Collect for customers in order to reduce final mile delivery mileage and lower CO₂e per parcel.**
- **Expanding our programme of reduced deliveries to stores.**



Product lifecycle

Customer choice

Conscious Choice

Launched in 2022, Conscious Choice makes it easier for our customers to find products that have a reduced environmental impact. To qualify, products must be made from at least 50% 'More Responsibly Sourced' materials (by weight) compared to conventional alternatives available from Dunelm. 'More Responsibly Sourced' means that the own-brand products have met the minimum material standards set out in our 'responsible sourcing' policies as verified by our in-house team. The minimum standards are designed to limit negative impact on people, animals and the planet.

By FY24, c.26% of our own-brand products qualified for our Conscious Choice range. We continue to include more materials in the scope of the Conscious Choice criteria, as verified sources become available. In FY24, we added responsibly sourced wool, recycled feathers, recycled leathers and EU linen.



1. Made from 100% recycled polyester.
2. Made from 70% certified responsibly sourced timber.

Sourcing

More responsible sourcing

Our 'More Responsible Sourcing' programme sets a higher standard for our most material supply chains to reduce the impacts of sourcing.

In FY24, we focused the programme on the key raw materials that have the largest carbon and water impact. By switching these raw materials to 'More Responsible Sources', as identified in our policies, it will lead to the largest reduction in our carbon footprint and help us towards our near-term and net zero targets. Our focus remains primarily on cotton and timber, but also on polyester and metals.

We now have a dedicated in-house verification team to support suppliers on their sustainable sourcing and elevate our sustainable product offer. The verification team also plays a key role in validating performance against standards.

'More Responsibly Sourced' cotton

All suppliers of Dunelm own-brand cotton products must meet minimum standards and commit to our higher standard by FY25, as set out in our Responsible Cotton Policy. As a minimum standard, cotton products are reviewed each season to ensure we are not sourcing from banned or high-risk regions (e.g. Xinjiang, China) where there are higher risks of slave labour or human rights violations. To meet our 'More Responsibly Sourced' standards, suppliers must, in addition, adhere to an industry-recognised cotton programme that promotes lower-impact and ethically sound cotton sourcing (e.g. Better Cotton, recycled and organic cotton). Our Responsible Cotton Policy is available on our corporate website.

Better Cotton

Dunelm joined the Better Cotton initiative in FY23, and since our involvement we have continued to see an uplift in the number of suppliers procuring 'More Responsibly Sourced' cotton. Our 'More Responsible Sourcing' programme has significantly improved our cotton traceability. Suppliers are getting wider visibility and knowledge of where their cotton is grown.

In FY24, 71% of our cotton adhered to the 'More Responsibly Sourced' Cotton standard set out in our policy.

During FY24, Dunelm had the opportunity to attend the Egyptian Better Cotton Field Farm Trip with other brands and retailers. We were able to engage directly with farmers in the supply chain and support the growth of Egyptian Cotton BC credits. From this engagement, Dunelm has been able to secure Better Cotton Egyptian cotton from FY25.

FY24 highlights

Own-brand products in
Conscious Choice range

c.26%

Cotton that adhered to our 'More
Responsibly Sourced' standard

71%



'More Responsibly Sourced' timber

All timber suppliers are required to provide full, transparent documentation to prove legal sourcing compliant with UKTR/EUTR regulations. Dunelm-branded product suppliers must work towards the higher standard as set out in our Responsible Timber Policy. To meet the higher standard, suppliers must demonstrate that timber or paper sources come from a credible third-party certification scheme such as Forest Stewardship Council (FSC) or Programme for Endorsement of Forest Certification (PEFC). To demonstrate compliance, suppliers are required to provide information and supporting second and third-party documentation for each material regarding: timber species, countries of harvest and manufacture, forest level and transport documents. Our Responsible Timber Policy is available on our corporate website.

Product lifecycle continued

FY24 focus and performance

In FY24, 37% of in-scope sales met the standards set out in our Responsible Timber Policy. Despite a 15% improvement on FY23 we remain below our target at the end of FY24, however it remains an area of focus and we are on track with our long term plans in this area.

In the second half of FY24 we challenged our suppliers to accelerate their use of certified wood-based materials for the Spring/Summer 25 season. Suppliers were asked to source 100% of continuity and new product through certified routes. Although numbers are not yet finalised for the season, forecasting indicates that more than 90% of the range will be sourced via certified routes. This is excellent progress and good preparation for our compliance with the upcoming European Union Deforestation Regulation (EUDR), which begins on 1 January 2025.

In connection with the upcoming changes, we have also been providing training to suppliers and internal teams. This is helping them prepare for the new processes and data required by EUDR due-diligence systems.

'More Responsibly Sourced' polyester

We are progressing our 'More Responsibly Sourced' roadmap in relation to the sourcing of recycled polyester. Insights gathered on our key raw materials highlighted the impact polyester has in our carbon footprint and water consumption from the manufacturing stage of our products.

Dunelm have been partners of Textiles 2030 since FY23 (previously signatories) and collaborate with industry partners to support the shift towards fibre-to-fibre sourcing of polyester. Data gathered as part of our partnership with Textiles 2030 shows we are using 27% in 2023.

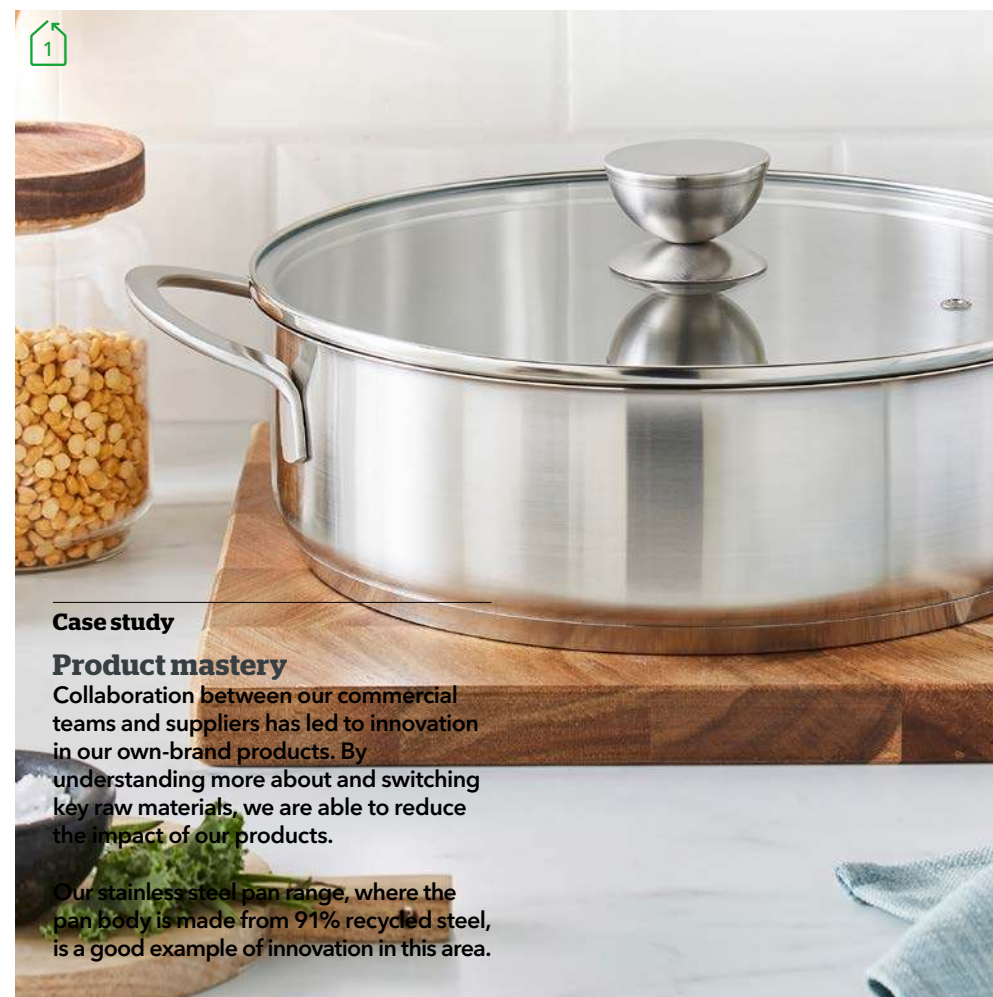
Steel

Steel accounts for roughly one quarter of our hard goods' material footprint by weight. We also know that a large proportion of the carbon emissions associated with our hard goods comes from the refining and manufacturing of steel. Therefore, steel is crucial to our long-term sustainability strategy.

In FY24 we challenged our suppliers to reduce the carbon impact associated with the use of steel in our products. This builds on the success of FY23, where we started to source recycled steel in our lighting and cookware products. In FY24 we have managed to expand the range of our products utilising recycled steel with new products due to launch including bathroom accessories and curtain poles. Sourcing 100% recycled steel is currently challenging, and it is likely that the availability of scrap steel will need to catch up with demand before this is possible.

However, in FY25 we are focusing on refining our sourcing strategy with our suppliers. We aim to increase the proportion of recycled steel in our product range while exploring additional strategies to reduce steel's carbon impact including (i) sourcing steel produced

by electric arc furnace vs. basic oxygen furnace, (ii) using higher grades of steel to reduce the total amount needed in product, and (iii) exploring steel produced against the Responsible Steel Standard, an emerging international certification.

**Case study****Product mastery**

Collaboration between our commercial teams and suppliers has led to innovation in our own-brand products. By understanding more about and switching key raw materials, we are able to reduce the impact of our products.

Our stainless steel pan range, where the pan body is made from 91% recycled steel, is a good example of innovation in this area.

1. Pan body made from 91% recycled steel.

Product lifecycle continued**Manufacturing****Better Manufacturing**

We are working with our suppliers to reduce carbon and water impacts associated with the manufacturing of our products and empower our commercial teams to source from more responsible facilities.

Progress against our roadmap

Our carbon emission modelling indicates a significant proportion of our Scope 3 emissions are generated during the manufacturing of our products. Our 'Better Manufacturing' programme addresses this priority area in our decarbonisation journey.

In FY24, we launched the use of the Higg Facility Environmental Module (FEM) for our Tier 1 (assembly of final products) suppliers. The FEM enables our Tier 1s to disclose environmental impact data and supports in measuring, targeting and monitoring Tier 1's environmental footprint. The FEM covers key areas of environmental impact such as energy, water, chemicals and waste. Additionally, the FEM calculates a facility's Scope 1 and 2 carbon emissions, if the required data is provided. The tool provides visibility over this data so that we can identify hotspots to support our suppliers in reducing their environmental impact and achieve our net zero ambition.

For Higg FEM 2023, we have achieved a completion rate of 84.7% amongst our Tier 1 suppliers and 46% have verified their data. Verification was required from our key suppliers, which account for c.80% of our purchased goods and services emissions. We will continue gathering data from our supply chains through the use of the Higg tools.

Greater transparency and data accuracy supports continuous improvement in our Scope 3 reporting and this better visibility enables us to identify additional focus areas for decarbonisation.

We are members of Cascale (formerly Sustainable Apparel Coalition) and participate in working groups and projects with other members as we acknowledge how important collaboration is to achieve our net zero target. Dunelm are members of the Cascale Higg FEM Home Furnishing Member Expert Team where we work with other homeware brands to ensure the Higg FEM tool continues to support homewares suppliers. Dunelm are also participating in the Cascale Tier 2 Overlapping Project, along with 14 other UK brands, to encourage the uptake of the Higg FEM across Tier 2 facilities (component & sub-assembly).



“Dunelm’s leadership in sustainability within the homewares and greater consumer goods industry is truly commendable, particularly through initiatives like their Better Manufacturing Programme. At Cascale, we value the collaborative efforts that Dunelm has fostered, not only with organisations like ours but also with their suppliers.”

Colin Browne
Chief Executive Officer, Cascale

FY24 highlights

Completion rate of Higg FEM 2023 out of all Tier 1 suppliers

84.7%

Tier 1 suppliers with verified data within Higg FEM 2023

46%

1. 100% recycled polyester fabric and lining



Product lifecycle continued

Product circularity

We are focused on designing products that are lower-impact by adopting circular design principles. Within this, we consider how our products are manufactured and distributed, how long they can be used for, and how we can provide another life for products before they are disposed of.

Scope and approach

The majority of our c.85,000 products are own-brand (Fogarty and Dorma, for example), which allows us to design and develop lower-impact products by focusing on the choice of materials, how they are manufactured and increasing the number of options available for customers to extend the product lifetime. In designing circular products, we can support and enable circular business models, which help to maximise the value of our products throughout their lifecycle.

FY24 progress

We started to embed circularity into the business last year, fundamentally rethinking how we approach the design of our products, so that they can be easily reused, repaired, remanufactured or recycled at the end of their life. We have continued to educate and support colleagues and our suppliers in circular thinking over the course of FY24, as well as provide more information with our customers.

Sourcing lower impact materials such as recycled cotton (see Sourcing on page 16) underpins circular design. The availability of lower impact materials within our supply chain enables our design teams to adopt better alternatives in our existing and new products.

Moving from a linear to a circular model involves changing mindsets and process across the product lifecycle. We are working with our suppliers, as part of our Better Manufacturing programme (see page 18) to share knowledge and identify ways in which they can reduce their environmental impact by increasing the use of renewable energy and managing waste.

We make available care and repair instructions for our customers as well as a repair product range so the life of our products can be extended. In FY24, we have also trialled repair services and workshops in some of our stores.

We continued to see increased uptake among our customers of our takeback solutions in FY24. Our textile takeback scheme collects, on average, c.98 tonnes of textiles every month. In addition to our existing electrical takeback and furniture, beds and mattresses collection service, we are testing and trialling new product categories for takeback, such as rugs.

Product development

In FY24, we developed our Dunelm Circular Design Principles. These are a set of guidelines that help our commercial teams create 'circular products'. The principles include using renewable and recycled materials, designing products to last longer while maintaining functionality and aesthetics and designing products so that they can be easily de-assembled and separated at the end of their life to create new products.

The circular design principles also give consideration to how the product might be used post-initial use, such as having multiple owners through circular business models such as resale, rental or repair.

Circular product design competition

In December 2023, buyers and technologists in our commercial teams were engaged in a circular product design competition. The competition challenged the teams to design a circular product or range that aligns to Dunelm's circular design principles.

A wide variety of ideas were submitted, from build-your-own roller blinds to interchangeable lampshades, all the way to the Full Circle™ sofa, which is now available to buy, and a fully deconstructable mattress.



1. The Austin Tonal Weave Full Corner sofa is part Dunelm's Full Circle range.



Product lifecycle continued**Product materials**

Continuing to move to lower-impact materials, such as recycled cotton and polyester, is expected to further reduce our carbon footprint and support the transition from a linear economy to a more circular economy, where materials are recycled and reused. Through sourcing certified recycled materials and by increasing the percentage composition in our products, the energy and water used to grow, extract or cultivate virgin raw materials utilised in our products will be reduced.

Conscious Choice also continues to drive the adoption of lower-impact materials across the business. To qualify, products must be made from at least 50% 'More Responsibly Sourced' materials (by weight) compared to conventional alternatives available from Dunelm (see page 16 for more information).

**Manufacturing**

A significant proportion of our carbon emissions come from the manufacturing of our products. To reduce the associated impact, we must work collaboratively with our suppliers and the rest of the supply chain to build knowledge, gather data, set targets and measure our progress year-on-year. Our Better Manufacturing programme supports our suppliers; we provide webinars and resources to support them in setting their own targets and gathering data. We also aim to showcase best practice to reduce carbon emissions and reduce water consumption in the manufacturing stage.

Product use at-home

We include the direct use of sold products within our Scope 3 target boundary and we continue to focus on practical ways to improve our performance.

We share care and cleaning instructions on our customer website to encourage customers to extend the life of our products in their homes.

We also want to encourage our customers to upcycle and repair products at home, to further extend their use. In FY24, we expanded our paints and craft ranges and our range of knobs and knockers to encourage customers to upcycle products. We also ran in-store repair pilots across three stores between February and April. Developed in collaboration with environmental charity Hubbub, the pilots explored workshops, repair cafes and live upcycling demonstrations, with event proceeds going to our national charity partner, Age UK.

 **For more information on our community initiatives, see page 26**

We remain, however, dependent on other factors to influence Scope 3 positively such as the UK's ambition to have a net zero electricity grid by 2035.

Product next life

Keeping products and materials in use for as long as possible is central to the transition to a circular economy. When a product reaches the end of its life, rather than disposing of the product to landfill, a circular economy aims to reuse products materials and gives them another life.

We continue to offer customers takeback services for around 62% of our own-brand range, encouraging customers to keep resources within the circular economy for as long as possible.

 **For more information on our takeback schemes see page 28**

FY25 focus

- **Continuing to source our key raw materials in accordance with our policies, with additional focus on recycled polyester and metals.**
- **Continuing to review Tier 1 and vertical facility data, implementing wider supplier engagement to educate and upskill suppliers and onboarding our key Tier 2s to the Higg Facility Data Manager tool (FDM).**
- **Implementing our circular design principles across product ranges and assess circular business models.**

Remade

In FY24, we continued to develop Cushions and Throws using recycled fibres, such as those collected through our textiles takeback service.

After initial checks of the textiles received through our takeback service, we aggregate collections in Stoke (using our baling machine) and then send on to international partner. Textiles are thoroughly sorted before chopping them into fine pieces, which are then combined and spun into recycled yarn to create new fabric. We use as much of the recycled textiles as is possible to make our Remade range of products, seeking to ensure quality and longevity of the product.

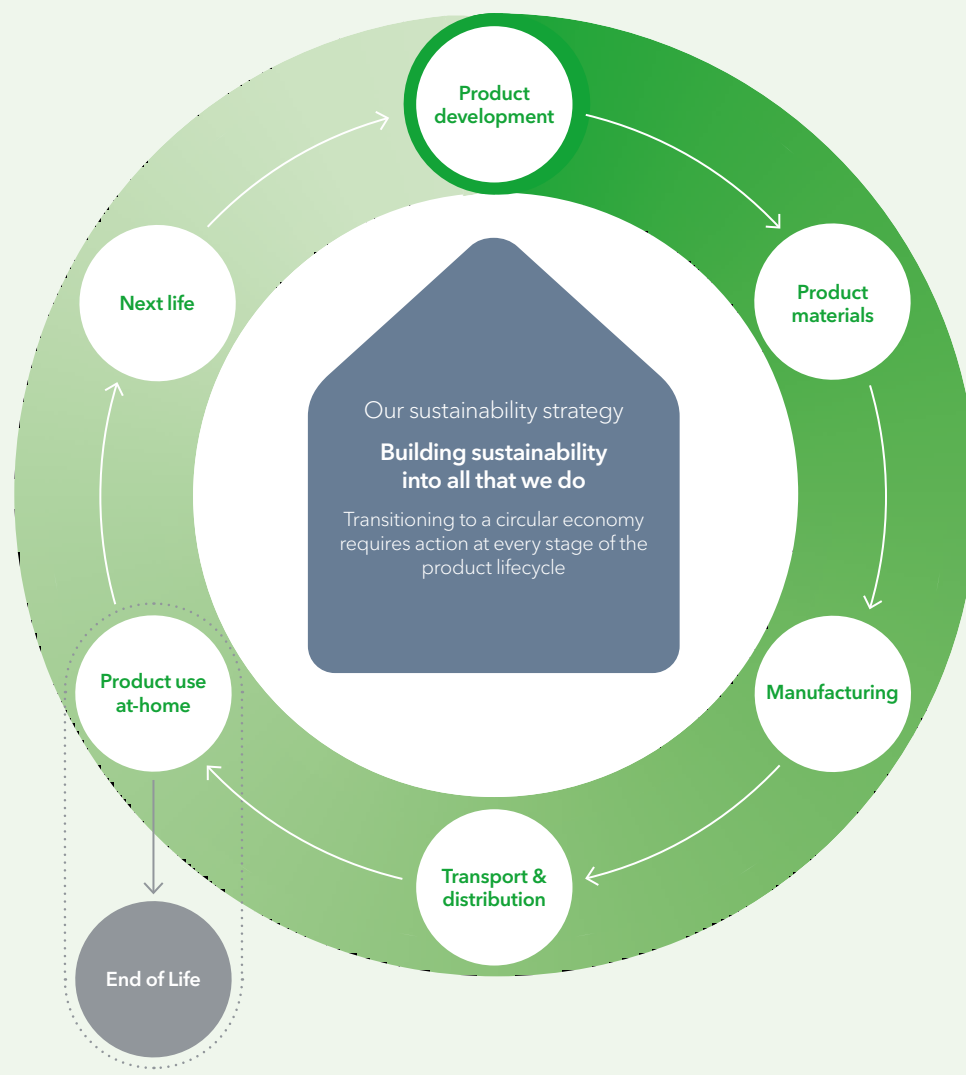
We continue to explore more ways in which we can introduce fibre-to-fibre recycled content in our products.



1. Made from 100% recycled cotton.

Product lifecycle continued

Dunelm's circularity strategy: product lifecycle

**Product development**

Our Circularity Design Principles are a set of guidelines that help our commercial teams create 'circular products'. Some of the principles include: Renewable and Recycled Materials, Durability and Product Disassembly.

**Product materials**

Our latest modelling indicates that raw materials used in our products account for a significant proportion of our carbon footprint. Sourcing in accordance with our 'More Responsibly Sourced' policies and increasing the percentage of materials like recycled cotton and recycled polyester in our products, reduces the energy and water used to grow, extract or cultivate virgin raw materials used in our products.

**Manufacturing**

A significant proportion of our carbon emissions come from the manufacturing of our products. Our Better Manufacturing programme supports our suppliers to reduce carbon and water impacts associated with the manufacturing of our products. Using tools such as the Higg Index, our Tier 1 suppliers are disclosing environmental impact data across energy, water, chemicals and waste.

**Transport & distribution**

Across our Home Delivery Network we are transitioning to lower-carbon fuels such as BIO-CNG, which have 85% less emissions than fossil fuel diesel. We also aim to use sea freight rather than air freight to limit our carbon footprint.

Product use at-home

In FY24, we expanded our paints and craft ranges and our range of knobs and knockers to encourage upcycling of product. We also want to encourage customers to repair their products and in FY24, we ran in-store repair pilots in three stores with workshops, repair cafes and live upcycling demonstrations.

**Next life**

Keeping products and materials in use for as long as possible is central to the transition to a circular economy. We promote reuse and credible recycling and takeback services. We offer customer takeback services for 62% of our range. To help keep products in use that are difficult to recycle, our Home to Home scheme gives customers the opportunity to pass on pre-loved homewares, such as home décor and cookware to find a new home in local communities.

End of life

While we want to avoid any products from reaching their end-of-life, they are sometimes not suitable for reuse and in some cases are not recyclable either because of their materials and the current infrastructure or because of their condition and quality.

Nature, water and waste

Nature

By volume, our two most nature-intensive raw materials are cotton and timber. We completed a baseline assessment of the 'state of nature' by mapping our likely cotton and timber sourcing locations and analysing our nature-related impacts and dependencies. Further to this, in FY24 we have been progressing our strategy in this area, with internal target development also being informed by the draft versions of the Science Based Targets for Nature, developed by the Science Based Targets Network

In FY24, we started developing more detailed roadmaps and actions across the supply chain. Using the results of the 'state of nature' assessment, we have been working on a prioritisation exercise to understand where targeted action would have the most benefit and are aligning these actions with our wider net zero carbon roadmap. We also continue to work with certification schemes, such as Better Cotton, to support nature improvements with our cotton sourcing regions and are in early stages of engagement with industry bodies and NGOs in our sourcing locations to identify further targeted action opportunities.

Furthermore, in preparation for EU Deforestation Regulation (EUDR) compliance we are accelerating our sourcing of wood-based products certified using FSC/PEFC.

We continue to target nature-related impacts through our More Responsible Sourcing policies (see page 16 for more information).



FY25 focus

- **Accelerating sourcing of wood-based products certified with FSC/PEFC.**
- **Continuing our work with Better Cotton.**
- **Continuing integration of nature actions into our net zero carbon roadmap.**

1. Made with 80% certified responsibly sourced timber.

Nature, water and waste continued

Water

We have committed to reduce aggregate water footprint in own-brand textile products by 30% by 2030, aligning Dunelm to the Textiles 2030 industry target. Understanding our impacts around water and water stress is challenging as data and wider knowledge of this area is still developing. To achieve our water goals therefore requires innovation and collaboration, and we are keen to work with our suppliers, recyclers and the wider industry to achieve them. In FY24, we incorporated our water goals into supplier scorecards and it is now a standing agenda item at action plan meetings with suppliers.

We have identified cotton as our most water intensive raw material, making up 93% of our water footprint. From conducting product Life Cycle Assessments (LCAs) we know that sourcing more recycled cotton will support reaching our water footprint target. Whilst our cotton footprint increased in FY24, we are continuing to introduce newness into our product ranges using lower impact cotton only and increasing our use of recycled cotton across the business. There are some challenges in this regard around availability and quality, and to try to overcome them we are working with WRAP, recyclers and other brands and retailers to advocate for fibre-to-fibre recycling processes in the home textile industry and are working with our suppliers to find credible sourcing routes.



Case study

Recycled cotton

Our product teams are focused on increasing the amount of recycled content we use in our products. For AW24, the bedding department focused on our best-selling ranges to switch or increase the recycled cotton content.

Across our soft wash range of bedding we have been able to achieve 100% recycled cotton. We have overcome challenges around the quality of the product due to shorter staple fibres. Working with our key suppliers we hope to increase the recycled content across our other popular bedding ranges too.

FY25 focus

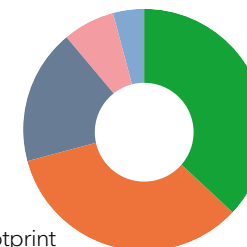
- Working with suppliers to develop water reduction roadmaps.
- Continuing to increase our use of recycled cotton applying the same learning from AW24 bedding ranges.
- Collecting further water footprint data from suppliers.

Water consumption across our Tier 1 suppliers countries of origin

- 1. Pakistan 37%
- 2. China 34%
- 3. Turkey 18%
- 4. India 7%
- 5. Bangladesh 4%

30%

Our target is a 30% reduction in water footprint by 2030



Operational waste and recycling

We aim to minimise generated waste, recycle where possible and only send it to landfill as a last resort. In FY24, we diverted 97% (FY23: 93.5%) of waste generated away from landfill against a target of 95%. Overall, the amount of waste going to landfill is 4% less when compared to FY23, despite the total amount of waste produced in FY24 increasing by 1,019 tonnes. We diverted 1,483 more tonnes from landfill than in FY23. We recycled 954 more tonnes of waste than in FY23.

Our in-store waste champions are an essential part of maintaining awareness and driving further change. In FY24, their efforts were supported by publication of our new recycling guide and increased communication about our waste performance. In FY24, we also ran a trial to recycle takeaway cups with our waste partner. This is ongoing into FY25 with plans to also trial paper-based lids, which will also reduce our plastic usage. We also implemented changes in our Welsh stores to reflect new legislation on business recycling.

In FY24, we brought PA testing in-house at our Stoke 2 DC to improve recycling rates and reduce the amount of WEEE produced.

FY24 highlights

Waste generated diverted from landfill

97%

against a target of 95%

Metrics

Metric

Scope 1 tCO₂e

Scope

This metric is for Scope 1 emissions only, and is calculated as an absolute reduction against our FY19 baseline.

Why this measure is important

This measure helps us to understand how successful we are in reducing our impact on the environment and achieving our long-term carbon reduction targets.

Performance in FY24

5,139tCO₂e

total Scope 1 emissions

27%

reduction on the FY19 baseline

Assessment of Progress

In FY24, we reduced our overall Scope 1 carbon emissions by 27% from our FY19 baseline despite strong sales growth of 53% over the same period. We achieved this primarily through our gas boiler replacement programme in stores (which is on track to be completed by FY30), the ongoing transition of our company car fleet to lower carbon, and moving our trunking vehicles from diesel to bio-compressed natural gas.

Target

50% reduction by FY30.

Overall current status

We have a strategy in place to meet our target with interim milestones agreed and confirmed by the Executive Team. We are currently on track against our strategy.

Metric

Scope 3 MtCO₂e

Scope

This metric is for Scope 3 emissions only, and is calculated as an absolute reduction against our FY19 baseline. Target boundary for Scope 3 excludes the indirect use of sold products.

Why this measure is important

This measure helps us to understand how successful we are in reducing our impact on the environment and achieving our long-term carbon reduction targets.

Performance in FY24

1,345MtCO₂e

total Scope 3 emissions

59%

increase compared to FY19 baseline

Assessment of Progress

In FY24 this increased by 59% due to increased sales and spend. We continue to invest in data, measurement and reporting capabilities and have re-baselined and restated emissions in line with our base-year restatement policy.

Target

50% reduction by FY30.

Overall current status

We have a strategy in place to meet our target.

Key

Target met or on track.

Broadly on track, improvement required.

Not on track, significant improvement required.

Metric

Scope 1 tCO₂e/£m Group revenue

Scope

This metric is for Scope 1 emissions only, and is calculated as absolute Scope 1 emissions divided by Group revenue. Further details are available in our basis of reporting document available online.

Why this measure is important

This measure helps us to understand how successful we are in reducing our impact on the environment and achieving our long-term carbon reduction targets.

Performance in FY24

53%

reduction to 3 tCO₂e/£1m Group revenue

32%

reduction on the FY19 baseline in FY23

Assessment of Progress

In FY24, we reduced our absolute Scope 1 carbon emissions primarily through our gas boiler replacement programme in stores, the ongoing transition of our company car fleet to lower carbon, and moving our trunking vehicles from diesel to bio-compressed natural gas. Along with an increase in revenue, this has led to the intensity reduction.

Target

59.3% reduction by FY26.

Overall current status

We have a strategy in place to meet our target with interim milestones agreed and confirmed by the Executive Team. We are currently on track against our strategy.

Metrics

Metric

Virgin plastic packaging used for own brand products by weight/£ sales

Scope This metric includes all plastic product packaging for own-brand products (primary packaging) plus sales packaging (in-store carrier bags and web delivery packaging). Plastic that has a recycled content greater than 30% is classed as a removal of plastic. Further details are available in our basis of reporting document available online.	Performance in FY24 42% reduction 30% target by FY25	Assessment of Progress In FY24, we achieved a 42% reduction in the virgin plastic used in our own-brand packaging. Driving this reduction has been various initiatives such as reducing the thickness requirement for our curtain bags and increasing the amount of recycled content across our own-brand products.
Why this measure is important This measure helps us to understand how successful we are in reducing our impact on the planet by reducing the amount of virgin plastic in our packaging.		Target 30% reduction by FY25.
		Overall current status We have a strategy in place to meet our target with interim milestones agreed and confirmed by the Executive Team. We are currently on track against our strategy.

Metric

'More Responsibly Sourced' cotton in own brand range

Scope This measure covers own-brand products that contain cotton.	Performance in FY24 71% of cotton in own-brand range was 'More Responsibly Sourced'	Assessment of Progress Compared to FY23, this KPI has improved 45%, driven by suppliers passing more ethical risk assessments in FY24.
Why this measure is important There are both ethical and environmental considerations associated with cotton production, which our 'More Responsibly Sourced Cotton' standard aims to address.		Target 80% by FY24 and 100% by FY25.
		Overall current status We have a strategy in place to meet our target with interim milestones agreed and confirmed by the Executive Team. We are currently lagging behind our strategy (falling short of our FY24 milestone by 9%) but remain confident at this time in our ability to meet our next milestone.

Key			
	Target met or on track.	Broadly on track, improvement required.	Not on track, significant improvement required.

Metric

Aggregate water footprint in own-brand textiles

Scope This metric includes own-brand products containing textiles, that are within key textile categories.	Performance in FY24 67% increase of our water footprint compared to our 2019 baseline in calendar year 2023	Assessment of Progress In calendar year 2023, we increased our water footprint by 67% due to a 37% increase in fibre uptake from 2023 vs 2019. This is driven by a large increase of natural fibres used over the past five years. We are focusing on sourcing more recycled cotton to reduce the water footprint and to hit our 2030 target, which will require supplier R&D, greater cross-industry collaboration and funding for textile recycling infrastructure.
Why this measure is important The majority of our water footprint is from our textiles products. We have signed up to this commitment as a member of Textiles 2030.		Target 30% reduction by 2030.
		Overall current status We have a strategy in place to meet our target.

Metric

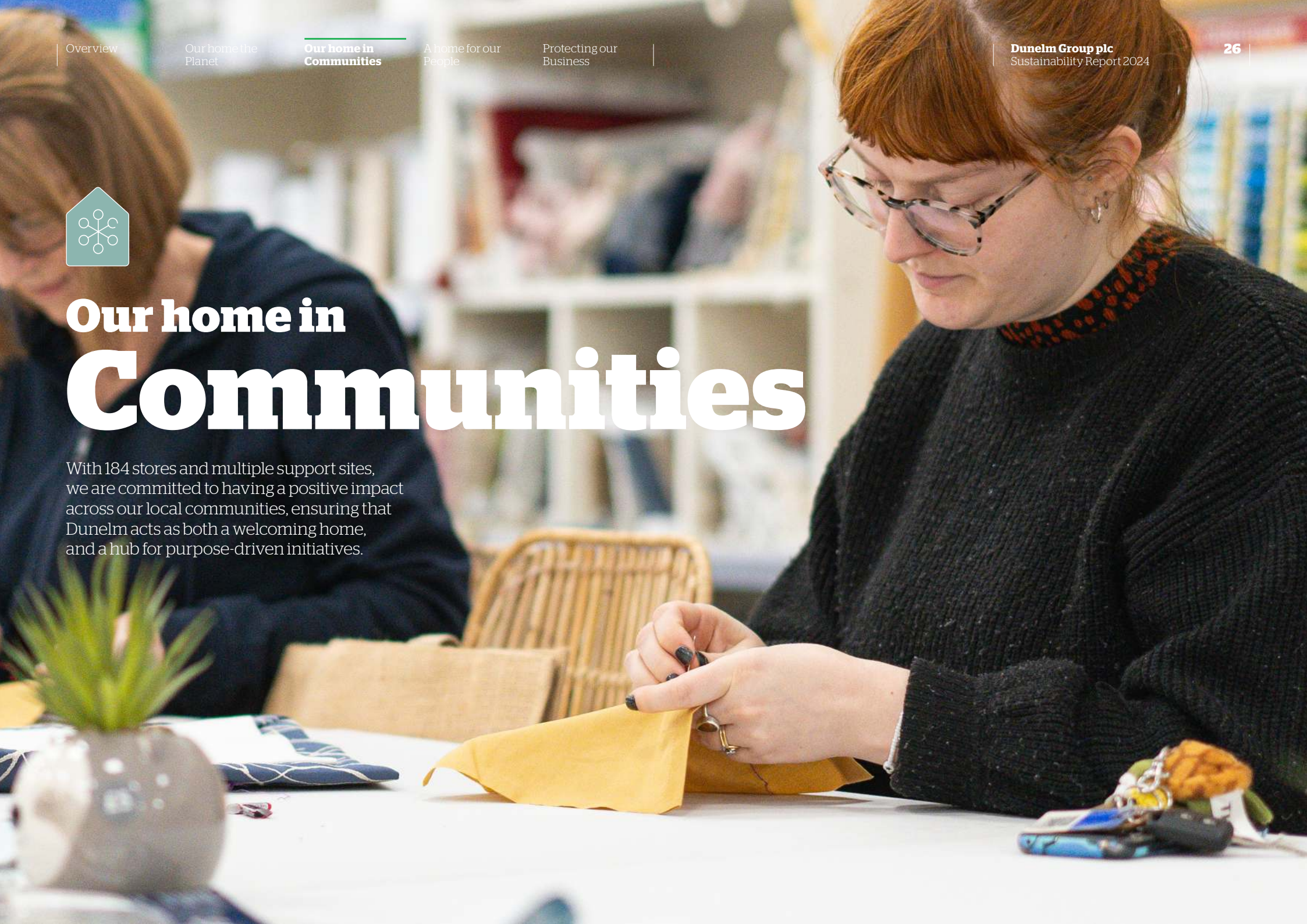
'More Responsibly Sourced' timber in own brand range

Scope This measures covers own-brand products that contain timber.	Performance in FY24 37% of timber in own-brand range was 'More Responsibly Sourced'	Assessment of Progress We saw a 15% improvement against this KPI compared to FY23 (19.9%). Driving this progress in FY24 was an increase in the use of certified timber and increased engagement with our suppliers on the UKTR due diligence process.
Why this measure is important This measure is important to us as there are both ethical and environmental considerations associated with timber logging, which our 'More Responsibly Sourced Timber' standard aims to address.		Target 50% by FY25.
		Overall current status We have a strategy in place to meet our target with interim milestones agreed and confirmed by the Executive Team. We are currently on track against our strategy.



Our home in Communities

With 184 stores and multiple support sites, we are committed to having a positive impact across our local communities, ensuring that Dunelm acts as both a welcoming home, and a hub for purpose-driven initiatives.



Being Good & Circular

Charity initiatives

There are two main areas where we have an impact in our communities, in line with our good and circular approach. Firstly, we aim to do **good** through both our charity initiatives and by acting as a community hub. Secondly, we initiate various schemes which strive to create a more **circular** local economy, reducing waste and prolonging the life of our products.

Our charity work happens at both a local and national level, through a variety of key initiatives.

Delivering Joy

Our fourth Delivering Joy campaign, which ran over the festive period in December 2023, was our biggest yet. We doubled the number of donated gifts – from c.62,000 in 2022 to c.125,000 in 2023.

Our colleagues and customers are at the heart of this campaign, which helps people who may otherwise go without gifts or decorations over the festive period. By taking a label, linked to a local good cause, from one of our in-store Christmas trees, we give customers the choice to donate brand-new items, good quality pre-loved decorations or home-made gifts.

In FY24, stores have found new ways of engaging with customers to build interest, with our St Helens store reaching over 3.3 million people through a Facebook post which went viral within just 48 hours of launching, overwhelming them with people wishing to help. We also dressed up 116 of our Made to Measure vans with Delivering Joy signage to spread the message.

Age UK partnership

Following a successful three years working with Mind, which raised £1.8m, in January 2024 we launched our new national charity partnership with Age UK after a voting process involving both colleagues and customers.

We have a commitment to raise £2m over the next three years for Age UK and have created a joint purpose to create communities that feel like home.

Pausa initiatives Fundraising

Our Pausa cafes are one of our largest charity fundraising streams, raising money through a mix of donations and collections. On National Tea Day in April, our Pausa cafes donated £1 for every cup of tea sold, raising over £3,000 for Age UK. In FY24, Pausa raised over £248k by donating 5p on all hot drinks sold to our charity partners.

Community hubs

We continued to promote our Pausa cafes as community hubs during FY24, opening them up free of charge to local groups who use them for activities from choir singing to games nights and Easter crafting. We also support small businesses in our stores and Pausa cafes, which sell items such as pet portraits, winter wreaths and decorative garlands. For businesses we charge a small fee which we donate to Age UK.

Knit & Stitch

Anyone can join our growing band of knitters and stitchers. We encourage new joiners by asking for donations of used balls of wool, so they can get going without incurring any cost. Individual groups also make items for their local charities.



Our support includes a focus on helping Age UK tackle loneliness in older people and bringing local communities together, through three key initiatives:

1. Home Sweet Home

5 local Age UK's directly supporting

2,000
older people

2. Telephone Friendship

30,000
older people supported with telephone friendship calls

3. Information & Advice

200,000
older people supported with information and advice

Being Good & Circular continued**Encouraging circularity in the community****Home to Home**

Home to Home is a 'pass it on' scheme through which customers can donate pre-loved and good quality homewares such as crockery and glasses in our stores. The donations are collated and redistributed via local charities to people who may be struggling to 'feel at home', such as those living in temporary accommodation and refugees.

Last year we partnered with Hubbub, an expert in environment, charity, redistribution and innovation, to test the initiative in our north-west region, initially involving 22 stores. In FY24 we expanded to 39 stores and plan to expand to more stores still in FY25 with support from Age UK, who will help to collate the donations and resell them through their local Age UK retail network.

**Repair**

Over the course of the year we have been exploring local customer engagement in repair services and events, all while promoting our repair product range.

In-store repair pilots took place at three stores between February and April 2024. Developed in collaboration with environmental charity Hubbub, the pilots involved workshops, drop-in repair cafes (run by local volunteer organisations) and live demonstrations, with event proceeds going to our national charity partner, Age UK.

During the pilots we collaborated with local community causes, as well as suppliers, across 20 events such as sewing classes and upcycling furniture workshops. Participant feedback highlighted an increase in their confidence to attempt a repair, with many saying they would apply their new skills at home.

The events also promoted our Make & Mend range and Airtasker partnership. Airtasker is now running in all stores and links customers to local people to get outstanding tasks and odd jobs done (including assembling Dunelm flat packs) as well as helping people in our local store communities to become taskers themselves should they wish to do so.

With colleagues and Airtaskers, we also launched a range of repair resources for customers on the Dunelm YouTube channel.

We intend to explore the potential for ongoing repair events across our stores in FY25 and consider how we may partner with local businesses, such as offering local seamstresses space in stores to carry out textile alterations for customers.



Being Good & Circular continued

Takeback

We continue to offer customers takeback services across 62% of our own-brand range (excluding Home to Home and trialled services).

Our in-store textile takeback service is ever-increasing in popularity with our customers, who are now, on average, bringing c.98 tonnes of textiles to our stores every month. We have now collected more than 2,230 tonnes of textiles since launching the service in October 2021. Permanent metal collection containers are now available in all 175 participating stores and we take all clean clothing and home textiles.

We continue to review and refine our processes, ensuring textiles are reused where possible, or recycled. We remain involved and up to date with all global textile reuse and recycling challenges to ensure we learn and improve, so as to find the right solution for our takeback textiles.



FY24 highlights

Textiles collected through our textile takeback since launch

2,230 tonnes

We offer takeback services for

62%

of our own-brand products

In addition to our textile scheme we continue to takeback all like-for-like electrical items purchased with us, working in partnership with the Recycle Your Electricals scheme, which we promote online, in store and via our Facebook community groups.

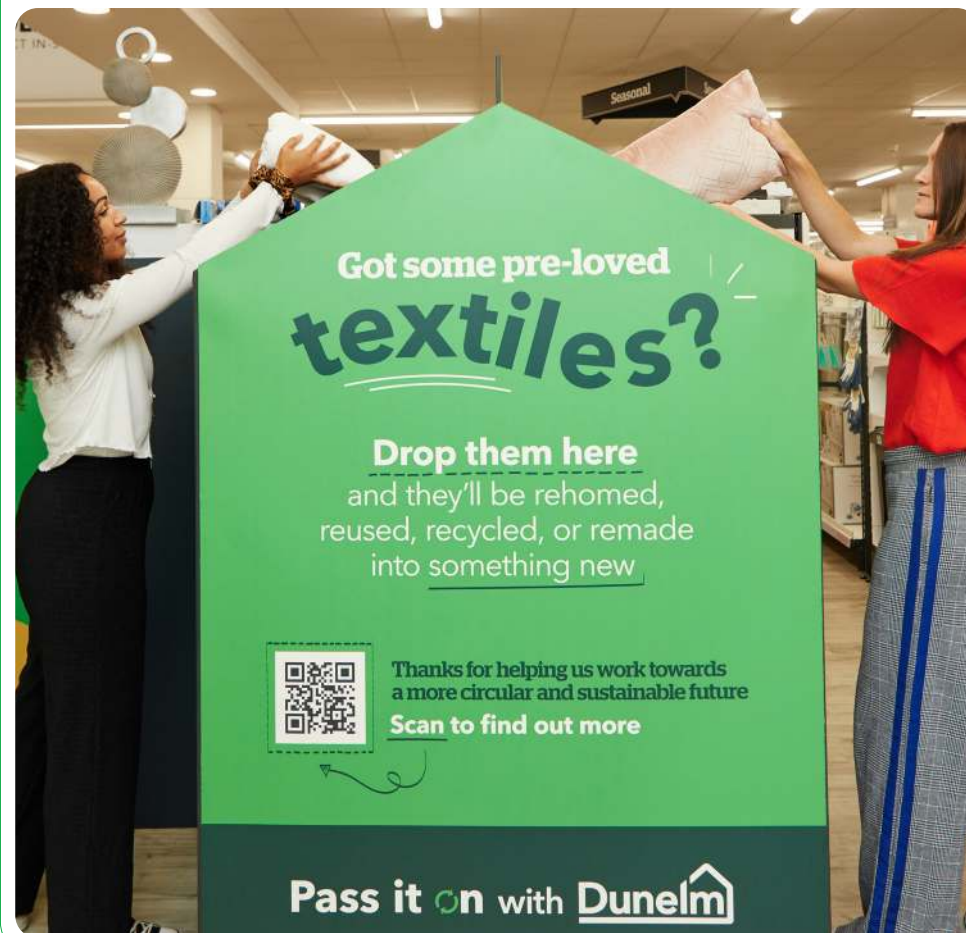
We also work with the British Heart Foundation, who collect good quality furniture, beds and mattresses with fire safety labels. Clearabee also collect these items in any condition for a fee (discounted with proof of Dunelm order). Appointments for both services can be booked via dunelm.com. Over 1,350 collections have been made by the British Heart Foundation from customers accessing the service via Dunelm channels, raising over £230k for the British Heart Foundation including Gift Aid.

FY25 focus

- Running a successful fifth Delivering Joy campaign.
- Implementing and delivering on our key initiatives with new national charity partner, Age UK.
- Reviewing our takeback services.

New takeback scheme trials

We are already underway with new trials, offering online textile takeback, in partnership with The Salvation Army, as well as a Rug takeback trial in a limited number of stores. We will review the success of these trials, alongside other initiatives, as we continue to develop our approach to circularity. Other areas of consideration include buyback and resell opportunities, and improvements to how we best sort and divert different textile categories to the best next or end-of-life solution.



Metrics

Metric Group and colleague fundraising and Group cash charity contributions Scope This measure covers monies raised by colleagues in our stores and sites and any additional Group cash contributions that are made at the Executive Team’s discretion. Why this measure is important This measure recognises the efforts and various initiatives made by our colleagues across the business. Performance in FY24 £1.1m Group cash contributions Assessment of progress In FY24, Group and colleague fundraising and Group cash charity contributions amounted to £1.1m (FY23: £820k), up 33% year-on-year. Target Year-on-year increase. Overall current status We are currently meeting our target and saw a year-on-year increase.	Metric % of own-brand products for which we offer an easy-to-use takeback service Scope This metric covers own-brand products sold in our stores. Further details are available in our basis of reporting document available on our corporate website. Why this measure is important This measure supports our commitment to move towards a circular economy and to reduce our impact on the planet, our supply chain and local communities. Performance in FY24 62% of own-brand products for which we offer an easy to use takeback service¹ Assessment of progress We continue to track at a similar level to previous years, having focused on three core initiatives, namely textile takeback, WEEE electrical recycling and furniture takeback through British Heart Foundation and Clearabee. We have optimised existing schemes while exploring and trialling further categories including Home Accessories through Home to Home, and Rugs through rug takeback - but these are currently in limited stores and therefore excluded from the metric. Target 50% by FY24. A target of 50% also applies for FY25, but under a revised definition¹. Overall current status We have met our target for FY24 and are currently on track against our strategy.
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Key

Target met or on track.

Broadly on track, improvement required.

Not on track, significant improvement required.

1. Performance in FY25 will be measured as the percentage of own-brand products for which we offer an easy to use takeback service with a credible end-of-life solution in at least 90% of our superstore estate.



A home for our People

We create a home for People working in our business and our wider supply chain. We are focused on building an inclusive environment where all our colleagues can thrive, and they feel safe, engaged, and fairly rewarded.



Our colleague focus

Our colleague focus

We are committed to creating a home for our people, making colleagues feel welcome, engaged, safe and fairly rewarded wherever they work in our business. This commitment is underpinned by our people strategy (learning-thriving-belonging).

Learning

We aim to promote a culture of learning and development that supports business growth, while keeping our colleagues engaged and motivated.



See more on page 33

Thriving

We apply pay principles based on reward that is 'fair, relevant and personalised' throughout the business. We also invest in additional colleague financial wellbeing support.



See more on page 35

Belonging

We are committed to making our colleagues feel more connected to our business and shared values through improved engagement, health and wellbeing training and support, and a more strategic approach to diversity and inclusion.

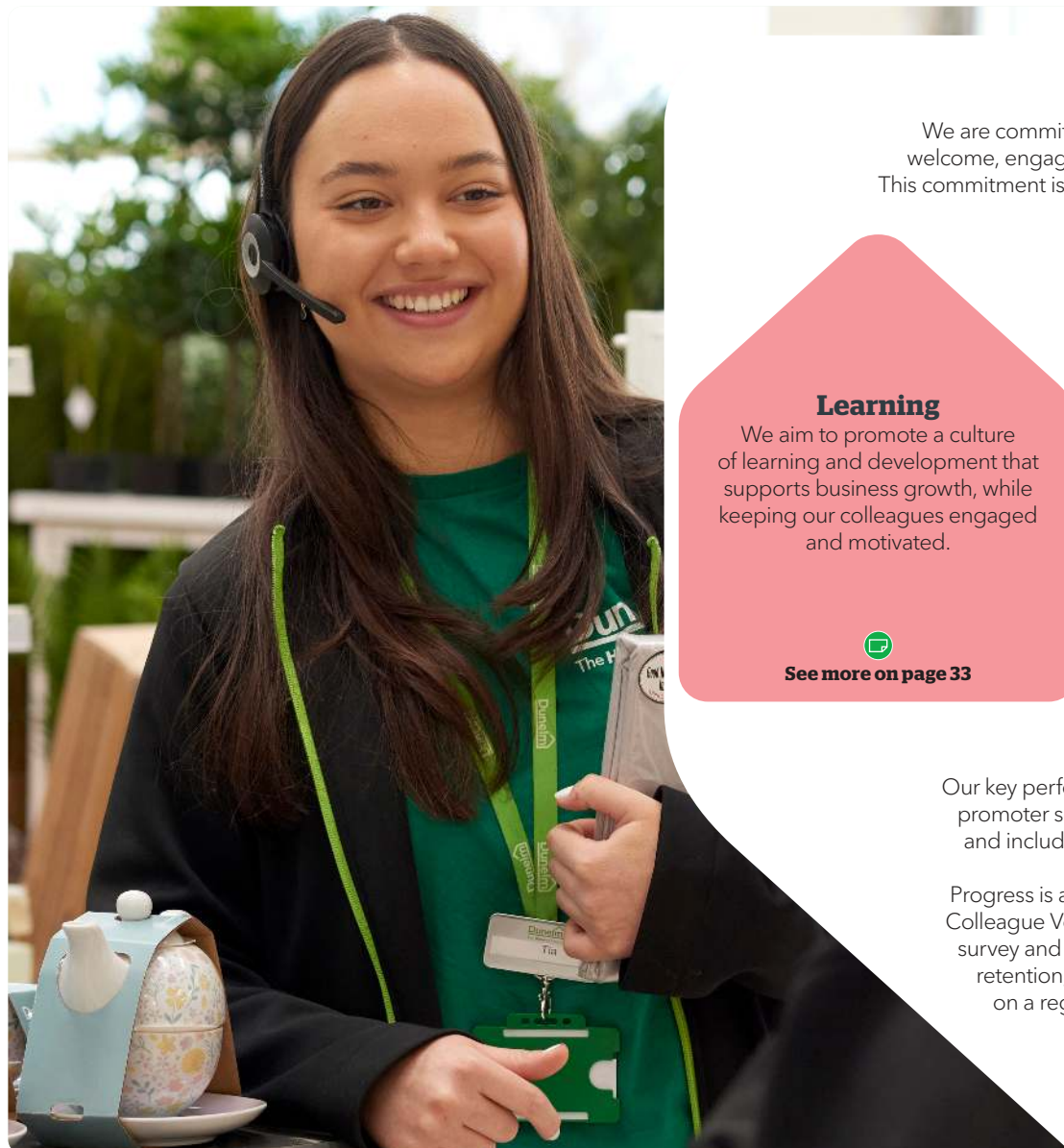


See more on page 37

Measuring progress

Our key performance indicator for all colleague activities is employee net promoter score (eNPS). This metric is reviewed by our Executive Team and included within the personal objectives of the senior leadership.

Progress is also measured by reviewing the feedback from our National Colleague Voice and comments gathered from our annual engagement survey and targeted pulses, as well as a series of other metrics such as retention, diversity and internal promotions, which are considered on a regular basis by our Executive Team, as well as our Board.



Learning



We launched our 'Know-Grow-Flow' campaign in FY22, initially focusing on 'Know' to help untap hidden or unknown talent and aspirations in the business. We focused on the 'Grow' element in FY23, by creating a range of leadership programmes to upskill colleagues across the business and at different stages of their career. We continued this campaign into FY24, implementing further programmes focusing on the 'Grow' element, while also developing the 'Flow' element. We have started to introduce career pathways across the business, providing a shared overview of the different roles within the business, highlighting key skills and attributes at every level. This supports the flow of talent within the business as colleagues can align their development to aspirational roles.

Monitoring success

We track three metrics internally as an indication of the success of our investment in learning and development: colleague engagement, colleague retention and the percentage of home-grown talent (percentage of internal promotions). At the end of FY24, 65.5% of positions in the Dunelm leadership team and our 'Heads of' had been filled internally.

Early careers programmes

Our early careers programmes include graduate, apprenticeship, internship and placement opportunities. They have been developed to build leadership and functional capabilities that support our long-term business growth aspirations by widening our talent pool. We continue to shape our programmes to make them more meaningful for our business, colleagues and potential new colleagues seeking to participate in them.



Dunelm leadership team and 'Heads of' vacancies filled internally

65.5%

Early careers programmes summary FY24

FY24	No. of Colleagues
Graduates (total)	17
- Functional	13
- Business transformation	4
Apprenticeships (total)	18
- Stores	7
- Non-stores	11
Placements	3

Career pathways

We continue to listen and learn from our colleagues. From colleague engagement surveys carried out throughout FY24, it became evident that some colleagues were unclear on their career path. Further to this, to support colleague development and career planning, we are introducing career pathways throughout the business. These are intended to provide visibility of the different roles and potential new opportunities available at Dunelm, and help support colleagues with their personal development plans. We launched the first pathways in FY24, including in our Retail Development Programme that goes from store colleague to store coach. We will be rolling out the remainder over the course of FY25.

Strong growth potential programmes

In FY24, we worked to further support the development of colleagues in the early stages of their career by developing and introducing programmes for colleagues at Support Analyst and Professional levels. These are an addition to our existing strong growth potential programmes, aimed at equipping colleagues identified as having potential with the skills to transition to the next level in their careers.

Role model leadership

In FY24, we defined our Regional and store coaches plus all colleagues at 'Head of' level and above, of which we currently have around 300 across the organisation, as 'role model leaders' with a view to developing specific training appropriate for that cohort. In FY24, 86 of these colleagues were enrolled in a year-long development programme. The programme aims to bring the culture at Dunelm to life and focuses on building our role-model leadership principles. It consists of 11 sessions, including Inclusion Awareness, Inclusive Recruitment, Mental Health Awareness, Leading Hybrid Teams and Leading High Performing Teams. The current programme concludes in December 2024.

Data literacy academy

During FY24, colleagues were telling us through engagement surveys that data is a key capability in relation to which they would like to develop their skills further. In response, we selected 93 colleagues from across the business to participate in our first 'data literacy academy'. Feedback from this cohort will inform the manner in which we roll out this initiative more broadly across the business in FY25.

FY25 focus

- Continuing the rollout of our career pathways across the business.
- Learning from outcomes and feedback from the 'data literacy academy' and rolling out to the wider business as appropriate.

Learning continued**Summary of Group-wide training opportunities in FY24**

Programmes	Focus	Description
Retail		
Lead with Purpose	All store coaches and Strong Growth Potential team leaders	Our store managers are named 'Store Coaches' to reflect our shared values and culture. All store coaches take part in this programme to develop leadership capabilities and behaviours.
Coach to Success	Deputy store coaches & Strong Growth Potential team leaders	This programme consists of different modules such as Understanding Conflict, Recognition and Team Working, Growing Capability and Menopause Awareness.
Rising Stars	Colleagues and team leaders	This programme provides an introduction to Our Shared Values & Behavioural Framework, how to have effective progress and career conversations and making a Know, Grow, Flow Development Plan.
Support sites		
REACH programme	Open to all colleagues at support analyst or professional level across all sites.	Introduced in FY24 and aimed at colleagues from underrepresented ethnic groups, this programme focuses on creating learning and development opportunities.
Discover	Support analysts	Available to all at support analyst level, the programme focuses on awareness, reflection and recognition.
Explore	New line managers	Consisting of five modules, this programme helps develop new line managers within the business.
Elevate	'Strong Growth Potential' professionals	Focused on our shared values, the programme aims to develop professional skills and optimise expertise.
Inspire	'Strong Growth Potential' senior managers	Launched in February 2023, this programme is weighted towards strategic leadership capabilities and helps develop our next layer of talent to take on head of department roles.
Enterprise Leadership Development Programme	'Strong Growth Potential' heads of departments	Focused on our four core leadership capabilities, the programme consists of six full-day events over one year and aims to develop the skills needed to thrive in times of rapid change.
Group-wide		
Development Fund	Open to all colleagues on application. £135k worth of training drawn in FY24.	We set up this fund in August 2022 to support and promote a positive attitude to lifelong learning – not necessarily limited to skills needed for current or next jobs.
Developmental and mandatory training on Thrive	Open to all colleagues. 909,320 views on Thrive in FY24.	Many of our online developmental workshops and training sessions are compiled and presented by in-house functional and technical experts, helping us to create content that is highly relevant to the business.

Thriving



Pay and benefits

Our colleagues expect us to pay and incentivise them fairly. We apply pay principles based on reward that is 'fair, relevant and personalised' throughout the business from the Board down, aiming for base pay to be competitive. All colleagues are paid at least National Living Wage/Minimum Wage (as applicable) as set by the UK Government.

In FY24, we awarded a median increase to our hourly-paid colleagues of 6.9% with effect from April 2024. We also introduced a new benefit – all our colleagues now have Life Assurance of £10,000 with the opportunity to annually increase this at their own expense. This is in addition to our existing competitive benefits package which includes colleague discount, paid birthday day off and access to a range of discounts via a third-party provider, for example, on food, holiday, travel and insurance.

Benefits communication

We are extremely mindful of the need for clear communication with colleagues when it comes to understanding reward. In FY23 we launched a 'your benefits' hub which gave colleagues the opportunity to view all elements of their overall package (including benefits such as bonus, pension and death in service details) in one place on our Home Comforts intranet.

Building on this, and at the same time that we introduced the hourly-paid increase in April 2024, we communicated '10 benefits every colleague should know about', highlighting some of the wider benefits available at Dunelm with a view to encouraging colleagues to explore further the offers available to them.

10

benefits every colleague should know about

1

Free 24/7 confidential support and advice from our wellbeing partner, Retail Trust including counselling for you and your family.



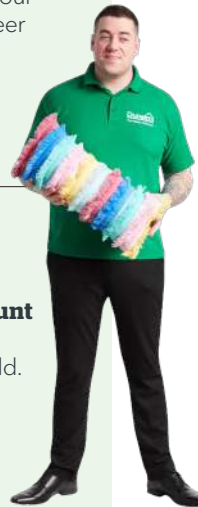
2

Access to 100s of discounts through Home Comforts.



3

Enhanced paid time-off including accumulated holiday with service, enhanced parental leave and time off for your birthday and to volunteer for charity.



4

Free guidance and tools through our financial wellbeing partner, Salary Finance including low-cost loans.



5

Extra holiday bought with your pay available three times a year.

6

Non-repayable grants for financial hardship through our Colleague Support Fund.



7

15% colleague discount for you and immediate family in your household.

8

Use savings to buy discounted Dunelm shares through a three-year Sharesave Scheme.

9

Early access to your earned pay through Salary Advance.

10

Free 24/7 virtual GP service for you and your household.



Thriving continued**Colleague Support Fund**

Since 2020 we have provided a 'Colleague Support Fund' which provides grants or loans to colleagues who are experiencing financial hardship or an unexpected life event (e.g. death of a family member, home flooding, domestic abuse). In FY24 we funded c.£200k of these grants/loans.

Salary Advance

We provide all colleagues with the opportunity to take 50% of their earned pay when they wish, using our Salary Advance facility, recognising that being paid once a month doesn't suit everyone and that advancing some earned pay can avoid using expensive alternatives, like overdraft fees.

Recognition schemes

We re-launched our recognition schemes ahead of the FY24 busy peak season which includes peer-to-peer recognition, where colleagues send e-cards to one another. Whether as a 'just to say' or in recognition of our shared values and behaviours.

Gender pay gap

Our 2024 Gender Pay Gap Report is available on our corporate website. The existence of our gender pay gap, which is a different measure to equal pay, reflects the fact that c.70% of our colleagues are women, of whom c.90% are in hourly-paid, predominantly store roles – a UK retail industry trend.

 **Read our 2024 Gender Pay Gap Report**

**Our gender pay data 2024**

Median gender pay gap	5.5%
Mean gender pay gap	16.9%
Median gender bonus gap	79.8%
Mean gender bonus gap	64.8%
% of men receiving bonus	15.6%
% of women receiving bonus	19.9%

% of women in each pay quartile 2024

Business transformation	48.6%
Apprenticeships (total)	66.5%
Internships	75.9%
Placements	72.6%

Source: Dunelm Gender Pay Report 2024.

**Gender identity**

Gender pay regulations mean we must identify our colleagues as men and women. However, we actively support our colleagues of all gender identities, working closely with our LGBTQ+ network to listen and learn and to uphold our commitment to being a truly inclusive business.

Gender pay equality

We are committed to 'equal pay for equal work' as mandated by UK legislation under the Equality Act 2010, which legally entitles men and women to be paid at the same rate for like work, work rated as equivalent, and work of equal value.

Ethnicity pay gap

We do not currently analyse pay data by ethnicity. However, this is something that we are considering as we continue to build a more accurate profile of our colleague diversity.

FY25 focus

- **Continuing to raise awareness of benefit choices for colleagues.**
- **Introducing further personalisation for colleagues on Reward and Benefits.**



Belonging

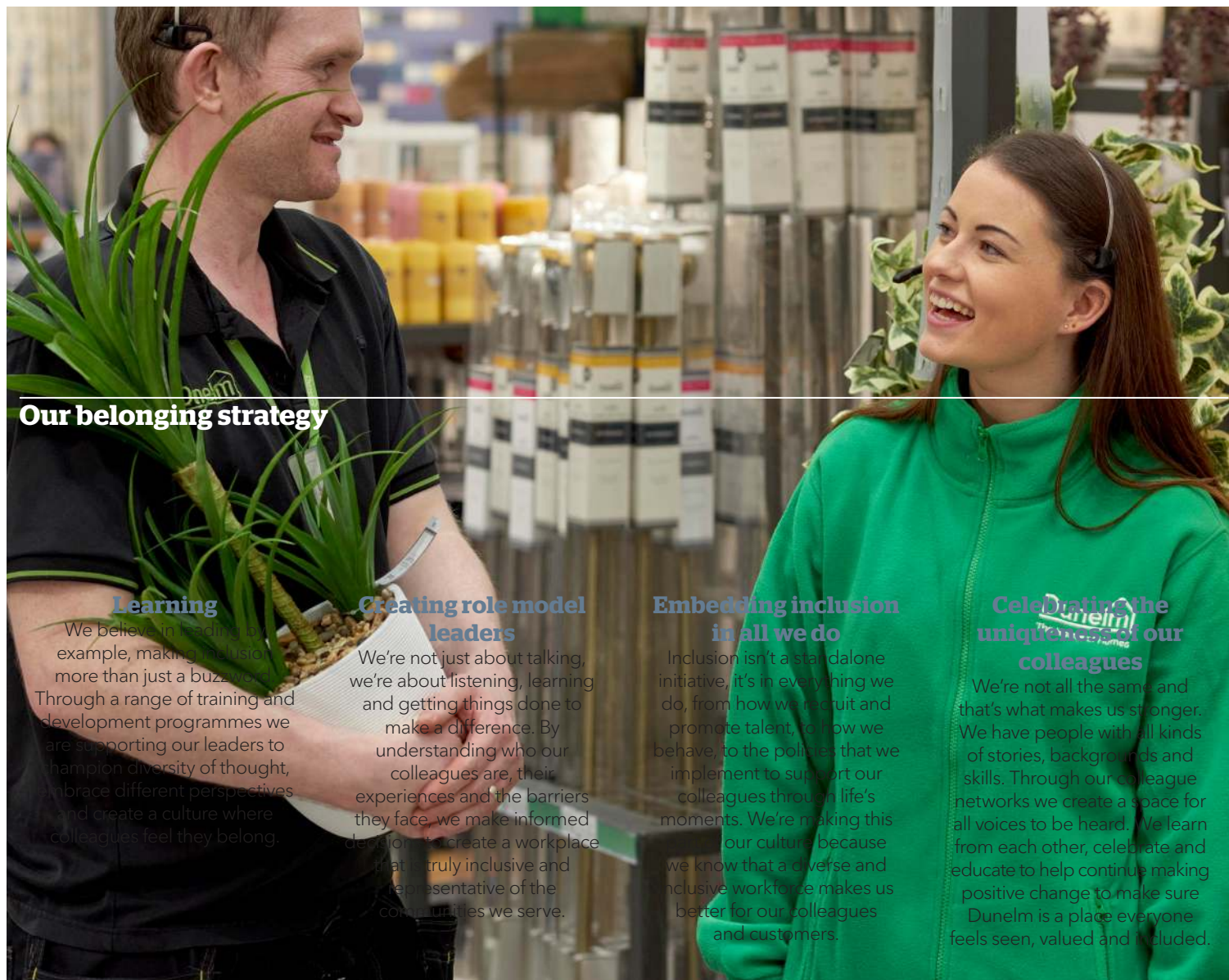


People belonging

We continue to develop effective two-way colleague communication that is engaging and inclusive, with a culture of continuous feedback promoted by our senior leadership.

Belonging strategy

In FY24, we defined the pillars of our belonging strategy to ensure that our culture celebrates the uniqueness of all our people and we are creating a place of work where everyone feels like they belong. Our belonging strategy is spilt across four pillars, each designed to guide our future decision-making and highlight the importance of this area as part of our People strategy.



Our belonging strategy

Learning

We believe in leading by example, making it more than just a buzzword. Through a range of training and development programmes we are supporting our leaders to champion diversity of thought, embrace different perspectives and create a culture where all colleagues feel they belong.

Creating role model leaders

We're not just about talking, we're about listening, learning and getting things done to make a difference. By understanding who our colleagues are, their experiences and the barriers they face, we make informed decisions to create a workplace that is truly inclusive and representative of the communities we serve.

Embedding inclusion in all we do

Inclusion isn't a standalone initiative, it's in everything we do, from how we recruit and promote talent, to how we behave, to the policies that we implement to support our colleagues through life's moments. We're making this part of our culture because we know that a diverse and inclusive workforce makes us better for our colleagues and customers.

Celebrating the uniqueness of our colleagues

We're not all the same and that's what makes us stronger. We have people with all kinds of stories, backgrounds and skills. Through our colleague networks we create a space for all voices to be heard. We learn from each other, celebrate and educate to help continue making positive change to make sure Dunelm is a place everyone feels seen, valued and included.

Belonging continued

Colleague engagement

Listening and learning is one of our shared values, and it is embedded in our approach to colleague engagement. We conducted an annual colleague survey in May 2024, for which we continued to see high participation with 79% of colleagues taking part. Whilst our colleague engagement score fell in FY24, our score remains in the top 10% against the industry benchmark. Our research has demonstrated that there are no silver bullets to engagement and action planning needs to be area-specific, relevant and personalised. Further to this, we also conducted five targeted pulse surveys in FY24 on a range of topics including strategy, reward and on-boarding experience. All our surveys enable colleagues to comment and this feedback is vital in assisting us in developing action plans in response to matters raised.

For the last two years we have donated £2 to our charity partner for every completed survey. That meant that from our May 2024 survey we donated £18k to Age UK.

Colleague representation
(Dunelm Colleague Voice)

All colleagues are formally represented through our Local, Regional and National Colleague Voice structure which is summarised above on this page. This network has been operating in its current format since 2019 and we continue to evolve it to encourage employees to feel more confident in sharing views on behalf of their colleagues with the senior leadership, including members of the Executive Team and Board.

Dunelm Colleague Voice

	Local Colleague Voice (LCV)	Regional Colleague Voice (RCV)	National Colleague Voice (NCV)
Purpose	To represent opinions of store and site colleagues.	To represent collective colleague views of each region.	To represent collective colleague views from across the business and share at Group Board level.
Colleague representatives and meetings	Around 210 colleague representatives from stores, warehouses and other sites.	Typically around 8 to 10 local representatives who attend monthly RCV meetings.	19 colleagues (elected at a regional level on a periodic basis) as follows: stores (4), customer care centre (2), manufacturing centre (2), Home Delivery Network (2), distribution centres (3), Sunflex (1) support centres (5). Four meetings were held in FY24.
Engagement with Dunelm Leadership	Each colleague representative works closely with their store coach or site manager.	Meetings run by regional coaches and people partners.	Direct contact with Non-Executive Directors, Executive Team members and other members of the People Team, as well as with specific invitees depending on the topics being discussed.

All colleagues, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively (as set out in our Colleague Code of Conduct, available on our corporate website). We have never received a request to enter into such a collective bargaining agreement.

AR More information about the role played by the National Colleague Voice can be found on page 22 of our Annual Report 2024

‘Home of You’ campaign

In FY24, we ran our first colleague data campaign, ‘Home of You’, aimed at understanding our colleagues better. Whilst much of the data was collected anonymously, we did ask colleagues to submit their ethnicity and gender on a non-anonymised basis. As a result of this, we now have 92% of our colleagues data in these areas. We have used this data to compare our site’s ethnic diversity to that of the census for that local area and to assess how our ethnic diversity mix changes throughout the colleague journey (from application, to interview, to offer and to retention) at different levels and in different roles. A greater level of understanding assists us in developing initiatives that have a real impact.

Culture

As the Company celebrates 40 years of Dunelm stores in 2024, it is important we retain and harness our distinct identity and culture – reflecting our strong heritage, but also the Company we want to be in the future. With input from leaders at our managers seminar, and from our longest-serving colleagues at an event, we defined a new ‘Dunelm story’ and the ‘chapters’ that have got us where we are today. This visual is displayed in our Store Support Centre and is being rolled out across other sites. We also celebrated the 40 year milestone with a pop-up Museum and a video which shared memories from some of our longest-serving colleagues.



40 Years of Stores

Watch a video of our 10 longest-serving colleague reminisce about their earliest memories of Dunelm stores

Belonging continued**REACH programme**

FY24 was the first year of our REACH programme, which is a new initiative aimed at creating learning and development opportunities for underrepresented ethnic groups. The programme is open to all colleagues sitting at support analyst or professional level across all of our sites, and everyone who applied was able to take part.

We worked with Inclusion In - a subset of Diversity in Retail - who have expert knowledge to support in the design and delivery of a programme of this nature. We were particularly keen for the programme facilitator to incorporate their own lived experiences into the delivery to ensure that the programme was as meaningful to colleagues as possible.

The programme was well received by all participants. During the graduation ceremony, colleagues discussed having more confidence to strive to do different things they previously had not perceived as possible. Colleagues also fed back that they felt more confident to speak up and contribute their unique ideas whilst also feeling more connected to other colleagues from across the business.

Reach.

**Policy additions and updates**

We launched a new Trans Inclusion Policy and Leaders Guide in FY24. This was created with the support from members of the LGBTQ+ Colleague Network and aims to support our diverse colleague base, as we want to make sure all colleagues feel supported and ensure Dunelm is a truly inclusive place to be. During the year, we also introduced new support for our working carers, alongside our existing Time off to Support Dependants Policy, including wellbeing 121s and an accompanying Leaders Guide.

Employer Value Proposition (EVP)

In FY24, we used our EVP (defined in FY23) to create more localised recruitment campaigns. In our stores, for example, we tailored our seasonal campaign to emphasise the key messages that resonate with this population and also included real colleague stories. We continue to explore more effective ways to communicate our EVP to a diverse range of potential colleagues.

Dunelm colleague networks

Our four colleague networks were first set up in July 2021. Each network is sponsored by an Executive Team member. Co-chairs are voted in by other members and each network's vision, goals and other information, including a calendar of events and invitations to sign up, are updated on our Home Comforts intranet. In FY24, we increased the co-chairs in each network to include more voices in decision-making and provide for stronger continuity. We also introduced a Co-Chair Charter that details the role and responsibilities for the networks. In addition, we have introduced three DLT sponsors to each network; their role is to coach and guide our co-chairs and stay connected, whilst also providing the DLT sponsors themselves with the opportunity to engage, listen and learn.

Influencing change across the business**How our networks are leading change across Dunelm**

Disability & Neurodiversity c.110 colleagues Executive Team sponsor – Faye Atkins (Director of Commercial and Supply Chain) 4 DLT sponsors	• Creating and launching a Careers Policy. • Raised awareness across the business on International Day of Persons with Disabilities. • Led celebrations for Neurodiversity Celebration Week.
LGBTQ+ c.75 colleagues Executive Team sponsor – Karen Witts (Chief Financial Officer) 3 DLT sponsors	• Sponsorship of Leicester Pride for the second year running. • Led celebrations for LGBT History Month.
Ethnicity & Race c.80 colleagues Executive Team sponsor – John Gahagan (Chief Technology and Information Officer) 3 DLT sponsors	• Helping to create our Ethnicity Strategy made up of multiple workstreams including signing the Race at Work Charter, and launching our Reach talent programme. • Led celebrations for Black History Month and South Asian Heritage Month.
Gender Equality c.100 Colleagues Executive Team Sponsor – Amanda Cox (Stores and People Director) 3 DLT sponsors	• Creating and launching our Fertility testing and treatment policy. • Raised awareness across the business on World Menopause Day, International Men's Day and International Women's Day.

Our networks empower our colleagues who can see how they are making a difference to the business. Our colleague networks work together closely, recognising intersectionality and supporting each other to grow our overall colleague network membership.

FY25 focus

- **Increasing awareness and education about neurodiversity.**
- **Reviewing our approach to attracting and engaging a multi-generational workforce, utilising our Employee Value Proposition.**
- **Building on our 'Home of You' data campaign.**

Metrics

Metric

Employee net promoter score (eNPS)

Scope

Colleague engagement score (eNPS) is based on responses to the question ‘How likely are you to recommend Dunelm as a place to work’ in our May 2024 colleague survey.

Why this measure is important

We place great importance on the development and engagement of our committed colleagues. Developing our talent improves retention, enables internal succession, and increases our productivity and business resilience.

Performance in FY24

-10%pts

eNPS score fell year-on-year.

Assessment of Progress

Whilst our colleague engagement score fell in FY24, it remains high by industry standards. We also continue to see strong response rates to our colleague engagement surveys throughout the year, which provide us with extensive and detailed feedback, from which we build positive action plans across the business. Encouragingly, we saw colleague retention increase to 89% during the year (FY23: 87%).

Target

Year-on-year increase %pts.

Overall current status

We are currently within a 10% margin of the previous year’s score.

Key

●

Target met or on track.

●

Broadly on track, improvement required.

●

Not on track, significant improvement required.

Metric

% of role-model leaders from an ethnic minority background

Scope

Our role-model leaders are defined as ‘Heads of’ and above and include our regional and store coaches. We currently have nearly 300 of these roles across the business and we measure the proportion of these colleagues that come from ethnic minority backgrounds.

Why this measure is important

At Dunelm we strive to be an inclusive business. We believe that having a colleague base that is representative of wider society will ultimately lead to a better proposition for the benefit of all our stakeholders.

Performance in FY24

5.8%

of our role-model leaders come from an ethnic minority background.

Assessment of Progress

5.8% of our role model leaders come from ethnic minority backgrounds. In FY24, we launched our first data campaign to gain a more detailed understanding of our workforce demographics. As a result, we now have ethnicity information for over 90% of our colleagues.

Target

8% by FY26.

Overall current status

We remain confident in plans to meet our target.

Protecting our Business

Our strong corporate and ESG governance frameworks, holistic approach to risk management and well-established codes of conduct and policies protect our business for the benefit of all our stakeholders and preserve value in our business.

Safety and security

Health and safety

Our goal is for colleagues, customers, contractors and visitors to stay safe – and this is a Group-wide focus. Our CEO has overall responsibility for this goal, supported by our health and safety (H&S) team who focus on developing competence, controls, communication and culture in this area. H&S is an agenda item at every Board meeting, complemented by a formal annual presentation. Monthly H&S audit reports, which include accidents, near misses and immediate and ongoing actions to remedy and improve processes, are shared with the Executive Team and at Risk and Resilience Committee meetings.

FY24 performance - H&S

In FY24 we installed AI technology on all our forklift trucks within the distribution network including the Home Delivery Network DCs. The trucks utilise 'plug and play' technology that can slow down vehicles and trigger alarms automatically upon detection of human movements, or when moving into identified high-risk zones.

Other significant work has included the move to a new home delivery depot in Barnsley, which offers improved security and safety over our old location, and completion of the installation of racking bars in the double-deep racking at our Stoke 1 DC to reduce the risk of collapsed pallets, which can cause personal injury and product damage. The project has led to a significant reduction in collapsed pallets versus when it started.

Throughout FY24, we continued to drive improvements at our Sunflex site, which was acquired in 2022. We invested in new equipment for Blinds cutting and, amongst other things, introduced new mechanical handling equipment, as well as wood compactors to deal with waste on site. We have also focused on engagement and training, which has been welcomed by colleagues. The impact has been seen in much improved audit scores at this location. We continue to develop the site, with the work being undertaken in close collaboration with the H&S team.

We also continued to make improvements in our approach to fleet safety during the year, which remains a priority area. All Dunelm liveried vehicles are now equipped with Lightfoot telematics technology. This helps to improve safe driving, by raising awareness of speed, braking, cornering and fuel efficiency. Depot managers review the data each week and use it when communicating with colleagues and within training to continue to drive awareness of the standards that we expect. We publish the top-ten drivers every month to track and encourage continuous improvement.

In relation to stores, and in line with UK Government focus on knife sales, we removed all knives from display and are now storing this product at tills. During FY24, we continued to conduct age-restricted test purchases and recorded a rolling annual pass rate of 91.2% against an average industry pass rate of 90.2%¹.

Our H&S team conducts audits of all our sites (including all new stores and major refit projects) to monitor policy adherence and standards, using a mix of regular self-audits, ad hoc regional store audits and full annual H&S audits. In FY24, our average audit performance was over 92%, with 19 stores attaining 100%.

FY25 focus

- **Implementing a refreshed H&S plan across the Home Delivery Network focused on reducing road traffic accidents.**
- **Introducing the second phase of our three-year rollout of AED defibrillators in all stores.**

H&S training

All new joiners undertake a mandatory H&S awareness training course on induction. Additional regular mandatory training is determined according to business function and role based on risk assessments. In addition, colleagues can access H&S training updates at any time via our online learning and development platform. Food safety, allergen and hygiene training is mandatory for all colleagues working in our Pausa cafes.

Product safety and responsible marketing

We have a responsibility to market and sell safe products. Our product safety standards are set out in our Quality Manual which is shared with our suppliers. These reflect the General Product Safety Regulations 2005, as set by the UK Government, other specific product-related legislation and our own requirements. If we decide to recall a product from sale as it does not meet the required standards, we communicate this clearly in store and on our customer website dunelm.com. We contact customers directly, where we can and it is appropriate to do so.

We follow an internal policy and procedure on the use of price promotion claims aiming to ensure that these are made fairly, accurately and legally. This includes specific guidelines on substantiating sustainability claims.

1. Source: ServeLegal Data.



Safety and security continued**Food safety and labelling**

In our Food Standards and Sourcing Manual we set out our food sourcing specifications safety, hygiene and labelling requirements. This manual complements the Dunelm Quality Manual which details the required ethical standards and the Dunelm Sustainable Packaging Manual, which outlines acceptable packaging materials and processes. Further information on food handling and storage is also provided in our Health and Safety Policy.

Training remains of the utmost importance in this area, and is mandatory for colleagues working in our Pausa cafes. All food sold has relevant legal allergen and calorific information accessible to customers via the QR code which is displayed in all stores.

Personal security

We continue to support the personal security of store colleagues to address aggressive verbal, and sometimes violent, behaviour. For example, we operate a radio assistance system and issue body-worn cameras, with additional cameras for high-risk stores. Our focus on this area has increased during the course of FY24 and we continue to review ways in which we can help our colleagues to deal with difficult, and at times high-risk, situations. This includes a review of our approach to guarding, consideration of new and improved technology and a refresh of training, which is already underway.

Online safety and security

Our customers, colleagues and all other individuals and businesses who engage with us trust Dunelm to keep their personal information safe, and to use it fairly and properly. We are committed to conducting our business in accordance with applicable data protection and privacy regulations. We also require all third parties with whom personal data may be shared to make this commitment.

Governance and oversight of information security sits with our Tech Board, led by our Chief Information and Technology Officer and supported by our Head of Cyber Security. Governance and oversight of data protection sits with our Group General Counsel and Company Secretary, who is our Data Protection Officer. They are supported by data protection and management specialists, as well as our legal team. Data protection and information security are standing agenda items at Risk and Resilience Committee and Audit and Risk Committee meetings.

Colleagues are required to abide by our Group Data Privacy and Protection Policy, which can be found on our corporate website, and undertake mandatory training on data protection and information security. This has three primary aims: (i) ensuring that colleagues consider and assess the risks when undertaking new projects that involve, or could impact on, personal data, (ii) reducing the likelihood of an event occurring, and (iii) ensuring colleagues know what to do should an event occur. Further training and procedural guidance is available on Dunelm's online learning and development platform and on an ad hoc basis from the legal team.

FY24 performance - online safety & security

IT, systems, data and cyber security remains a principal risk for the Group as set out in the 'Principal Risks and Uncertainties' section in our Annual Report 2024 and the potential impact has been deemed to have increased over the year. It was a priority area for Dunelm in FY24 and continues to be so into FY25.

During FY24, we continued work on our data retention review project, which has now completed. We also continued to evolve our approach to third party risk management,

ensuring that new suppliers or those undergoing contract renewal are assessed on the robustness of their security and data protection controls and that such assessment forms part of our internal approval processes.

We have continued to invest and develop our roadmap for further investment in systems security. We continue to carry out regular security testing of our systems, performing purple testing, and formal penetration testing of high-risk assets at least once a year. Vulnerability assessments are carried out continuously. We use cloud-based hosting infrastructure, which increases failover (back-up) options and improves resilience, and have comprehensive third-party support in place for relevant technologies. We have a security incident response process that is tested at least once each year, and a crisis management plan that would come into play in the event of any significant security breach. Disaster recovery plans are in place for all major systems and applications.

We actively monitor our threat environment and review our control measures to safeguard against increased threat of cyber attacks. In FY24, we moved to a new Security Operations Centre provider providing 24/7 coverage.

Awareness of risk continues to be important aspect of our work in this area and throughout FY24, in addition to our mandatory training, we continued to conduct internal 'phishing' tests, with additional training and other sanctions for those colleagues who are repeat offenders.

The security of payments made by customers online remains a priority. Point of sale end-to-end encryption is in place on our payment terminals and relevant software is updated continuously. We do not hold customer credit card data.

**FY25 focus**

- **Refreshing store training modules and raising awareness of personal security prior to peak trade.**
- **Reviewing our approach to guarding and consideration of new and improved technology to assist with in-store security.**
- **Continuing to engage with colleagues and raise awareness on online security and the risks in this area.**

Responsible supply chains

Supply chain transparency is the foundation of everything we do at Dunelm. Knowing where our products are made ensures that our quality, ethical and environmental standards can be monitored and continuously improved.

Approach and policies

We consider the proof of high ethical standards – in particular human rights – to be the foundation of any commercial supplier relationship. We recognise that our collective ethical performance has a bearing on our brand and reputation, whilst also impacting financial performance, investor decisions and both our customers' and colleagues' expectations.

We require our suppliers to provide safe and legal working conditions for the people who work for them, and we do not accept any form of exploitation. We implement controls to identify and eradicate modern slavery and any other form of exploitation such as excessive working hours, child labour and poor safety standards, through compliance audit activity.

Our policies

We abide by, and require our suppliers to commit to, clear and effective policies that underline our commitment to acting ethically and with integrity, including in relation to reducing the risk of modern slavery within our business and supply chain. These include the policies set out on this page. In addition, and as legally required, we update our Slavery and Human Trafficking Statement each year; it is approved by our Board and signed by our CEO. An overview of our approach to risk assessment and management can be found on the following pages. Our full statement can be found on our corporate website.



Read more in our Modern Slavery Act Statement 2024

Key relevant policies

Supplier Code of Conduct for Suppliers and Partners

All Dunelm suppliers sign up to this code, which sets out the minimum labour standards and includes an explicit declaration of modern day slavery. It requires them to follow a set of good labour practices based on the ethical trading initiative (ETI) base code to drive

improvements in working conditions through ongoing supply chain supplier non-compliance is a standing agenda item at our monthly Commercial Risk Forum, attended by Commercial Directors, and is central to our commercial decision making. It is also discussed at Risk and Resilience Committee meetings.

Whistleblowing policy

The aim of our whistleblowing policy is to provide a safe, confidential and accessible way for colleagues and other workers in our supply chain to report concerns. Whether it's a breach of ethical policies, human rights abuses, or any other issue that is or may be unlawful, we encourage individuals to speak up. Colleagues work together with our legal, tax and compliance teams to ensure we can respond to concerns as quickly as possible. Display posters with details of how to contact the whistleblowing hotline are placed in our premises and included in all correspondence. Our whistleblowing policy has been approved by our Audit and Risk Committee. Updates are provided to the Board and Resilience Committee through the Annual and Half Yearly

Responsible cotton policy

All suppliers of Dunelm own brand cotton products are required to commit to this policy which includes ensuring that cotton products are not being sourced from banned or high risk regions (e.g. Xinjiang, China) where there are higher risks of slave labour or human rights violations. To meet our 'modern responsibly sourced' standards, suppliers must, in addition, adhere to an industry recognised cotton programme that promotes lower-impact and ethically sound cotton sourcing (e.g. Better Cotton, recycled and organic cotton).

Standard terms and conditions for non-stock suppliers

Non-stock suppliers and service providers are expected to provide a clear understanding to us of how they address modern slavery risks within their own businesses (as appropriate). We also seek to include a modern slavery clause in any contract that we enter into, and such a clause is included in our standard terms and conditions.



Responsible supply chains continued

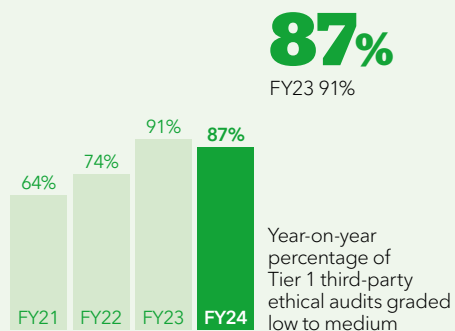
In order to assess and manage the risk of modern slavery in our supply chain, we segment our suppliers and partners into three main categories:

Dunelm own-brand products

The most significant supply chain and factory base to our business relates to Dunelm own-brand products. We consider all products sold under our own brands as 'high risk' because most of them are manufactured in countries with a low human rights score according to the Global Human Rights Index; in total we source from c.340 suppliers with more than 850 Tier 1 manufacturing sites in 28 countries.

Effective management of human rights risks within our supply chain is built into our stock procurement procedures, both in relation to the onboarding of new suppliers and ongoing monitoring by means of our ethical audit programme. We manage our ethical programme and compliance with our Ethical Code of Conduct (and other relevant policies) internally by way of a dedicated team, which has extensive experience working with factories to assess and improve their practices regarding human rights issues.

Tier 1 supply base



Case study

Spot check audit programme in action



Our key product sourcing regions and Tier 1 stock supplier base are in China, India, Pakistan, Turkey, Vietnam and the United Kingdom.

We commenced our new structured spot check audit programme on Tier 1 stock suppliers in January 2023 and focused on China, considered to be higher risk as pandemic-related travel restrictions in FY21 and FY22 had resulted in reduced factory visits and visibility in this region. We invested in a series of unannounced checks to assess standards against our Ethical Code of Conduct. The checks focused on ethical compliance and labour standards and control of production processes to establish whether any unauthorised subcontracting of Tier 1 manufacturing was taking place. In FY24, the

programme was extended into our other high risk regions India, Pakistan, and Turkey.

In FY24 we completed 217 unannounced spot check visits which equates to 25% of our Tier 1 sites. The programme uncovered 14 policy breaches to our Ethical Code of Conduct. The majority of the breaches were unauthorized subcontracting in the supply chain, but others related to wage retention for over 30 days, and high-risk health and safety concerns.

In accordance with our policy where such cases are identified, we require immediate rectification under an action plan. In addition, where a spot check identifies critical findings which, whilst not a policy breach, have been identified as high risk under our grading methodology, we require

implementation of a remediation plan with timely completion of actions as appropriate. We work with the supplier and factory to ensure that they fully understand our requirements.

Sites are subject to more frequent reviews and/or audits until actions have been completed and sufficient assurance is given that the risk has been reduced.

We apply financial penalties and review the business relationship for all policy breaches. The unannounced spot check programme is an important and established part of our supply chain due diligence work to manage modern slavery risk, and we aim to continue to conduct spot checks on at least 20% of Tier 1 sites each year.

Responsible supply chains continued

The programme currently covers all Tier 1 own-brand suppliers, all warehouses that hold stock of own-brand product and selected Tier 2 sites. The team is supported by Verisio, a specialist audit services provider, to assess, grade and monitor the performance of our suppliers against the Ethical Code of Conduct.

All Dunelm Tier 1 stock suppliers must provide on an ongoing basis a third-party ethical audit report that is less than two years old (from an APSCA registered auditor and conducted on a semi-announced basis within a minimum two-week window) and a valid building and fire safety report in respect of each site. Failure to provide an audit that meets these requirements (within a grace period) is considered a breach of our policy. The audits are benchmarked and graded. All new sites must be graded low or medium-low risk before being used in connection with our products.

In FY24 99% (FY23: 97%) of our Tier 1 supply base had an in-date third-party ethical audit against a target of 100%. Since FY21 we have seen a year-on-year increase in the percentage of such audits that are graded low to medium risk, with there being 4% decrease in FY24.

As part of the ethical audit programme and for additional assurance that standards are being maintained during the two-year audit cycle, we also undertake unannounced spot checks. These are targeted on a risk-based approach and are focused on verifying standards of compliance and ensuring that products are made at declared and approved sites.

If concerns are identified from an audit or spot check, the supplier is required to address them under a corrective action plan and the relevant site will be subject to more frequent reviews and/or audits until the actions have been

completed and sufficient assurance is given that the identified issues have been addressed. We may pause new product development during this time. We facilitate remote follow-up audits and assist suppliers in booking their own spot checks to accelerate the closure of non-compliance actions. Where the issues amount to a policy breach, we apply financial penalties and review the business relationship.

We endeavour to work with suppliers in a responsible way to resolve issues before we stop placing orders, recognising that working conditions are not improved as a result of undertaking audits, but from changes to procedures, training and monitoring. However, we are not prepared to compromise supply chain integrity and so, if appropriate and timely action is not taken to address non-compliance (or if the findings are sufficiently serious), we will formally implement our responsible disengagement strategy and terminate the relationship.

We continue to increase visibility of our Tier 2 supply chain through our mapping exercise. This is a complex and challenging process as we have over 2,000 Tier 2 sites, with many Tier 1 stock suppliers using multiple Tier 2 locations. At the end of FY24 we had mapped 92% of our Tier 2 supplier sites, which includes Dunelm own-brand label and packaging suppliers, componentry suppliers and product processors. Concurrently, we started to conduct risk assessments to determine the appropriate level of due diligence for each area, commencing with Dunelm branded label and packaging sites. In 2025, there will be a requirement for all these sites to submit a semi-announced third-party audit for grading in line with Tier 1 requirements.



Case study

Gold Supplier Programme

In June 2024 we launched our Gold ethical supplier programme. Our goal is to empower suppliers to embed ethical standards in their supply chains. This programme will enable our suppliers to progress from being 'Developing' to 'Performing' to ultimately achieve 'Gold' supplier status. The criteria to become a Gold supplier includes an ethical scorecard report of over 90%, satisfactory spot checks being conducted, a management systems audit of internal processes and demonstration of managing ethical compliance.

Upon achieving Gold status, a supplier is subject to less onerous reviews based on the assurance that they are self-managing the risks, although we still retain the requirement for audits every two years, the supplier is required to notify us of any policy breaches, and we retain the ability to conduct unannounced spot checks and investigate any concerns as we see fit.

Responsible supply chains continued

Third-party branded products

Products manufactured by third-party brands (non-Dunelm) are also sold in our stores and online. These products are not designed, produced, stored, or labelled as or by Dunelm. Third-party branded stock suppliers are generally assessed as 'medium risk', because we choose our partners carefully and require that, as the brand owner, they conduct their own checks and provide appropriate confirmations to us, as referenced below. We assess suppliers of food and drink products as generally 'medium risk' because we source from a small number of large UK or EU-based suppliers who are required to confirm to us that they operate controls and checks in relation to their supply chain.

Suppliers of third-party branded products are required to sign our Ethical Code of Conduct (and commit to other relevant policies, as applicable)



1. Encanto Cushion is part of our product range made in partnership with Disney.

and undertake an online assessment where they need to demonstrate that they understand and comply with all legal obligations relating to product quality, responsible sourcing, safety, compliance and ethical trading. This assessment is graded, and a satisfactory standard must be achieved before a supplier is onboarded. This is reviewed on a periodic basis, which may be brought forwards in the event of a product category change.

Non-stock and services used by Dunelm

We have a dedicated non-stock procurement function that engages with all suppliers and service providers with whom Dunelm has a contractual relationship but who do not supply us with goods for re-sale. They consider the risk of modern slavery on a case-by-case basis depending on the sector, partner and nature of services being provided.

Our biggest risk within non-stock is the use of agency workers at our warehouses and distribution centres and drivers within the Dunelm Home Delivery Network, as we do not have direct control over the recruitment process. We seek to minimise our use of agency workers wherever possible, and regularly review our approach.

Other services, which we generally consider 'medium risk', are carriers, store refit and maintenance providers, cleaning and security. The majority of our partners in these areas are large companies and they all operate in the UK. Other non-stock products and services provided to us are generally determined to be 'low risk'.

We seek commitment from all such partners that they will comply with our Ethical Code of Conduct (and other relevant policies, as applicable) or provide us with an equivalent

commitment. As a result of risk assessment work conducted on our non-stock supply chain in FY24, we have increased our requirements for further information and comfort in areas that we have identified as medium to high risk.

Training

Effective training is an important component of our approach to raising awareness and mitigating risk. We have created bespoke, online modern slavery training modules that are completed on a mandatory basis annually by our senior management and management teams at all locations, including stores, and colleagues working in our commercial, recruitment and procurement teams. This training provides insights into modern slavery, shedding light on what it is, how it can occur and its potential impact on the Group, ways to identify warning signs, and the procedures for reporting concerns if any colleague suspects that it is happening at any of our stores, sites, or within our supply chain.

Training attendance is tracked, and the content reviewed regularly, to ensure it remains up-to-date, engaging and resonates with colleagues.

We often include partners operating at or from our Stoke distribution centres in training sessions. We also provide access to useful toolkits and training courses to help our partners and suppliers, as appropriate, build their knowledge and understanding, with a view to driving continuous improvement in their own assessment and management of human trafficking and modern slavery risks. In June 2024, we held our annual ethical webinar, engaging 50 key stock suppliers and reinforcing key messages, including the importance of transparency throughout the supply chain, the requirement for accountability and the launch of our Gold supplier programme.

We direct any colleague or worker who suspects that modern slavery is occurring to contact our whistleblowing hotline.



Business conduct

Code of conduct

We require our Board and all colleagues to comply with our Colleague Code of Conduct, which is primarily aimed at colleague behaviour, and our Code of Business Conduct, which is primarily aimed at the manner in which we conduct business. The principles set out in these Codes are embedded in our colleague terms and conditions, practices and shared values. A suite of policies sit beneath each of the Codes and complement legal requirements to which we are subject. These Codes can be found on our corporate website.

'Speak up' programme

We encourage colleagues to raise concerns and operate a policy of non-retaliation; colleagues will not be penalised, prejudiced or otherwise incur reprisals for raising concerns in good faith. Every colleague should feel able to speak to their line manager in the first instance. However, if a colleague or worker wishes to report issues anonymously, they can do so via an independently-run reporting line which is available online or by phone 24/7. This reporting line is also available to our suppliers. In FY24, we refreshed our Whistleblowing Policy and provided updated posters and communications to colleagues and suppliers. During the year, 50 reports were received (FY23: 34), with each one being investigated as appropriate.

Training

Training is an important part of our overall learning and development programme. As well as keeping us 'legal' and safe, it improves our colleagues' awareness and understanding of risk, their responsibilities and expected behaviours.

Examples of mandatory training modules that apply to all colleagues are: equality & diversity, health & safety, data protection and cyber

security. We also have a series of additional mandatory training modules for colleagues in specific business areas, which may be provided face-to-face and tailored as appropriate. For example, our environmental claims training module is compulsory for commercial, marketing, social and editorial colleagues and our more in-depth anti-corruption and anti-bribery training is provided to colleagues in our commercial and procurement teams. Further ad hoc training is provided as needed or requested. In addition, colleagues can access training updates at any time via our online learning and development platform.

Mandatory training must be completed on joining Dunelm and annually thereafter. The Risk and Resilience Committee reviews completion figures.

Anti-corruption, anti-bribery and anti-tax evasion

We have a zero-tolerance approach to bribery, corruption, fraud and tax evasion. We apply our policies on these matters across all our operations and require our suppliers to commit to apply the same or equivalent policies. Business risks associated with non-compliance, together with our detailed procedures to comply with the Bribery Act 2010, are set out in our Anti-corruption and Anti-bribery Policy. Any instances of actual or suspected non-compliance with the policy are reported to the Risk and Resilience Committee and the Audit and Risk Committee. Our escalation policy was reviewed and refreshed in FY24.

To manage tax risk, we hold bi-annual tax risk reviews (conducted by our Senior Tax Manager and Group Finance Director) with the key tax owners within the business, for example payroll and supply chain.

In FY24, we refreshed our fraud risk assessment and our fraud management working group continues to monitor applicable metrics and report on them to the Risk and Resilience Committee on a monthly basis.

Responsible tax payments

Dunelm is committed to full compliance with all statutory obligations and full disclosure to tax authorities. In FY24, our total tax contributions were £283.3m (FY23: £259.2m), as outlined in the table below.

The Group's tax affairs are managed in a way that is consistent with the Group's commitment to high standards of governance and our shared values. The Board has established a set of principles that form the basis of the management philosophy and the tax policy of the Group. These principles can be found in full in our Group Tax Strategy which is published on our corporate website and reviewed each year. Our Group Tax Strategy sets out one shared vision within the Group of tax compliance and one view of performance.

Tax contributions

	FY24 £m	FY23 £m
Net VAT collected	173.0	164.7
Payroll taxes including National Insurance ¹	60.8	56.2
Corporation tax	49.5	38.2
Plastic packaging tax	0.0	0.1
Total tax contributions	283.3	259.2

1. All Dunelm colleagues are based in the United Kingdom, except for 50 colleagues who work in our store in Jersey. Payroll taxes for FY22 have been restated.

A third-party review of our Corporate Criminal Offence risk assessment and monitoring process was completed during FY24. Following on from this risk assessment, training has been rolled out to relevant employees based on their identified roles and the associated risk.

Responsible supplier payments

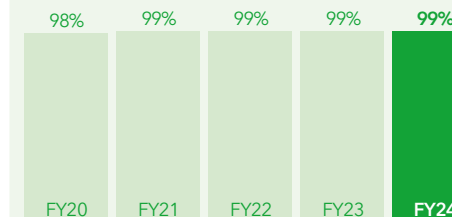
We aim to deal with our suppliers in an open and honest way and require all our suppliers to sign our standard terms and conditions in advance of commencing trade, or otherwise enter into a bespoke agreement. Our twice-yearly payment information remains in the public domain and is summarised below. We consistently paid 99% of our invoices within agreed terms (FY23: 99%).

FY25 focus

- Review Government guidance in relation to the 'Failure to Prevent Fraud' offence.
- Refresh our Anti-bribery training.

Supplier payment statistics

Invoices paid within agreed terms, %



Metrics

Metric

Reportable accidents under RIDDOR¹

Scope

We have a legal obligation to report specified accidents, as per the RIDDOR, which includes those relating to our customers and our colleagues.

Why this measure is important

Our commitment is for colleagues, customers, contractors and visitors to stay safe – this is a Group-wide focus.

Performance in FY24

31

number of reportable accidents under RIDDOR in FY24

Assessment of progress

As the business continues to grow, open more sites and employ more people we will inevitably have more accidents. For FY24 we finished slightly above target, driven mainly by a spike in reportable accidents in July 2023 with seven reported in that month (six relating to time-off beyond seven days and one relating to a fracture).

Target

Targeting <30 reportable accidents.

Overall current status

We are currently within a 10% margin of our target and remain confident in our approach to health and safety including in respect of our culture and plans for continuous improvement.

1. Reporting of Injuries, Diseases and Dangerous Occurrences Regulations.

Metric

% of Tier 1 factory base with audits not more than two years old

Scope

All Tier 1 factories that supply Dunelm own-brand products.

Why this measure is important

Requiring our Tier 1 factory base to have regular audits is a key control to ensure that our suppliers are providing safe and legal working conditions for the people who work for them.

Performance in FY24

99%

of audits were no more than two years old

Assessment of progress

In FY24, 99% of audits were no more than two years old. Covid and travel restrictions have been lifted in all countries within our supply chain; this resulted in improved performance, which we aim to maintain.

Target

100% of audits not more than two years old.

Overall current status

Currently we are tracking to target, including those factories where audits are currently being carried out.

Key

●

Target met or on track.

●

Broadly on track, improvement required.

●

Not on track, significant improvement required.

Metric

% of low-or-medium risk audits

Scope

All Tier 1 factories that supply Dunelm own-brand products, including all new suppliers prior to onboarding.

Why this measure is important

Measuring the percentage of our Tier 1 factory base with low-to-medium risk graded audits is a key control to ensure that our suppliers are providing safe and legal working conditions for the people who work for them.

Performance in FY24

87%

low-or-medium risk audits

Assessment of progress

FY24 performance can be attributed directly to our strategy of increasing the number of unannounced factory spot checks carried out. This led to an increase in the number of critical findings. We are however pleased with the increased transparency this brings and the broadly positive response from our suppliers to resolve issues identified. All high-risk graded factories have a plan in place to resolve with appropriate timelines.

Target

90% of audits low-or-medium risk.

Overall current status

We have a strategy in place that has been agreed and confirmed by the Executive Team. We are currently lagging behind our target but remain confident in our approach to continuous improvement in this area.



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