Building The Home of Homes: Good & Circular

Dunelm Group plc
Sustainability Report 2025

People
Discover how we are helping colleagues feel at home on pages 38–41

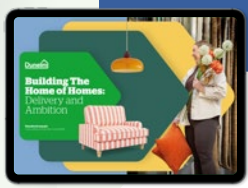
Product circularity
Learn more about how we are encouraging circularity in the community on page 31

Our approach to sustainability
Learn more about the three core pillars which underpin our approach to sustainability on page 6

1. Organic twist vase made with 50% recycled ceramic.

Contents

corporate.dunelm.com
Visit our corporate website to view our 2025 Annual Report and for further information about how we approach sustainability in our business



How to use this Sustainability Report

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

Link to other content within this report

Link to content within the Annual Report and Accounts 2025

Link to content online

Indicates where a product is Conscious Choice[1] or has other product highlights

1. Covers own-brand products which must be made from at least 50% more responsibly sourced materials (by weight) compared to conventional alternatives available from Dunelm.

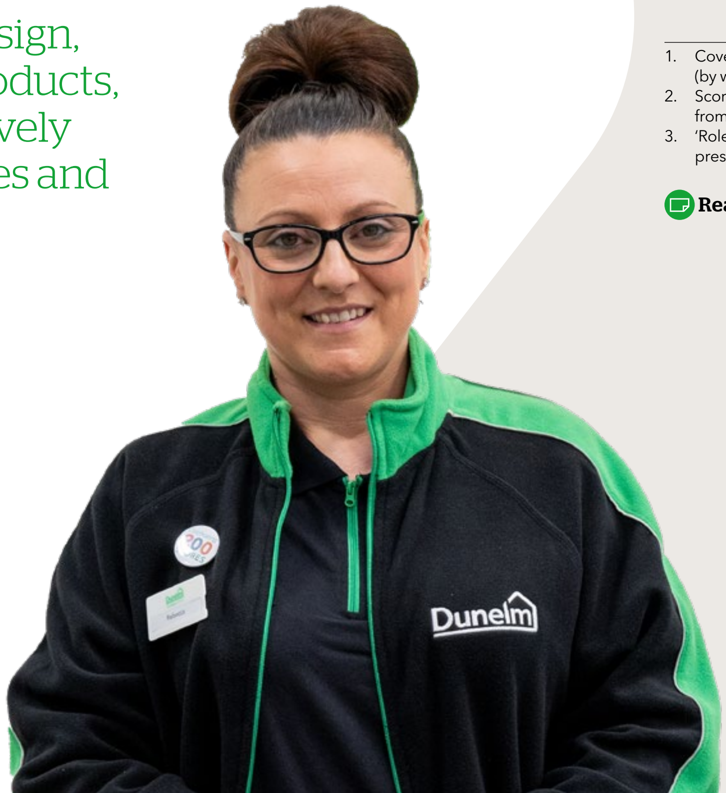
Driving sustainable growth

1

We're committed to achieving long-term, sustainable growth. We look to build sustainability into everything we do, and continue to embed our Good & Circular approach into day to day operations.

This includes the way we design, source, and manufacture products, as well as the ways we positively impact our local communities and look after our colleagues.

2



Sustainability highlights 2025

Our home the Planet	Our home in Communities	A home for our People
Scope 1 carbon reduction against FY19 baseline	**Delivering Joy gifts donated in Winter campaign**	**Employee net promoter score[2]**
-26%	**c.270k**	**+7pts**
FY24 -25%	FY24 c.125k	FY24 -10%pts
Products meeting our Conscious Choice criteria[1]	**Charity contributions to Age UK and other causes**	**Ethnic diversity of role-model leaders[3]**
52%	**£1.2m**	**6.5%**
FY24 26%	FY24 £1.1m	FY24 5.8%

1. Covers own-brand products which must be made from at least 50% more responsibly sourced materials (by weight) compared to conventional alternatives available from Dunelm.
2. Score based on responses to the question 'How likely are you to recommend Dunelm as a place to work' from our colleague survey which we conduct bi-annually (score does not include Republic of Ireland).
3. 'Role-model leaders' are defined as 'Heads of' and above and include regional and store coaches but at present do not include the Republic of Ireland.

Read more about our Sustainability targets on page 7

3

1. Lincoln soap dispenser made with 50% recycled steel.
2. Gingko Hurricane lantern made with 70% recycled aluminium.
3. Natural History Museum flamingo cushion cover and fill made with 100% recycled polyester.

About us

Creating a positive impact

Our core principles and ways of working guide us in bringing joy to our customers whilst ensuring the wider impact of our business is positive for all stakeholders.

Our vision:

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

Our purpose:

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

Our shared values:

Our four key values remain at the heart of our business

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

- Stronger together
- Long-term thinking
- Keep listening & learning
- Act like owners

AR
Read how we embed and monitor our culture and values in the Governance report of our FY25 Annual Report from page 68

Being Good & Circular:

We manage sustainable growth through a good & circular approach, as we seek to look after all of our homes:

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

Learn more about how being Good & Circular is part of our business model on pages 4 and 5

About us continued

The UK's market leader

With an unrivalled offer that appeals to a broad range of customers, we continue to extend our specialist expertise.

Whether they are refreshing the living room, or seeking bedroom storage, we have a broad proposition across a range of homewares and furniture categories, catering for all styles and tastes.

As the UK's market leader, we are trusted for our expertise in creating beautiful, stylish, and quality products, providing unrivalled choice and value for money.

This is combined with an easy and convenient shopping experience which includes advice and inspiration across our stores and digital channels.

We are an ambitious multi-channel and multi-category specialist, with customers at our heart. We are The Home of Homes.

1

2

>200
Stores
We serve millions of customers each year from over 200 stores across the UK and Ireland

40%
Digital sales[1]
Our digital sales continue to grow as we improve the online customer experience

>100k
Products
We now offer more than 100,000 products across our homewares and furniture categories

c.12k
Colleagues
We now have around 12,000 dedicated colleagues working across our stores and support sites

7.9%
Market share[2]
We operate in a £24bn[2] market in the UK and have ambition to extend our market share to 10% and beyond over the medium term

1. Digital includes home delivery, Click & Collect orders and tablet-based sales in store.
2. Based on GlobalData UK combined homewares and furniture markets, excluding kitchen cabinetry and bathroom furniture, for the 12 months to June 2025. Market includes VAT.

1. Remi bedside drawer made with 52% certified responsibly sourced particle board, 28% certified responsibly sourced MDF and 20% certified responsibly sourced beech wood.
2. Churchgate candlestick holder made with 50% recycled ceramic.

Our business model

Building The Home of Homes for the long term

Our business model delivers competitive advantage and combines our strategy with our Good & Circular approach to sustainable growth. This creates stakeholder value, guided by our purpose, vision and values, and strong governance.

Our business model continued

Our customer proposition

Customers are always at the very centre of our thinking and we are building from strong foundations, with opportunities to continue developing an even stronger offer.

Strong foundations

We are a trusted brand and established specialists in our sector. At the heart of our offer is great product, bringing customers quality and unrivalled choice when buying for their home. We obsess about bringing that product to customers at consistently great value, through fair and competitive prices.

We also ensure our offer is accessible, through the breadth of our range and styles, and a friendly store environment. Across our proposition we are committed to expert and high-quality service, which attracts a broad range of home-makers.

Opportunities

Whilst well known in our core textiles categories, we see opportunities to extend our category leadership, building our appeal and trust in other key categories that help make a house a home.

In tandem, we are widening our appeal as a 'one stop shop', broadening our ranges across existing and new categories to satisfy customers' needs and wants for their homes.

As our channels develop, we are also creating easier, more convenient shopping journeys, so customers have a more seamless and intuitive experience.

We are also exploring ways to give our customers more help, through both inspiration and advice. At the same time, we are identifying ways to build a more personalised experience, so that every customer interaction is relevant, friendly and engaging.

Our three strategic pillars

Our strategic priorities continue to be framed by our three pillars, but are evolving and accelerating with an increased emphasis as we continue on our journey to build The Home of Homes. Read more about our strategy in the CEO's review on page 24 of our Annual Report and Accounts 2025.

Elevate our product offer — **Increase relevance and appeal** using our product mastery to extend our choice, value, design and style

Connect with more customers — **Developing and expanding our channels** to offer an easier, more personalised experience

Harness our operational capabilities — **Leverage our skills and systems** to transform our proposition, processes and productivity

Led by brilliant colleagues, powered by our growing technology and data capabilities

Being Good & Circular

As the UK's leading homewares retailer, we have both a passion and an obligation to do the right thing, recognising the social and environmental journey of our products. This means remaining ambitious about being a company that focuses on growing sustainably, combining short-term actions with long-term thinking and achievable goals.

- Being Good & Circular is central to Dunelm's business model.
- We integrate sustainability goals into our operational plans and have introduced science-based targets.
- We focus on materials sourcing, product innovation and circular design to develop our proposition.
- By modernising our sites and operations, we drive both cost and energy efficiencies.
- Adhering to global sustainability regulations mitigates compliance risks and strengthens our market position.
- By focusing on sustainable supply chains, we build resilience and reduce disruption.
- Our community engagement enhances brand loyalty and reputation, positioning Dunelm for long-term success.
- Helping our colleagues feel at home drives a better and more inclusive workforce.

Our approach to sustainability

Looking after our homes

We continue to structure our approach to sustainability under four key areas, noting our role in the environment, our communities, and for our people, underpinned by the various steps we take to protect our business.

Our home the Planet

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

Read more on page 10

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 33

Protecting our Business

Strong governance, risk management, and conduct policies protect stakeholders and preserve value.

Read more on page 43

Sustainability governance

Our sustainability targets

We measure our social and environmental impact through core metrics and targets which help us assess our progress in key areas.

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_2e	**50%** reduction by FY30	
Scope 1 tCO_2e/£m Group revenue	**59%** reduction by FY26	
Scope 3 tCO_2e	**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 FY30	
'More Responsibly Sourced' cotton in own brand range	**100%** by FY25	
'More Responsibly Sourced' timber in own brand range	**50%** by FY25	

Read more about our performance 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 FY25	

Read more about our performance on page 32

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 on page 42

Protecting our Business

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

Read more about our performance on page 50

1. Regional and store coaches plus all colleagues at 'Head of' level and above, of which we currently have around 300 across the organisation (not including the Republic of Ireland).
2. Reporting of Injuries, Diseases and Dangerous Occurrences Regulations.

CEO's letter

Good & Circular: Reflecting on Dunelm's sustainability journey

> **Whilst we are more aware than ever of the scale of the challenges ahead, we have firm foundations established, and remain both ambitious and confident of continued progress.**
>
> **Nick Wilkinson**
> Chief Executive

Dunelm's sustainability journey
This is my final introduction to a Sustainability Report at Dunelm and a welcome opportunity to reflect on our progress in this area, whilst considering the challenges ahead.

Since its very beginnings on a market stall nearly 50 years ago, Dunelm has always been a business strongly focused on sustainable growth and making a positive difference. In that period much has evolved, both in our own endeavours and in the world around us. We have made good headway and, along with other responsible retailers and manufacturers, have built our understanding of a complex landscape, whilst recognising that we are still in the early stages of our journey to key milestones.

In more recent years, developments in science, technology and data have allowed us to be more methodical in our approach, building capabilities and science-based targets which keep us ambitious in what we can achieve to have a meaningful impact.

That's led to changes, including moving our Home Delivery HGVs to lower carbon fuel, removing gas boilers from our stores, sourcing lower-impact materials, introducing a popular store textile takeback scheme, and collecting environmental data from our top tier suppliers. We've also built a thriving community presence and taken multiple steps to create a healthy, inclusive culture which helps our colleagues to feel at home.

These examples are the result of integrating sustainability goals into our business operations, and we have a roadmap of future activity to both reduce our environmental impact whilst making sure we positively engage with our colleagues and customers.

We describe this work as being 'Good & Circular'; it covers our aim to do the right thing by all our stakeholders, whilst recognising our responsibility to contribute to a more circular and sustainable economy. It captures all elements of our sustainability programme across our three key pillars of Planet, Communities and People, underpinned by the various ways we Protect our Business.

Whilst we are more aware than ever of the scale of the challenges ahead, we have firm foundations established, and remain both ambitious and confident of continued progress.

1. Lampshade made with 100% recycled polyester. Gimble made with 59% recycled steel.
2. The Austin Cosy Velvet Modular Corner Piece is part of our Full Circle™ range, a modular sofa that is designed to be easily repaired or taken apart for recycling or repurposing.

CEO's letter continued

A year in review

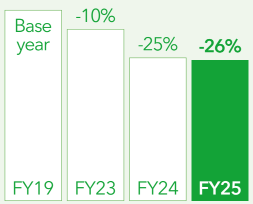
Looking more immediately at the year just gone, a lot has been achieved, and this report provides a comprehensive overview of some of the key initiatives we have been progressing.

With further reductions in the year, our overall Scope 1 carbon emissions are now down by 26% from our FY19 baseline despite strong sales growth of 61% over the same period. This reflects various actions including additional gas boiler replacements in stores and fuel efficiency savings in our fleet. The Scope 3 challenge remains a large one, particularly for a growing business, and this report has more detail on the steps we are taking to address, in particular, our carbon intensity.

Under our Planet pillar, we continue to use our 'Conscious Choice' criteria to improve raw materials sourcing across our product ranges. We passed a significant milestone during the year, with over half (52%) of our own-brand products now made using more sustainable materials. We also now have 84% of our Tier 1 suppliers providing Higg FEM data, helping us support them in identifying potential areas of improvement in the manufacturing process.

Reduction in overall Scope 1 emissions

-26%
From FY19 baseline



During FY26, several of our Planet metrics are due for renewal, presenting an opportunity to review where we are not on track, take the necessary actions, and refine our targets to reflect areas of focus and improvements in data.

The role we have in the Communities surrounding our stores and sites is a distinctive attribute to Dunelm. Nationwide, our colleagues show extraordinary energy in supporting their local communities, alongside our customers. Their roles are never more vibrant than during our Delivering Joy campaign, which encourages customers to donate gifts for those more in need, which are then delivered by colleagues to a variety of local causes. Our Winter campaign had another record year, with over 270,000 gifts delivered to 1,800 community causes selected by local stores and customers.

We also trialled a Summer campaign which provided makeovers for outdoor community spaces, something we will look to build on next year. Our Age UK national partnership has also gone from strength to strength, raising £1.5m since the start of the relationship in 2024.

Dunelm colleagues remain at the heart of everything we do and we continue to develop as a progressive and inclusive employer. We strive to make all of our colleagues feel at home.

Encouragingly eNPS, our measure of colleague engagement, improved notably during the year. We also took a number of steps to ensure more meaningful career pathways across the business through enhanced training schemes, leadership development, and better guidance on personal development opportunities.

Moving forwards

As I move on from Dunelm, I am very proud of the achievements we have made across our sustainability agenda. We have invested in and developed new capabilities, we have ingrained new ways of working into our operations, and we have both the will and the ambition to continue on our journey as a Good & Circular business.

A key part of that journey will be the continued advancement of data collection, allowing us to more accurately assess our impact, particularly at product level. This is central to our sustainability agenda, helping us to learn more and transform our operations, whilst improving and evolving our reporting.

Dunelm recognises the important role it has to play as a market leader, and I look forward to seeing the next chapter of the story unfold.

Nick Wilkinson
Chief Executive

FY25 highlights

Reduction in overall Scope 1 carbon emissions
from FY19 baseline:

-26%

Responsible sourcing
Number of own-brand products meeting Conscious Choice criteria[1]:

c.52%

Delivering Joy
Number of gifts donated during Winter campaign:

c.270,000

Colleague engagement
Increase in our colleague NPS[2]:

+7pts

Supporting ethnic diversity
Colleagues participating in our 'Reach' programme:

93

1. Own-brand products which are made from at least 50% more responsibly sourced materials (by weight) compared to conventional alternatives available from Dunelm.
2. Excludes Republic of Ireland.

Our home the Planet

We are committed to protecting our planet, by mitigating environmental impacts in our business and supply chains. This supports us in addressing the pressing issue of reducing our carbon emissions through responsible operations, and by focusing on the product lifecycle.

This section covers:

FY25 highlights

26%

Reduction in Scope 1 emissions
From FY19 baseline
(FY24 25%)

43%

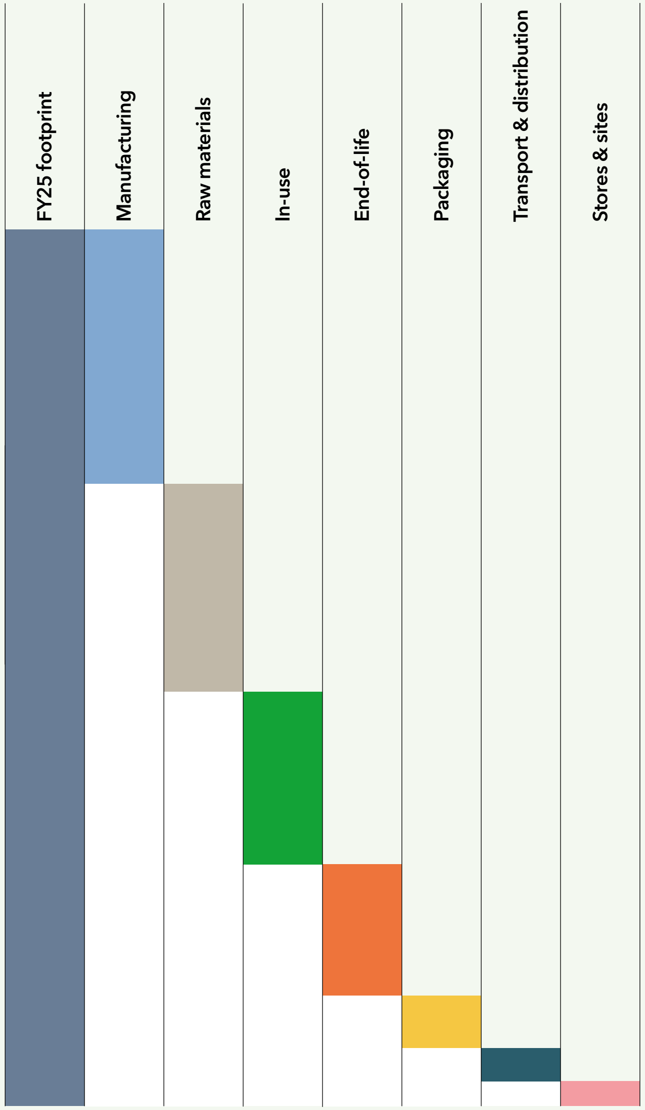
Reduction in virgin plastic packaging of own-brand products (by weight/£1 sales) versus base year
From FY20 baseline
(FY24 42%)

1

1. Velour Eyelet Curtains are made with 100% recycled polyester.

Carbon reduction

Carbon reduction: Understanding the sources of our carbon footprint



Manufacturing
We work collaboratively with our suppliers to reduce the carbon and water impacts associated with the manufacturing of our products.

Raw materials
We are transitioning to using lower-impact materials, such as recycled cotton, in our products.

In-use
We aim for our products to be used for as long as possible.

End-of-life
We offer customers ways to give their no-longer wanted products a second-life such as through our textile takeback scheme.

Packaging
We are always exploring ways to reduce the impact of our packaging.

Transport & distribution
We invest in lower-carbon fuel alternatives across our supply chain.

Stores & sites
We aim to reduce the impact associated with our stores and sites and have plans to decarbonise across our estate.

Our approach

Reducing our carbon emissions is at the centre of our commitment to look after our home, the Planet, as we aim to limit the impacts associated with climate change.

As a leading homewares retailer, product is at the heart of our business, and we recognise both the commercial and environmental importance of being efficient throughout our operations and creating a responsible supply chain. We think carefully about how we source raw materials and work closely with our suppliers to reduce impacts associated with the manufacturing process.

A clear focus on these areas underpins our goal of reducing carbon emissions to achieve our near-term and net zero targets.

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.

These 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 and the UK's commitment in the Climate Change Act 2008 (2050 Target Amendment) Order 2019. We continue to support the British Retail Consortium's Climate Action Roadmap, and as signatories to the UK Textiles Pact, coordinated by WRAP, we are supporting industry aims on carbon and water.

FY25 performance
We have reduced our overall Scope 1 carbon emissions by 26% from our FY19 baseline despite strong sales growth of 61% over the same period. A number of the steps outlined below, aimed at building responsible operations across our own business, have contributed to this progress.

Most of our emissions, however, occur through the manufacturing and use of our products. Scope 3 emissions within our target boundary have increased by 66% since FY19, driven mostly by the 61% increase in sales over the same period. Versus FY24, Scope 3 emissions increased by 1% despite sales growth of 4% year-on-year.

Despite the increase in emissions, we have made progress in our transition away from a spend-based approach for the measurement of emissions from our purchased goods. We have significantly increased the quality and detail of the product and packaging attribute data we collect from suppliers and intend to scale this further in FY26.

Improving our data is a key part of our plans to address our Scope 3 emissions. It will help us better understand the most meaningful actions we can take. At the same time, our Better Manufacturing programme and responsible sourcing strategy aim to build capacity within our supply chain and involve collaboration with suppliers to reduce Scope 3 emissions, and we will continue to learn and adapt to improve our approach in this area.

AR **See page 50 of our FY25 Annual Report for a full breakdown of our Scope 1, 2 and 3 emissions**

Responsible operations

Stores and sites

Our approach

Although our own operations, including our stores and sites, make up only around 1% of our total carbon footprint, they represent areas fully within our control. This gives us the opportunity to reduce our impact directly. We take an improve-innovate-advocate approach to implementing improvements; this begins with identifying 'quick-wins', exploring innovation opportunities across our operations and, where possible, collaborating with others in the industry to accelerate change.

Across our store estate and sites, we have set decarbonisation plans and internal targets to ensure we transition our operations to align with and meet our FY40 net zero target. In FY25, we added seven stores to our estate 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 and refrigerant gases

We are replacing 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. In FY25, seven stores moved to using electric heating. Since FY21, 47 additional stores are now operating using electric heating. We reduce our emissions from refrigeration gases by replacing them with lower emission gases.

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

In FY25, we installed photovoltaic ('PV') panels at four of our freehold stores and we have plans to install panels in another four sites in FY26. On-site solar generation increased year-on-year and now covers 2% of the electricity requirement across all our sites. Overall (all sites) purchased electricity was limited to an increase of only 5% since FY19 despite the addition of seven new stores and two new freehold sites to our portfolio.

Renewable energy

We continue our commitment to purchase 100% renewable electricity. Due to our acquisition in Ireland and the timing required to move legacy energy supply contracts to renewable sources, we report a small level of Scope 2 emissions using a market-based approach.

Stronger supplier engagement

As part of our Better Manufacturing programme, we have access to the Higg suite of tools. The Higg tools, such as the Higg Facility Environmental Module (FEM), allow our suppliers to track and improve performance across key environmental areas, including energy, water, waste and carbon. In FY25, we also completed the Higg FEM for our Made-to-Measure UK manufacturing sites.

By completing the Higg FEM for our own sites, we are able to analyse and assess our hotspot areas and identify opportunities to reduce our environmental impact. From this, we are also able to offer best practice solutions and share our learnings with our own supplier base as we hope to further reduce our impact across our supply chain.

FY26 focus

- **Continue to replace existing gas-fired heating and refrigerants with lower-carbon alternatives.**
- **Install solar PV panels at our stores and sites where viable.**
- **Maintain electricity consumption at FY19 levels, notwithstanding estate increase.**
- **Analyse our Higg FEM disclosure to identify opportunities to reduce our environmental impact at our Made-to-Measure facilities.**

Responsible operations continued

Operational waste

We remain committed to minimising waste, even as we grow, maximising recycling and using landfill only as a last resort. Across our stores and sites, we separate waste to ensure recyclable materials are properly processed. We also work closely with our waste management partners to identify opportunities for continuous improvement and circularity in our waste.

FY25 highlights

Waste diverted away from landfill
Against a target of 95%

98%
(FY24: 97%)

Operational waste recycled
Against a target of 80%

83%
(FY24: 82%)

Glass waste collected from our Pausa cafes in store

7.3tonnes

A year of improvement

In FY25, we diverted 98% (FY24: 97%) of waste generated away from landfill against a target of 95%. Overall, the amount of waste going to landfill is 9% less than FY24. In FY25, we recycled 83% (FY24: 82%) of our operational waste against a target of 80%, which represents 1,871 more tonnes of recycled waste year-on-year. Following changes to waste legislation at the end of March 2025, we have collected 7.3 tonnes of glass waste from our Pausa cafes in store.

In FY24, we brought portable appliance (PA) testing in-house at our Stoke DC, providing us with total control of all electrical products that customers have returned. This improves recycling rates and reduces the amount of Waste Electrical and Electronic Equipment (WEEE) produced. This initiative has proven successful, and continues to perform in FY25, recycling over 170 tonnes of WEEE, with over 20,000 units being returned to sale. We are training 12 more colleagues to PA test at Stoke in FY26.

Our in-store waste champions remain an essential part of driving awareness and change across operational waste and recycling. Each store has a waste champion, and each region has a representative that attends a quarterly meeting where challenges, suggestions and ideas can be raised. This initiative received a nomination in FY25 from the Awards for Excellence in Recycling and Waste Management in the category of Waste Management Initiative in the Retail, Commercial and Public Sector.

CASE STUDY

Turning waste into shop fittings for our new London Westfield store

We partnered with Yellow Octopus to explore circular solutions for waste generated at our Made-to-Measure facility as well as unsellable or damaged textile stock. This included repurposing materials such as curtain off-cuts, helping us turn waste into valuable resources.

Yellow Octopus are leaders in upcycling innovation, using zero waste technology to transform fashion waste into new products such as garden ware or shop fittings. We worked closely with their team to transform our home textile waste into terrazzo tiles with Dunelm-green flecks, which we used to create bespoke shop fittings in our new London Westfield store.

We collected approx. 70kg of fabric off-cuts from our manufacturing facility and sent them to Yellow Octopus' zero waste hub in Nottingham, UK. Yellow Octopus processed the waste using patent-pending technology, turning it into a granulate, which was then mixed into a solution and poured into a custom-made mould and turned into our terrazzo tiles. These were then installed in the till area at our London Westfield store, creating a striking retail feature. Each tile is made using a minimum of 60% waste and can be recycled by Yellow Octopus at the end of its life to turn it into something new.

Responsible operations continued

Packaging

Approach

Packaging remains essential for protecting our products, colleagues and customers. We continue to explore more sustainable packaging alternatives to reduce our carbon footprint, improve the quality and minimise waste throughout our supply chain. Our approach involves carefully assessing alternatives that reduce environmental impact while considering practicality. To do this, we work closely with our suppliers, packaging vendors, waste management partners, the British Retail Consortium and compliance bodies.

FY25 performance

In FY25, we reported a 43% decrease in the weight (g/£) of virgin plastic used in own-brand packaging versus our FY20 baseline, exceeding our target of a 30% decrease by FY25. We also targeted 30% recycled plastic content in primary packaging for own-brand products (including web orders and store sales); in FY25 we achieved 33% recycled content. We have also introduced a new platform in FY25 to support our legal obligations which has improved visibility of data from our supply base.

We have also made significant progress towards our target of achieving 100% Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) standards in our customer-facing packaging. This ensures that all paper and cardboard packaging is sourced from sustainable forestry routes. In June 2024, 55% of factories were compliant and in July 2025, 90% of factories were FSC or PEFC-certified.

Alignment with EU Deforestation Regulation

In anticipation of the forthcoming EU Deforestation Regulation (EUDR), our packaging sourcing strategy has been designed to meet its expected requirements. While compliance is not yet mandatory, our approach ensures that our packaging materials do not contribute to deforestation or the degradation of endangered forests, reinforcing our commitment to responsible sourcing.

FY25 highlights

Factories used for customer-facing packaging that are FSC or PEFC-certified (at end of July 2025)*

90%

*Target of 100% by end of 2025

Decrease in the weight (g/£) of virgin plastic used in own-brand packaging versus our FY20 baseline*

43%

*Target of a 30% decrease by FY25

Packaging data

Throughout FY25, our packaging strategy has evolved to prioritise data accuracy and transparency, in response to the growing importance of detailed data capture required under the Extended Producer Responsibility (EPR) framework. This regulatory initiative calculates modular fees based on key metrics such as sales volume, packaging weight and household waste.

To ensure both compliance and future readiness, we have implemented system-led changes across the business to enhance visibility and control over all packaging data. This has set a strong foundation for meeting current obligations and setting new benchmarks for FY26, particularly in relation to recyclability targets. Our focus in FY26 is on reducing the overall volume of packaging, including packaging that is not currently recyclable via household waste, with targeted improvements based on the data now available.

Carrier bag strategy – we launched our new 'Best Shopper' bag in one region in FY25 to promote reusable alternatives. Our new bag is more durable than our existing Bag for Life and loop-handle bags, and is made of 95% recycled woven plastic. The new 'Best Shopper' bag will be rolled out to the rest of our regions in Autumn 2025, alongside new design ranges for our Bag for Life.

FY26 focus

- **Continue to progress towards achieving 100% FSC or PEFC standards in our customer-facing packaging.**
- **Seek to eliminate difficult-to-recycle materials and undesirable packaging identified by the EPR regulations.**
- **Review data collected in FY25 to set new recyclability targets and benchmarks to reduce our overall volume of packaging.**

Responsible operations continued

Transport and distribution

Our approach

Transport and distribution represent a significant proportion of emissions within our own operations. For this reason, it offers the best opportunity to decarbonise by applying our improve-innovate-advocate approach, where we first focus on practical improvements, such as optimising routes and vehicle fill, reducing delivery frequency and training drivers on efficient driving. We invest in emerging technologies like BIO-CNG and electric vehicles and collaborate with our partners and industry to accelerate change across the supply chain.

Home delivery fleet

We operate a Home Delivery Network (HDN) fleet, which is a key part of Dunelm's customer proposition, enabling us to deliver furniture directly to a room of our customers' choice. The network consists of five standalone hubs, with over 50 vehicles operating as trunking and home delivery vehicles. In previous years, we have introduced nine BIO-CNG vehicles, that replaced ten diesel trunking vehicles. Compared to fossil-fuel diesel, BIO-CNG carbon emissions are estimated to be c.85% lower. In FY25, we placed an order for 14 additional BIO-CNG delivery vehicles which will be fully operational within the fleet in the first half of FY26. At that point, 15% of the HDN fleet will operate on lower-carbon fuels.

We also continue to train drivers through our RoSPA trained assessors at each of our sites and promote best practice driving behaviours, fuel efficiency and safety through our telematics data.

In FY26, we plan to trial an electric vehicle (EV) model, with a focus on range, infrastructure and performance under load, ensuring that we remain open to new technologies and committed to continuous improvement.

Store delivery fleet

We operate a store-focused supply chain to ensure stock reaches stores at the right time and in the right quantity. Within the fleet, FY25 was the first full year of operating double-deck trailers. This has enabled us to load trailers more efficiently and reduce the frequency of deliveries at each store. By the end of FY25, c.40 stores were receiving a reduced number of deliveries.

In addition, we updated our diesel fleet in FY25 with newer, more efficient models featuring adaptive cruise control and speed restrictions. Early indications show that the new vehicles are operating on a higher MPG and consuming less fuel. Fuel consumption is regularly monitored by our teams to ensure optimal performance.

Third-party logistics providers

We work closely with our third-party logistics providers to accelerate the transition to lower-impact final mile delivery solutions. We encourage and support the trial and implementation of lower-impact technologies and infrastructure throughout our supply chain.

We continue to see investment from our third-party logistics providers in lower-carbon fuels and opening energy efficient hubs and have encouraged the use of zero-emission final-mile delivery solutions, increasing the number of Dunelm parcels delivered to our customers in this way.

FY26 focus

- **Trial and assess EV options in our HDN fleet focusing on range, infrastructure and performance under load.**
- **Evaluate electric van options for our Made-to-Measure fitter fleet, targeting a rollout later in the year.**
- **Continue to raise awareness of lower-carbon vehicle options in our salary sacrifice scheme.**

M2M fitter vans

As part of our Made-to-Measure (M2M) offer, we operate a fleet of fitter vans that visit customer homes and install bespoke window treatments. We have been engaging with industry experts, fitter colleagues and internal stakeholders to identify the most suitable vehicles for our needs. In FY26 we plan to continue exploring the introduction of EV vans into our fleet, with a potential rollout during the year.

Company cars

In FY25, we have progressed towards a fully electric company car fleet. Our company car fleet options are governed by a 75g of CO_2/km policy, which has proved effective in increasing the uptake of lower-carbon vehicles. In FY25, we expanded our salary sacrifice scheme to all eligible colleagues, offering EV-only options. In addition, we hosted an 'open day' (see picture left), inviting brands to showcase their cars to colleagues and to help answer any queries about driving a fully electric vehicle. At the end of FY25, 58% of our company car fleet was fully electric.

Product lifecycle

Circular design

We are committed to reducing our environmental impact by transitioning from a traditional linear economic model – based on 'take, make and dispose' – towards a circular economy that considers the entire lifecycle of our products and which prioritises regenerating nature, eliminating waste, and circulating products and materials. This transition requires a considered approach to material selection, manufacturing, enhancing product in-use performance, creating next-life opportunities such as repair or rental, and enabling product and material recycling at end-of-life.

Our range includes approximately 100,000 products, with the majority being own-brand. This gives us greater control over design and development, enabling us to transition to lower-impact materials, work with our suppliers to improve manufacturing processes, and offer more ways for customers to extend the life of their products.

By focusing on circular design, we are also able to explore circular business models that help to maximise the value of our products throughout their lifecycle and connect with more customers through takeback services. Increased circularity aligns with our broader sustainability strategy to meet our net zero targets by FY40.

Recyclability vs durability in circular design

To determine whether to prioritise recyclability or durability in product design, it's crucial to understand its frequency of use and expected lifespan.

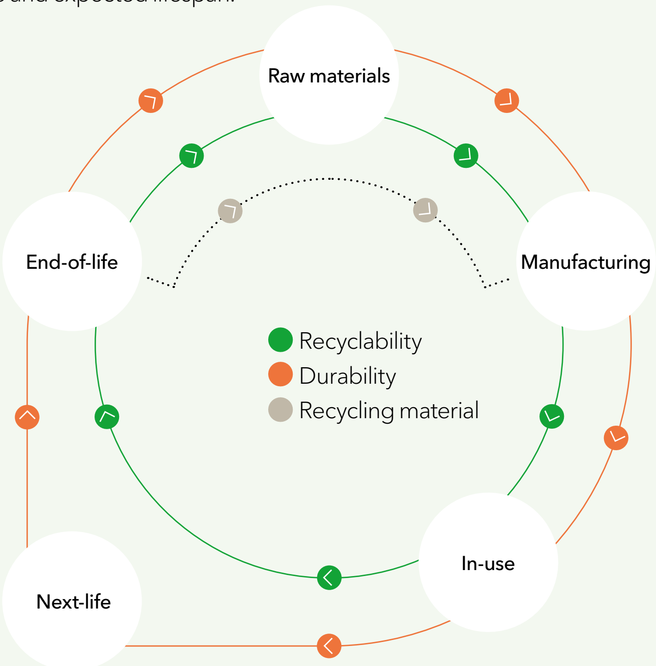
Raw materials
Prioritising mono-materials and recycled inputs vs using stronger, longer-lasting materials.

Manufacturing
Simplifying construction to enable disassembly vs robust construction for durability.

In-use
Minimising components for recyclability vs supporting repairability.

Next-life
Designing for easy material recovery vs supporting repair and rental.

End-of-life
Ensuring products can be disassembled and sorted for recycling vs enabling repurposing before final disposal.



Implementing circular design principles

We started to introduce circularity and circular design principles into the business two years ago, fundamentally rethinking how we approach the design of our products. Over the last two years, we have hosted brainstorming workshops with commercial teams to understand their current blockers and the opportunities associated with circular design. We also engaged teams with a circular design competition, where they were encouraged to apply their existing knowledge of circularity to redesign and develop products that met Dunelm's circular design principles. This bottom-up approach was valuable as it not only engaged teams but helped us to understand where knowledge gaps currently are.

Our circularity strategy is aligned to the Ellen MacArthur Foundation's circular economy framework, which outlines three interconnected principles: eliminating waste and pollution, circulating products and materials at their highest value, and regenerating nature.
Our design principles have also been developed to consider the full lifecycle of a product including materials, manufacturing, in-use, next-life and end-of-life. As an example, 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 disassembled and separated at the end of their life to be recycled and reused.

Our focus in FY25 has been on educating all our commercial teams, including buyers, merchandisers, designers, product technologists, and category managers on circular design through in-person training sessions. A key concept featured in the circular design training is educating our colleagues on the difference between designing for recyclability and designing for durability based on a product's purpose and frequency of intended use. Determining whether a product should prioritise recyclability or durability is essential for guiding appropriate design decisions such as material selection and construction methods. This strategic approach enables products to either remain in use for longer or be efficiently recycled, supporting the continuous flow of materials within the circular economy. For example, durable products may require stronger, longer lasting materials and repairable components. Whereas recyclable products need simpler, mono-material designs and easy disassembly.

In FY26, we will engage our suppliers in in-depth circular design training and support both our commercial teams and suppliers to develop circular designed products.

Reducing elastane – our pure cotton flat sheets and valances don't use elastane, a synthetic fibre, in the corners. This eliminates the need to disassemble and separate resources in the sorting and recycling process, ensuring 100% of the product can be recycled when disposed of appropriately.

Product lifecycle continued

Circularity across the product lifecycle

Transitioning to a circular economy involves thoughtful consideration at each stage of a product's lifecycle, beginning with design. By embedding our circular design principles from the outset, we can ensure that products are better suited to circulate through reuse, repair, remanufacture, and recycling loops, rather than ending up as waste.

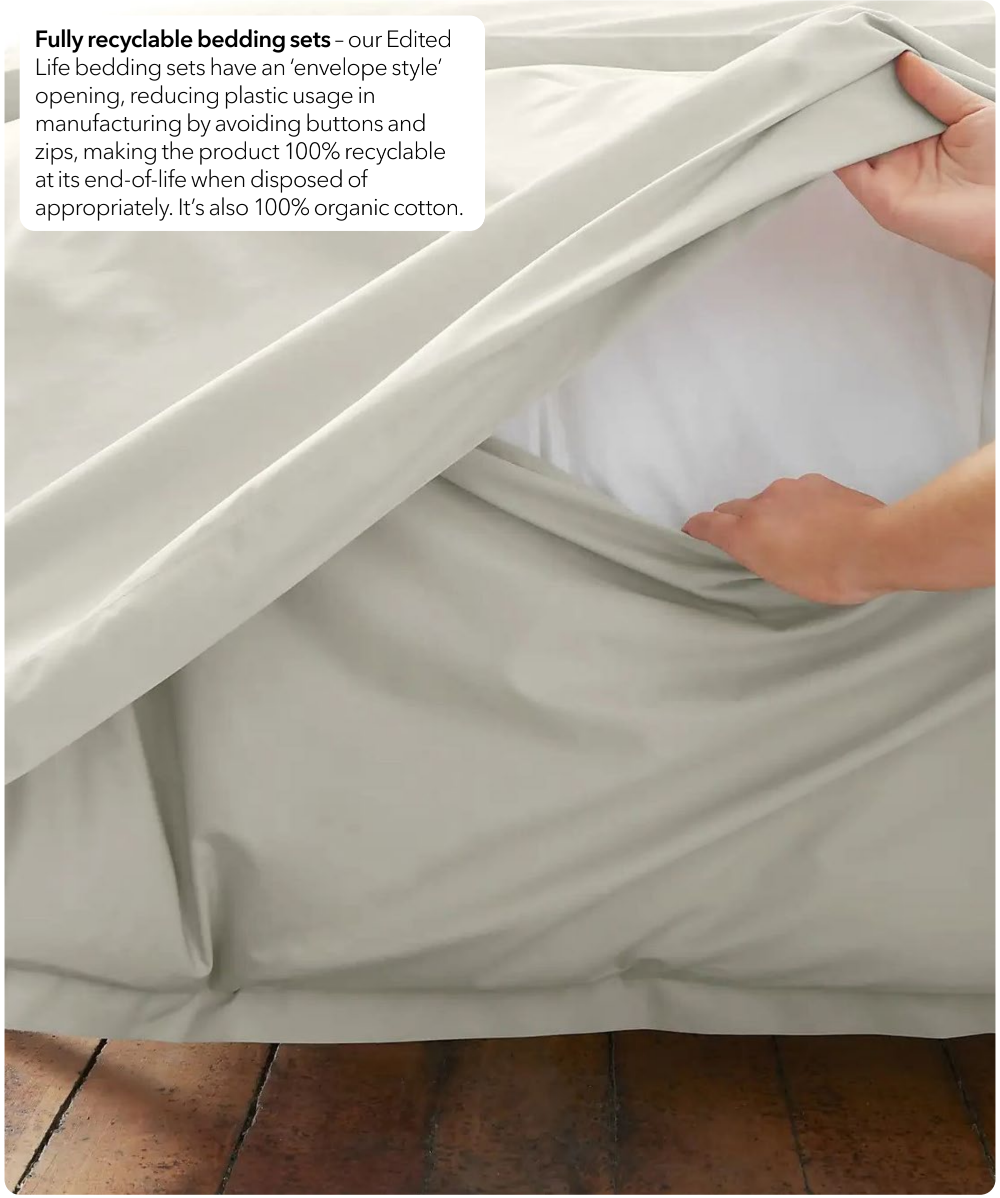
Materials and manufacturing

We are reducing our reliance on virgin raw materials by transitioning to recycled or responsibly sourced materials. This shift is underpinned by our carbon and water reduction strategy. Recognising that a significant proportion of our carbon emissions are emitted during product manufacturing, we have implemented our Better Manufacturing programme. This programme works collaboratively with our suppliers to reduce carbon and water impacts associated with the manufacturing of our products.

Read more on our sourcing and manufacturing on pages 19-22

FY26 focus

- **Engage our suppliers on circular design training.**
- **Support our commercial teams and supplier base to develop circular design.**
- **Continue to test and trial circular business models across various product categories.**



Fully recyclable bedding sets – our Edited Life bedding sets have an 'envelope style' opening, reducing plastic usage in manufacturing by avoiding buttons and zips, making the product 100% recyclable at its end-of-life when disposed of appropriately. It's also 100% organic cotton.

Promoting product circularity

To help ensure our products last as long as possible, we provide customers with care and cleaning instructions on our website to help them appropriately care for products in their home. We also provide product guarantees between 2 and 25 years on almost 28,000 products. Beyond the product in-use stage, we offer customers an easy-to-use takeback service for 61% of our own-brand products and are testing and trialling further circular business models.

Read more on about how we are enabling circularity in the community on page 31 and more on product-in-use on page 23

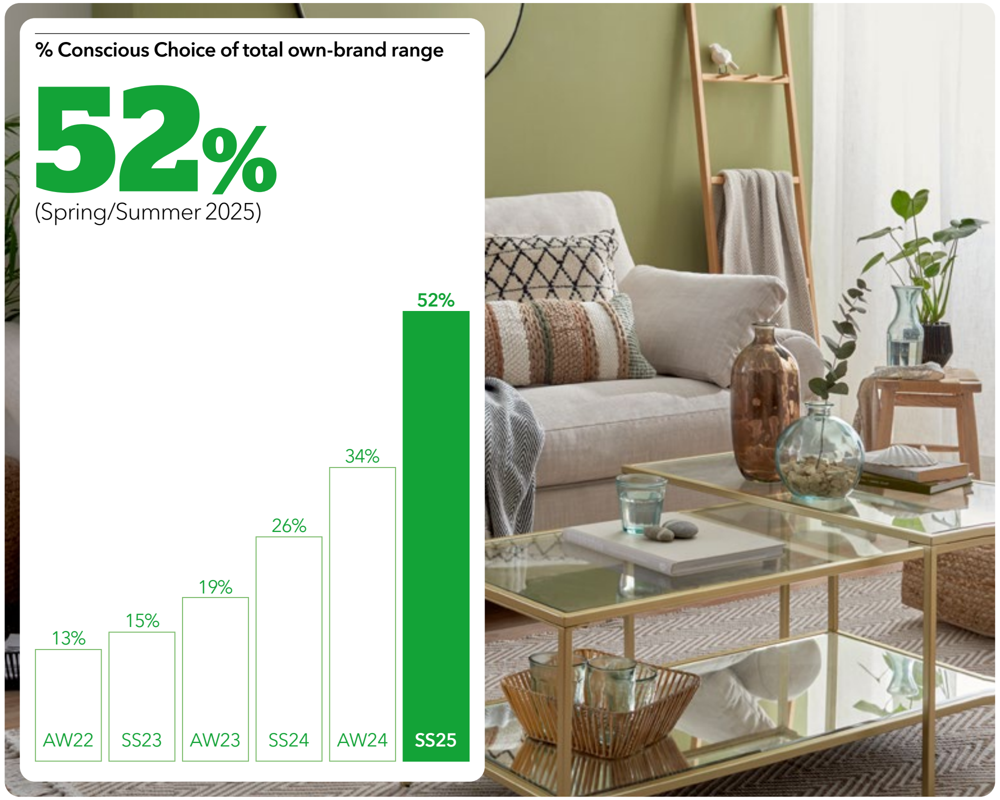
Removable strings and toggles – our pure cotton toggled fitted sheets have toggled corners which prevent one corner popping off whilst you're wrapping it under the mattress on the other side. It also means at end-of-life you can fully remove the strings and toggles, ensuring 100% of the product can be recycled, when disposed of appropriately.

Product lifecycle continued

Conscious Choice

Conscious Choice has been part of Dunelm's sustainability journey since 2022, as we transition to using lower-impact materials in our products. For a product to meet our Conscious Choice criteria, it must be made from at least 50% lower-impact materials (by weight) when compared to conventional alternatives available from Dunelm. Lower-impact materials are those that have met the minimum material standards set out in our 'responsible sourcing' policies, as verified by our in-house team. The minimum material standards are designed to limit negative impact on people, animals and the planet.

We continue to utilise Conscious Choice internally to encourage commercial teams to use lower-impact materials and adopt circular design principles. This also supports progress against our carbon and water reduction targets. In FY26, we will continue to review how we can best present lower-impact products to customers both instore and online, considering the most effective options for providing this information in an engaging and informative way.



Elevating responsible sourcing

We have now increased the number of products in our own-brand ranges meeting our Conscious Choice criteria, with 52% of products qualifying. Our in-house verification team have supported our suppliers throughout FY25 on the verification process for certified materials. This continues to build capability across our supply chain and creates a strong foundation for future improvements.

1

2

1. Tealight holder made from 100% recycled glass.
2. Churchgate egg holder made from 100% certified responsibly sourced mango wood.

Product innovation

As part of our vision to build the UK's most trusted and valued brand for homewares and furniture, we aim to not only broaden our range but to also be first to market with new and innovative products for our customers. This involves being trusted experts within our field and staying ahead of competitors through innovation which elevates our product offer. This includes exploring next-generation technologies in manufacturing, sourcing alternative materials and adopting circular business models and circular design.

To help enable this, we created 'Dunelm Lab' in FY25, an internal initiative to develop and harness innovations within our commercial teams. It also serves to keep the business competitive by providing insights into the future of the market.

Dunelm Lab has been in a discovery phase in FY25, scoping out existing and future opportunities, collaborating across our supply chain and seeking out any potential partnerships. Our efforts have uncovered promising developments across locally sourced alternative materials and circular design innovations that extend product life and reduce waste. This will continue into FY26 as we continue to test and learn initiatives that will support our journey to net zero and benefit our customers.

Dunelm Lab

Product lifecycle continued

Raw material sourcing

To reduce the impacts associated with sourcing the raw materials used to make our products, we have set key policies for our most significant supply chains. These policies are designed to limit negative impacts associated with material extraction across people, animals and the planet.

While we source all our raw materials responsibly, we continue to focus our efforts 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 and water footprint, contributing to our near-term and net zero targets. The focus remains primarily on cotton and timber, but also extends to polyester and metals.

Our dedicated in-house verification team uphold our standards and work with our suppliers to validate material certifications and elevate our sustainable product offer.

Lower-impact cotton
Cotton is the third most-used material at Dunelm, but its impact is disproportionately high amongst our materials, ranking first in water usage and second in carbon footprint.

Cotton is also linked to nature-related risks, identified in frameworks such as TCFD and TNFD. Given our extensive use of cotton across textiles, particularly in high-volume categories such as plain dye bedding and bathroom textiles, addressing its impact is crucial to reducing our water footprint, to meet our net zero target.

All suppliers of Dunelm own-brand cotton products must meet our cotton policy requirements. As a minimum standard, cotton routes for Dunelm own-branded products are mapped from the final assembly factory (Tier 1) to cotton gin (Tier 5) and reviewed each season through third-party verification to ensure we are not sourcing from banned or regions where there are higher risks of slave labour or human rights violations.

To reduce our impacts from the sourcing of cotton, we are switching to lower environmental impact sources such as recycled or organic cotton, which have a lower water footprint.

Evolving our cotton approach

Though we fell short of our FY25 target, we have made good progress in this area, with 53% of cotton in our own brand ranges now being more responsibly sourced, in line with our policy. Moving forward, we will focus more on ethical sourcing and also shift from sales unit-based to tonnage-based reporting. This will enable us to better monitor our carbon and water footprint.

Lower-impact timber
Timber is one of the most important materials in our furniture and hardgoods ranges, ranking among the top three most-used materials across Dunelm own-brand products. While it is a renewable resource, timber can have a significant impact on nature if not sourced responsibly, contributing to deforestation, biodiversity loss and ecosystem degradation.

As we use a lot of timber in our products, ensuring it is sourced responsibly is crucial to our business. All timber suppliers are required to provide full, transparent documentation to prove legal sourcing, compliant with UKTR and EUTR regulations. Dunelm-branded product suppliers must work towards the high standards as set out in our policies. To meet this high standard, suppliers must demonstrate that timber or paper sources come from a credible third-party certification scheme such as FSC or PEFC. To demonstrate compliance, suppliers are required to provide information and supporting second and third-party documentation for each material. Information disclosed includes timber species, countries of harvest and manufacture, forest level and transport documents.

Tracking timber progress

Whilst 39% of timber in own-brand products now meet our more responsibly sourced requirements, we see opportunities to sharpen our focus. Whilst ensuring compliance with new regulation, we will now track the percentage of products achieving full Forest Stewardship Council (FSC) Chain of Custody (CoC) certification, strengthening traceability.

1. Milano throw made from 100% Recycled Cotton.
2. Loxwood bar stool made from 100% Certified Responsibly Sourced Timber.

Product lifecycle continued

Lower-impact polyester
Polyester is the most used material across our own-brand products. Due to the volumes of polyester that we source, it is one of the largest contributors to our carbon footprint in absolute terms. By the end of FY25, 55% of the polyester volume that we used in our products was sourced as recycled polyester. We've achieved consistent year-on-year growth, with particular emphasis on key product categories including quilts, pillows and curtains. As polyester remains a core material across all departments, we are committed to transitioning the polyester that we use in our products to lower impact alternatives. We are part of the UK Textiles Pact, run by WRAP, and collaborate with industry partners to support the shift towards fibre-to-fibre sourcing of polyester.

Lower-impact steel
The steel industry is one of the major contributors to global CO_2e emissions (c.10%) and must decarbonise these supply chains to meet global net zero commitments. Similarly, we must work with our suppliers to reduce emissions associated with steel in our products. We sourced 5,700 tons of steel in FY25, making up 35% of our total hard goods and furniture material footprint.

Transitioning to recycled steel

Our focus in FY25 has been on introducing more recycled steel into our own-brand ranges. We initially focused on curtain poles, which is one of the largest uses of steel amongst our products. By the end of FY25, all our steel curtain poles had transitioned to using recycled steel, which is 469 products in total. This is a rolling change as existing stock sells through, with 57 products currently being verified for 100% recycled steel.

The remaining products have routes secured for recycled content and will switch over as new orders are placed. In addition to curtain poles, we have 212 products containing verified recycled steel across lighting, bathroom and kitchen ranges.

1. Cassidy Rose Silver bedding set made from 100% Recycled Polyester.
2. Globe extendable metal eyelet curtain pole switching to 100% recycled steel.

Product lifecycle continued

Nature and water

Nature

Protecting and restoring nature is an important part of our sustainability strategy due to the relationship between natural ecosystems and the raw materials we source from them. Recognising this, we carried out a baseline assessment of the 'state of nature' in FY23 to better understand our nature-related impacts and dependencies. This identified that, by volume, our two most nature-intensive materials are cotton and timber. Cotton farmers can use water responsibly, however water stewardship can be more of a challenge in our sourcing regions. We aim to support farmers and local communities to help manage water sustainably. Timber is also an impactful commodity due to the volume that we source and without appropriate sourcing in place, there is a risk of contributing to deforestation.

Over the last couple of years, we have been working with a third-party provider to map our cotton supply chains. Mapping our supply chain supports us to assess drought risk in our sourcing regions and enables us to ensure continued compliance with our cotton policy. The data gathered as part of the activity will further support us as we aim to use regional water consumption data to make more informed decisions and drive measurable improvements in our strategy.

We are also working to reduce the impact of our cotton sourcing by transitioning to lower-impact alternatives. We are aiming to have all cotton in our business from responsibly sourced supply chains, underpinned by a transition to using recycled cotton, which has the lowest environmental impact compared to virgin cotton, as well as using more organic cotton.

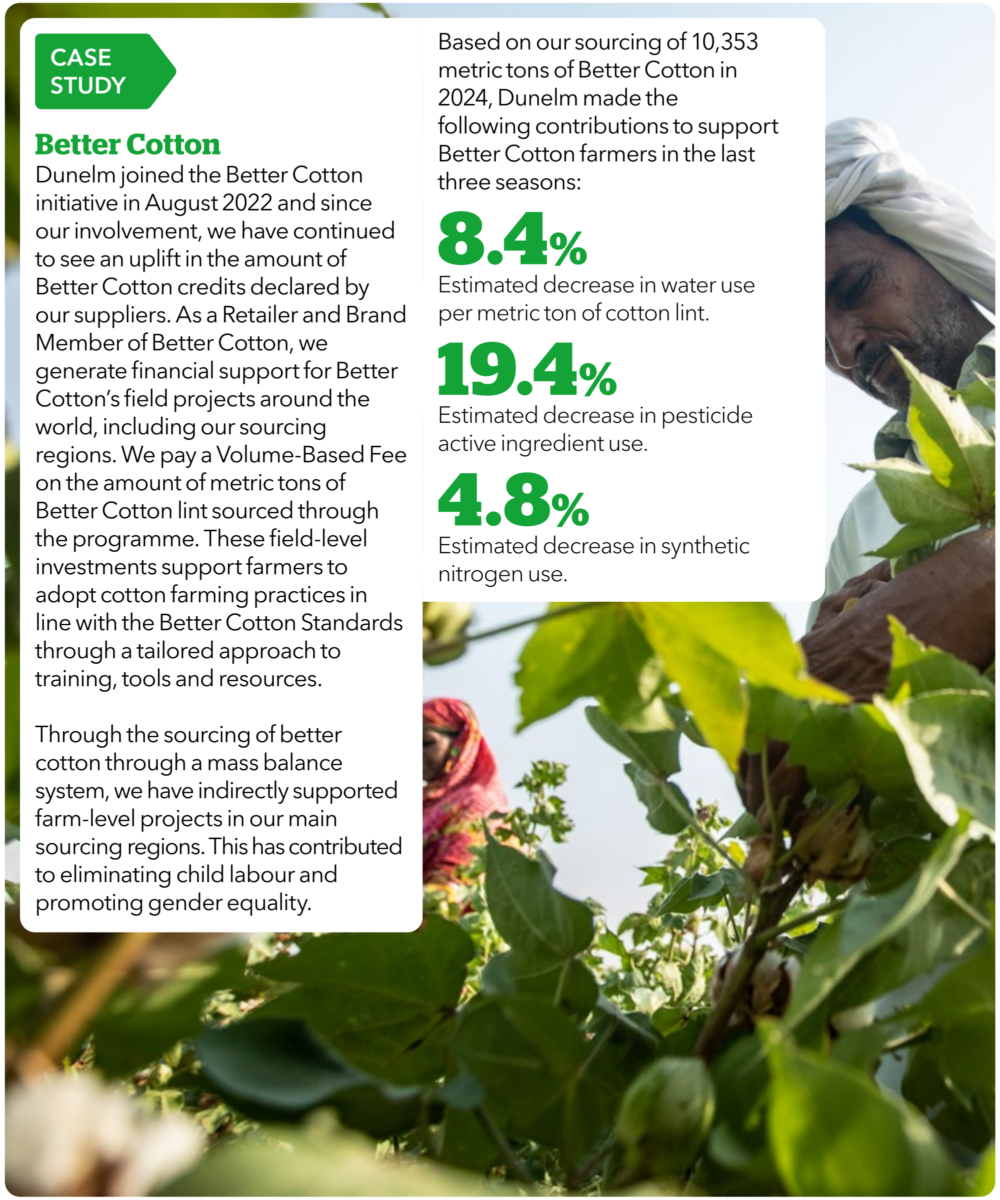
> **"Mapping our supply chain supports us to assess drought risk in our sourcing regions and further supports us as we aim to use regional water consumption data to make informed decisions and drive measureable improvements in our strategy.**

Timber, as our second most material commodity, is being addressed through our commitment to increasingly sourcing FSC-certified wood. This effort supports compliance with the EU Deforestation Regulation (EUDR) and reflects our broader goal of ensuring deforestation-free supply chains. By prioritising certified timber, we are actively reducing our nature-related impacts on forest ecosystems.

Water

Water is an important part of our sustainability strategy, particularly in relation to the sourcing of raw materials for our own-brand textile products. We are working with WRAP, through the UK Textiles Pact, to reduce our water-related impacts and continue to support the reduction of water used in industry as part of the voluntary agreement.

Cotton remains our most water intensive raw material in FY25, making up 89% of our water footprint. Our focus is on mapping our supply chain and working towards collecting primary data such as regional water consumption data. We can then identify hotspot areas and work collaboratively across the supply chain to reduce our impact.



CASE STUDY

Better Cotton

Dunelm joined the Better Cotton initiative in August 2022 and since our involvement, we have continued to see an uplift in the amount of Better Cotton credits declared by our suppliers. As a Retailer and Brand Member of Better Cotton, we generate financial support for Better Cotton's field projects around the world, including our sourcing regions. We pay a Volume-Based Fee on the amount of metric tons of Better Cotton lint sourced through the programme. These field-level investments support farmers to adopt cotton farming practices in line with the Better Cotton Standards through a tailored approach to training, tools and resources.

Through the sourcing of better cotton through a mass balance system, we have indirectly supported farm-level projects in our main sourcing regions. This has contributed to eliminating child labour and promoting gender equality.

Based on our sourcing of 10,353 metric tons of Better Cotton in 2024, Dunelm made the following contributions to support Better Cotton farmers in the last three seasons:

8.4%
Estimated decrease in water use per metric ton of cotton lint.

19.4%
Estimated decrease in pesticide active ingredient use.

4.8%
Estimated decrease in synthetic nitrogen use.

Product lifecycle continued

Better Manufacturing

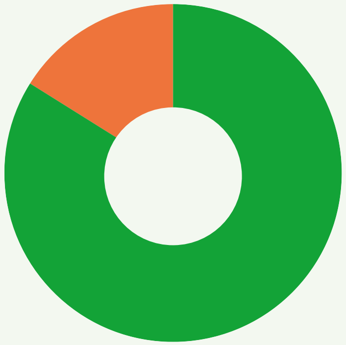
Our greenhouse gas inventory indicates that the sourcing and manufacturing of the products that we sell account for the largest proportion of our overall carbon footprint, contributing c.60% of our Scope 3 emissions. In acknowledgement of this, our 'Better Manufacturing' programme addresses this priority area in our decarbonisation journey. We work collaboratively with our suppliers to reduce the carbon and water impacts associated with the manufacturing of our products. This empowers our commercial teams to source from more responsible facilities, further driving meaningful changes across our supply chain. Beyond carbon and water, our Better Manufacturing programme supports our suppliers to mitigate regulatory and climate-risk, strengthening their resilience.

FY25 performance

We targeted 80% of factories to have completed the Higg Facility Environmental Module (FEM) by the end of FY25 for our key Tier 1 (assembly of final products) suppliers. The Higg FEM supports suppliers in assessing, tracking and improving performance across key environmental areas, including energy, water, waste and carbon.

In FY25, we focused on driving key Tier 1 supplier completion of the Higg FEM self-assessment, enabling us to close the 2024 disclosure cycle, achieve an overall completion rate of 84%, and reach our target a month earlier than FY24. This progress is notable as our supplier accounts grew by 6.4% compared to the previous year.

Status of key Tier 1 suppliers' adoption of Higg FEM 2024



● Higg FEM completed **84%**
● Not completed Higg FEM **16%**

Progress against our roadmap

We launched the Higg FEM in our Better Manufacturing programme in FY24 to support our suppliers to assess and track their performance across carbon, water and energy. The tool provides richer data with which to identify emission hotspots across our supply chain and address as part of our wider sustainability strategy. Increased visibility of supplier performance also empowers our commercial teams to make more responsible sourcing decisions. At the end of the 2024 disclosure cycle, we issued a supplier survey to capture the main challenges and support needs across our supplier base. The findings will help to shape our FY26 supplier support package.

In FY25, we hosted an in-depth renewable energy webinar, in partnership with South Pole, a climate consultancy. This session covered renewable electricity market trends, Renewable Energy Certificates, green tariffs, on-site options and PPAs, providing practical insights and examples to help suppliers explore decarbonisation solutions relevant to their region. We hosted the session not only to upskill suppliers, but to also equip them with practical tools to support their decarbonisation journey. This enabled them to implement their own initiatives at an operational level, as well as cascade best practice across their supply chains.

We are actively encouraging our suppliers to develop roadmaps that outline the actions they and their partners will take to support their decarbonisation efforts. Resources and webinars provided through our dedicated supplier training platform, alongside ongoing support from Dunelm, will help to underpin development of their decarbonisation roadmaps. Further to this, we launched a quarterly supplier newsletter, providing a new communication channel to share updates, key requests and priorities as well as broader support on responsible sourcing.

Upon recognising the challenges faced by our Tier 1 suppliers when mapping their downstream supply chains, we focused our efforts on Tier 2 engagement in FY25 to assist with ongoing supplier engagement. To support this, our partner Verisio, a specialist in supply chain transparency and ESG risk management, has enhanced its platform, making it easier for suppliers to update and maintain accurate information on partners further down their supply chain. These improvements will strengthen collaboration across the supply chain and enable more effective monitoring of Tier 2 suppliers through the Higg Facility Data Manager (FDM) tool.

FY26 focus

- **Continue to support our suppliers with development of decarbonisation roadmaps.**
- **Consider the findings from the post-disclosure survey to better support suppliers.**
- **Implement plans developed from decarbonisation roadmaps from suppliers into scorecards so that commercial teams can make responsible sourcing decisions.**

Product lifecycle continued

Product in-use and end-of-life

Product in-use and product guarantees
As part of our commitment to support the transition to a more circular economy, and to help ensure our products last as long as possible, we provide customers with extended product guarantees. By extending the life of our products, we can reduce resource consumption and waste generation. This approach also aligns with our wider strategy, elevating our product offer and growing expectations around quality and longevity.

Our extended product guarantees cover a wide range of product categories, including bedding, bathroom, cookshop, dining, decorative accessories, electricals and furniture. At the end of FY25, we had 47 live guarantees covering nearly 28,000 products. Our extended product guarantees range from 2 to 25 years and are validated by rigorous in-house or industry standard testing.

To provide assurance on the quality of our products, we have launched an online product guarantees page. This offers clear visibility into which product ranges are covered, what specific extended guarantees cover, and how customers can make a claim. We have also updated our online terms and conditions to clarify the distinction between a product guarantee and a product warranty, ensuring customers have a clear understanding of their rights and our responsibilities.

In addition to extended product guarantees, we also provide customers with instructions via our website on how they can care and clean for their products.

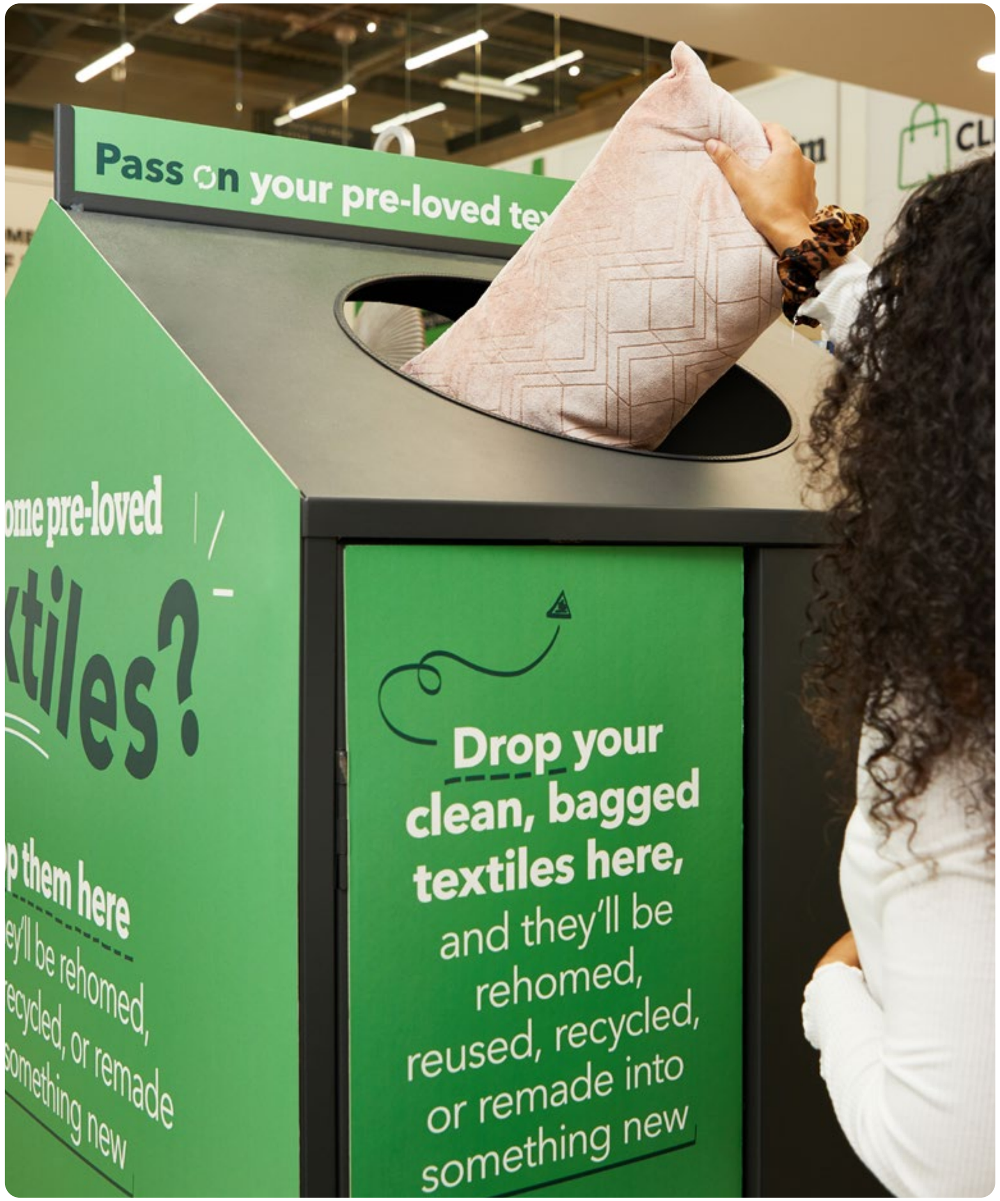
Product next-life and end-of-life
Keeping products and resources in use for as long as possible is central to the transition to a circular economy. When a product reaches the end of its life, rather than disposing of the product to landfill, a circular economy aims to reuse resources and give them another life. We want to enable customers to give no-longer wanted products a second life that are often difficult to recycle at kerbside.

We offer customers an easy-to-use takeback service on 61% of our own-brand products and continue to consider, test and trial further circular business models. Our in-store textile takeback service remains popular with customers, with the scheme collecting c.120 tonnes of unwanted textiles for reuse or repurposing each month.

In partnership with the British Heart Foundation and Clearabee, we also offer a takeback service for mattresses and furniture. Customers can donate bulky items and mattresses to the British Heart Foundation, provided they are clean and have a fire safety label attached. They are then given a another life, and in turn, support the charity. Clearabee offer a collection service for bulky items in any condition, where they will be disposed of responsibly.

We also take back 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.

Read more about our Takeback schemes on page 31



Metrics

Key

- Green: Target met or on track.
- Yellow: Broadly on track, improvement required.
- Orange: Not on track, significant improvement required.

Metric

Scope 1 tCO_2e

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 FY25

26%
reduction versus baseline

Assessment of progress
In FY25, we reduced our overall Scope 1 carbon emissions by 26% from our FY19 baseline despite strong sales growth of 61% over the same period. Reductions in FY25 were driven by additional gas boiler replacements in store, fuel efficiency savings in our store fulfilment fleet and the ongoing transition of our company car fleet to lower-carbon fuels.

Target
50% reduction by FY30.

Overall current status (Yellow)
We have a strategy in place to meet our target with interim milestones agreed and confirmed by the Executive Team. We are broadly on track but continue to make improvements and have confidence we can meet near-term milestones.

Metric

Scope 1 tCO_2e/£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 on our corporate website.

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 FY25

54%
reduction to 5.2tCO_2e/£1m Group revenue

Assessment of progress
Reductions in our Scope 1 carbon emissions in FY25 were driven by additional gas boiler replacements in store, fuel efficiency savings in our store fulfilment fleet and the ongoing transition of our company car fleet to lower-carbon fuels.

Target
59.3% reduction by FY26.

Overall current status (Yellow)
We have a strategy in place to meet our target with interim milestones agreed and confirmed by the Executive Team. We are broadly on track but continue to make improvements and have confidence we can meet near-term milestones.

Metric

Scope 3 $MtCO_2e$

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 FY25

66%
increase compared to FY19 baseline

Assessment of progress
Increased by 66% due to increased sales and spend. We continue to invest in data, measurement and reporting capabilities and reported emissions will continue to be re-baselined and restated where required in line with our base-year restatement policy.

Target
50% reduction by FY30.

Overall current status (Orange)
We have a strategy in place, centred on improving the quality and detail of the data we collect from suppliers. This will better inform both our approach and reporting moving forwards.

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 on our corporate website.

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.

Performance in FY25

43%
reduction

Assessment of progress
In FY25, we achieved a 43% reduction in the virgin plastic used in our own brand packaging. We have achieved this target over a number of years, driven by various initiatives such as reducing the thickness requirements for our curtain bags and an increase in the amount of recycled content across our own-brand products.

Target
30% reduction by FY25.

Overall current status (Green)
We have met our FY25 target and are in the process of establishing a new target which reflects our ambitions in sustainable packaging, in line with evolving regulatory and environmental expectations.

Metrics continued

Key

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

Metric

'More Responsibly Sourced' cotton in own brand range

Scope
This measure covers own-brand products that contain cotton.

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.

Performance in FY25

53%
of cotton in own-brand range was 'More Responsibly Sourced'

Assessment of progress
We have made strong progress in our journey to source cotton more responsibly. We have now transitioned all of our core cotton product lines to more responsibly sourced alternatives and successfully mapped 100% of our cotton supply chain, with two routes disengaged due to being unable to map to cotton fibre source (cotton ginner).

This reflects our continued investment in supplier engagement and improved traceability, and positions us well to meet our long-term sourcing goals.

Target
100% by FY25.

Overall current status
We have not met our FY25 target despite good progress in this area. We have a plan designed to enhance the clarity, focus and effectiveness of our cotton sourcing strategy, and will be shifting from a sales unit-based to a tonnage-based reporting metric for cotton. This change enables us to prioritise high-impact product transitions and better monitor our carbon and water footprint.

Metric

'More Responsibly Sourced' timber in own brand range

Scope
This measure covers own-brand products that contain timber.

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.

Performance in FY25

39%
of timber in own-brand range was 'More Responsibly Sourced'

Assessment of progress
We saw a 2% improvement against FY24 and have continued to strengthen our approach to responsible timber sourcing. This progress reflects the growing number of products passing our assessments and the increasing rigour of our sourcing standards.

Target
50% by FY25.

Overall current status
We have not met our FY25 target despite good progress in this area. We have a plan to improve transparency, sharpen focus, and enhance our ability to drive meaningful change across our timber supply chain. As part of this, we will evolve our reporting to track the percentage of products achieving full Forest Stewardship Council (FSC) Chain of Custody (CoC) certification. This will help us increase the number of products with verified sustainable sourcing and strengthen traceability across our timber supply base.

Metric

Aggregate water footprint in own-brand textiles

Scope
This metric includes own-brand products containing textiles, that are within key textile categories.

Why this measure is important
The majority of our water footprint is from our textiles products. This target reflects our commitment to continuous improvement and our ambition to monitor and reduce our water footprint.

Performance in FY25

75%
increase of our water footprint compared to our 2019 baseline in calendar year 2024

Assessment of progress
In calendar year 2024, we increased our water footprint by 75% due to a 65% increase in fibre uptake from 2024 vs 2019. This is driven by a large increase of natural fibres used over the past six years due to an increase in sales.

We continue to focus on sourcing more recycled cotton to reduce our water footprint, which requires R&D throughout our supply chain, UK and sourcing country infrastructure to recycle fibres and cross industry collaborations and funding to scale recycled cotton.

Target
30% reduction by 2030.

Overall current status
Whilst we continue to strengthen our understanding of water impacts across our textile supply chain, we are not on track with our target. Based on our learnings in recent years, we will move to reporting our overall water footprint impacts using an intensity metric. This will help us track progress more accurately and identify hotspots for targeted action.

Our home in Communities

With over 200 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.

This section covers:

FY25 highlights

c.270k

gifts donated during our Delivering Joy Winter campaign

£1.2m

total fundraising and charity contributions in the year

Dunelm in the community

Engaging our customers

Our stores and sites continue to play a prominent role in their local communities. Each of our regions have designated colleagues acting as Community Champions, who drive forward our work in this area. They support stores in their region with ideas for the Community Facebook Groups, whilst helping with other community activity, from fundraising initiatives, to small business events.

The reach of our community engagement is demonstrated by the growth in our Facebook groups, which now have more than 1.4m followers in total.

Our flagship community initiative, Delivering Joy, has gone from strength to strength and over the Winter we ran our fifth campaign, facilitating the donation of an incredible 272,000 gifts by Dunelm customers to those in need, more than doubling our previous record.

Shoppers from 184 Dunelm stores across the UK picked up tags in store featuring Christmas wishes from individuals associated with over 1,800 local organisations such as schools, care homes, charities, refuges and animal shelters.

We gave customers the choice to donate brand-new items, good quality pre-loved decorations or home-made gifts, and we saw an amazing response, with participants dropping the gifts back into store so that we could deliver them across our local communities.

This year we saw heightened interest in the campaign, particularly across social media. As a result, we again saw Delivering Joy go viral, with over 27m TikTok views. We were also able to involve one of the most engaged influencers in the delivery of gifts to local causes, driving further awareness of the campaign.

CASE STUDY

Delivering Joy Summer

After various trials in recent years, in FY25 we looked to build a bigger and better Delivering Joy summer campaign, to extend our community impact across the year.

We supported 48 outdoor makeovers for local organisations across the UK, sprucing-up their outdoor spaces. The projects ranged from a rooftop garden at a hospice in Sunderland, to a primary school sensory area in Exeter, with Dunelm donating over 800 products including planters, gazebos and water features, to help transform the community spaces.

The projects were voted for by customers on our Facebook groups, with colleagues creating shortlists, having reached out to their local communities for submissions, and almost 120,000 votes were received from customers across the 48 stores taking part.

Colleagues were out and about all summer, donating their time to help complete the work. Our friends at Airtasker also supported the projects, helping with the heavy lifting and product assembly.

We have plans to extend the campaign to more stores in FY26.

Celebrating 200 stores

200th
Dunelm store opens in Merthyr Tydfil

We have always valued the important role that our stores have in their communities, providing employment opportunities and acting as a hub for building local connections by hosting clubs and events.

We were therefore delighted to celebrate the important milestone of our 200th store with our opening in Merthyr Tydfil, Wales in March this year. Based in the Dowlais Top Retail Park, the 30,000 square foot store created around 40 new jobs in the local area.

At opening, the store's Facebook community group had already reached over 5,000 followers and we saw hundreds of customers queuing outside, keen to see the new store and have the chance to get their hands on a special £200 Golden Ticket. We also gave goodie bags to the first 100 customers into the store.

We marked the opening more widely across the business with a company-wide quiz, a selfie frame competition, and a celebratory video shared with all colleagues at a special 'town hall' event at our head office and on our intranet.

You can watch our 200 store opening video here:

Dunelm in the community continued

Pausa cafes

Our Pausa cafes are one of our largest charity fundraising streams, raising money through a mix of donations and collections. We also continue to promote our Pausa cafes as community hubs, opening them up free of charge to local groups who use them for activities from choir singing, to games nights, to Easter crafting.

We also support local small businesses in our stores and Pausa cafes, which sell items such as pet portraits, winter wreaths and decorative garlands. For these stalls we charge a small fee that we donate to Age UK.

We have been expanding our store-based 'knit and stitch' groups. We relaunched these in February 2025, growing to 45 groups, and the groups made almost 10,000 little hats for innocent smoothies' 'Big Knit' campaign (with 30p donated to Age UK for every behatted smoothie sold). Individual groups also make items for local charities.

c.10,000

Little hats made for innocent smoothies' 'Big Knit' campaign (with 30p donated to Age UK for every behatted smoothie sold).

We are now over a year into our partnership with Too Good To Go, with the aim of reducing food waste from our in-store Pausa Cafes.

The partnership has been operational in 153 Dunelm stores, offering customers access to good surplus food at great value for money, with Surprise Bags available for just £3.20. Customers who purchase a Too Good To Go Surprise Bag receive a selection of hot and cold food, including sandwiches, cakes and fruit.

As a result of the scheme to date, we have provided over 100,000 Surprise Bags to customers, which means that just under 290 tonnes of CO_2e has been avoided in food waste, the equivalent of 52 flight tickets around the world or 553,321 filled baths.

>100,000

Surprise Bags containing good, surplus food have been offered to customers to date, avoiding almost 290 tonnes of CO_2e in food waste.

Dunelm x Airtasker

Our partnership with Airtasker connects our customers, via an easy-to-use website and app, with people in their local area to help them with furniture assembly, light installation, or any other tasks for the home.

In FY25, we connected over 3,000 customers with local Taskers, each receiving a £15 discount off their first task.

The partnership also provides employment for Taskers in the local area, and in FY25, the jobs created by Dunelm customers resulted in over £360,000 of earning opportunities for Taskers, supporting the local economy.

Charitable initiatives

National and local activity

As a business, we continue to grow our charitable contributions and our colleagues show real energy and passion in getting behind a number of causes. We support our main national charity partner, Age UK, and other local organisations across our communities.

Building our Age UK partnership
Having launched our partnership with Age UK in January 2024, we've made significant progress in our joint purpose to create communities that feel like home for older people.

£1.5m
raised for Age UK since the relationship began in January 2024

The Age UK national partnership was voted for by Dunelm colleagues and customers and we have already raised £1.5m since the relationship began, the majority of which was in FY25.

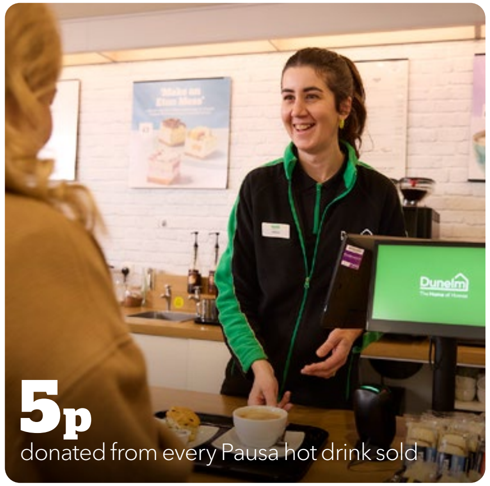
Every penny raised is going towards practical Age UK support to help older people in their homes and communities. This includes information, advice and friendship delivered over the phone, as well as frontline support in communities where Dunelm colleagues and customers live across England, Wales, Scotland and Northern Ireland, delivered by local Age UKs.

Fundraising activities have included store-focused events, including our 'Fundraise Your Age' campaign, which was conducted as part of Age UK's 'Act now, Age Better' initiative, for which we were lead partner, and proved to be our most successful colleague fundraiser to date. Colleagues have also embarked on a range of other challenges on the charity's behalf including the London Marathon and the Peak District Ultra Challenge.

We also raise funds by donating 5p from every Pausa hot drink sold, till donations, and various other activations.

Four key areas of focus for Age UK fundraising

Home Sweet Home	• Delivering holistic information and advice to older people in their own homes, we have supported 900 people to date, helping them in particular identify benefits they may be entitled to and supporting them with the form-filling process.
Telephone Friendship Service	• Providing friendship calls to older people who might be feeling lonely.
Information & Advice	• Helping older people get advice and support over the phone and online.
Local Community Fund	• Providing services and activities for older people in communities through local Age UKs.



5p
donated from every Pausa hot drink sold

Local charity activity
Beyond our national charity partnership, we also coordinate various local initiatives, supporting a range of causes which align with our values. This includes tackling homelessness in Aberdeen with The Royal Foundation (see right).

Our stores also have a monthly budget to support local causes of their selection. This can involve donating some products to a family who have recently had a house fire, donating a gift card to a school raffle, or providing blankets to a local care home. It's about making a difference to people on their doorstep.

> **"Our colleagues show real passion and energy in getting behind a number of causes. For Age UK, we have made significant progress in our joint purpose to create communities that feel like home.**

CASE STUDY

Tackling homelessness with The Royal Foundation

This year we began supporting Homewards' Innovative Housing Project, which is helping to furnish properties across Aberdeen in a five-year programme created by Prince William and The Royal Foundation of The Prince and Princess of Wales, with the aim of preventing and ending homelessness in the city.

Alongside other providers, we are helping to furnish 31 homes in the City, with the first properties now completed.

Dunelm was present in Aberdeen following the furnishing of the first home, to meet His Royal Highness The Prince of Wales, and see the first residents move into homes delivered by Homewards.

Promoting circularity

Developing circular services for our customers

We continue to develop and offer ways for customers to recycle products and contribute to a more circular local economy.

Takeback schemes
Our popular textile takeback service operates across 175 Dunelm stores, where customers can take back unwanted textiles. The scheme currently collects c.120 tonnes for reuse or repurposing each month, and we collected almost 1,500 tonnes in the year, a 24% increase year-on-year.

We review and refine our processes on an ongoing basis and endeavour to stay up to date with global textile reuse and recycling challenges to ensure we learn and improve, so as to find the right solution for our takeback textiles. We also review how our processes work best for colleagues and customers; we recently started relocating our collection bins instore, ensuring they are well signposted for customers and are easier for colleagues to empty once full.

In addition to our textile scheme we take back 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 continue to trial various other circular business models to learn and further develop our approach on how we best sort and divert different product categories to the best next or end-of-life solution.

In the year, we partnered with The Salvation Army to trial an online textile takeback scheme. As part of the trial, customers could visit dunelm.com to generate a free shipping label, choose a courier and select a convenient place to drop off their used home textiles. All textiles from the scheme were then sent to The Salvation Army to be resold or recycled, helping to prevent unnecessary waste and extend their useful life.

Whilst the trial posed operational difficulties and was not continued, the learnings have helped inform 'ACT UK', a two-year project led by UK Fashion & Textile Association (UKFT) to support the transition from the manual sorting of clothes and textiles.

"We continue to trial various circular business models to learn more and develop our approach on how we best sort and divert different product categories to the best next or end-of-life solution.

We took the decision to discontinue our 'Home to Home' scheme through which customers could donate pre-loved and good quality homewares such as crockery and glasses in our stores. This decision was due to operational difficulties in scaling the concept and additional complexities arising from the types of donations received.

Furniture collection
We work with the British Heart Foundation, offering our customers a free collection service for unwanted, but 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. In the last year, 1,450 collections have been made by the British Heart Foundation from customers accessing the service via Dunelm channels, raising over £250,000 for the British Heart Foundation including Gift Aid.

FY26 focus

- **Maintain momentum with our colleague Community Champions in driving customer engagement via Facebook groups.**
- **Explore wider roll-out of our Delivering Joy summer campaign.**
- **Further develop Age UK partnership through effective colleague-driven campaigns.**
- **Continue to assess scope and effectiveness of our takeback services.**

Metrics

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

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 fundraising efforts of our colleagues across the business through various initiatives.

Performance in FY25

£1.2m
Group cash contributions

Assessment of progress
In FY25, Group and colleague fundraising and Group cash charity contributions amounted to £1.2m (FY24: £1.1m), up 10.4% 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 FY25

61%
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.

Assessment of progress
We offer a takeback service on 61% of our own-brand product range through three core initiatives namely Textile Takeback, WEEE Electrical Recycling and Furniture Takeback through the British Heart Foundation and Clearabee. Our focus has been on optimising existing schemes while exploring and trialling further categories.

Target
50% by FY25.

Overall current status
We have met our target for FY25 and will seek to maintain our takeback offer for customers, whilst continuing to explore potential additional services.

A home for our People

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

This section covers:

FY25 highlights

6.5%

of role-model leaders from an ethnic minority background
(FY24: 5.8%)

+7pts

year-on-year increase in engagement score (eNPS)

Learning

Developing our colleagues

Measuring success
We track three key internal metrics to measure the success of our investment in learning and development: colleague engagement, colleague retention and the percentage of internal promotions from home-grown talent. At the end of FY25 we were encouraged to see our employee net promoter score (eNPS) up 7%pts year-on-year[1], colleague retention up 1.4% year-on-year[1], and 66.7% of positions in the Dunelm leadership team and our 'Heads of' group had been filled internally[1].

Role-model leaders programme
We define our Regional and Store Coaches and colleagues at 'Head of' level and above as our 'role-model leaders' with a view to developing specific training appropriate for that cohort. We initially provided training in FY24 to 86 colleagues on role-model leadership principles. In FY25, we developed our programme to further support the development of this group, focusing on performance and inclusion.

The inclusion programme focused on building awareness and understanding of how we can facilitate an even more open working environment and further develop a sense of belonging, understanding and engagement. It also supported our aim to increase diversity at all levels of the business. The programme included 19 modules on topics such as Power & Privilege, Social Mobility, Neurodiversity, Race, LGBTQ+, Leading Inclusion, Leading Hybrid and High Performing Teams and a Multi-Generational Workforce, all of which totalled over 28 hours of development. Following feedback, we are now rolling out the programme to over 140 other senior managers. More information on our approach to 'Belonging' can be found on page 38.

1. Not including our colleagues in the Republic of Ireland.

Learning continued

CASE STUDY

Spotlight on business transformation

In FY23, we created a Business Transformation Graduate Scheme to support the continued development and growth of the business. The scheme sees the graduates work on 'transformation' projects, rotating every 6 to 12 months to build their adaptability, curiosity, project and change management skills, alongside deepening their business knowledge. The success of this programme over the two years means that in FY26, five graduates will move into business transformation roles.

"

Through my rotations, I've had the opportunity to work in a range of departments including Commercial, Digital, and Store Operations, and in these roles, I have contributed to large-scale transformation projects that impact a variety of teams and functions across the business.

I have also developed a strong set of transferable skills such as change management, project management, and strategic thinking, which position me well for future opportunities. The Business Transformation Graduate Scheme has helped shape me into a well-rounded professional, giving me the confidence and expertise to build a long-term career at Dunelm.

Natalie Webb
Business Transformation Lead

Early careers programmes

Our early careers programmes offer a variety of entry routes into the business, including graduate schemes, apprenticeships, internships and placement opportunities. Our programmes are designed to build leadership and functional capabilities that support our long-term growth ambitions by broadening our talent pipeline.

We offer graduate schemes in business transformation, and across business functions such as Tech, Finance and Supply Chain. In FY25, there were four business transformation and 12 functional graduates across the business.

Our apprenticeship scheme also builds our functional talent pipeline. Over the last three years, we have placed greater emphasis on expanding our apprenticeships to offer different routes into the business, with a particular focus on social mobility and breaking down barriers into employment. In FY25, there were 17 apprenticeship roles within the business.

We monitor the success of the scheme by reviewing the number of participants who remain in the business and the roles that they hold. This information is shared with and discussed by the Board, who also receive an annual presentation from participants.

Early careers programme summary FY25

FY25	No. of Colleagues
Graduates (total)	**16**
- Functional	12
- Business transformation	4
Apprenticeships (total)	**17**
- Stores	6
- Non-stores	11
Placements	**3**

Colleague pathways

To support colleague development and career planning, we introduced 'career pathways' in FY24. These provide greater visibility of the various roles and opportunities available across the business (and required skillsets), so that colleagues can consider what other roles might be suitable for them either now or in the future, perhaps with further development. In FY25, we continued to hear from colleagues that understanding where they might want to take their career can be difficult. In response, we partnered with Talentmapper, a talent marketplace platform. The platform provides bespoke career pathways based on roles available within the business and we continue to test how this can assist colleagues and also support the business with succession planning.

FY26 focus

- **Continue rollout of the inclusion and performance programme to senior managers.**
- **Test and learn with Talentmapper how best to support the flow of talent across the business.**
- **Continue to support and develop our apprenticeships.**

Thriving

Rewarding and supporting colleagues

Pay and benefits

We are committed to rewarding and incentivising our colleagues fairly and meaningfully. Our pay principles are built around being 'fair, relevant and personalised', and are applied consistently across the business at all levels. We aim to ensure that base pay is competitive within the market. All colleagues are paid at least National Living Wage/Minimum Wage (as applicable) as set by the UK Government and in FY25 we awarded a median increase to our hourly-paid colleagues[1] of 6.4% with effect from April 2025.

In FY25, we made several improvements to our colleague benefits offer to reflect what our colleagues have told us they value the most. We also continued to improve communication and accessibility.

By listening to our colleagues, we learned that while our core benefits are widely appreciated, preferences for specific benefits can vary greatly. Taking this into account, we expanded our voluntary benefits offer, giving colleagues more choice to tailor their package to suit their needs. These benefits are offered at discounted rates and with the option to spread the cost wherever possible, ensuring they are accessible and affordable. New benefits added in FY25 included a health cash plan, health screening and critical illness cover.

We provided all colleagues with a virtual booklet that summarised how they can tailor their benefits package ahead of the new financial year, choosing those that are most meaningful to them. Colleagues can also access a personalised 'Your Benefits' portal on our Home Comforts intranet, where they can manage their choices.

Gender pay gap

We are committed to equal pay across the business, ensuring that colleagues receive equal pay for equivalent roles, regardless of gender. Our 2025 Gender Pay Gap Report is available on our corporate website. Our gender pay gap predominantly reflects the fact that 70% of our colleagues are women, of whom 85% work in our stores or other hourly-paid roles.

Encouragingly, we have seen an improvement in our mean and median gender pay gap this year, driven by an increase in the percentage of women in the top pay quartile.

Our gender pay data

2025	%
Median gender pay gap	2.8
Mean gender pay gap	15.2
Median gender bonus gap	76.1
Mean gender bonus gap	52.6
% of men receiving bonus	21.4
% of women receiving bonus	18.2

% of women in each pay quartile

2025	%
Top quartile	52.4
Upper middle	65.5
Lower middle	74.6
Lower quartile	67.0

Source: Dunelm Gender Pay Gap Report 2025.

1. Not including our colleagues in the Republic of Ireland.

Ethnicity pay gap

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

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.

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 Pride network to listen and learn and to uphold our commitment to being a truly inclusive business.

Recognition schemes

We continue to promote 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.

We also encourage colleagues to promote the teamwork that delivers a specific project, launch of an initiative or conclusion of a trial, recognising that often this involves cross-functional teams and wider colleague input than might otherwise have been appreciated.

Thriving continued

Colleague support fund
Our Colleague Support Fund, which provides grants for colleagues who may be facing financial hardship or an unexpected life event (e.g. death of a family member, home flooding, domestic abuse), has supported colleagues since 2020. In FY25, we supported 435 applications and funded £215k of these grants.

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.

Wellbeing buddies
We have 142 wellbeing buddies across our support sites and 253 within our stores. Our wellbeing buddy initiative is a voluntary role where colleagues offer a listening ear and friendly support to their fellow colleagues. This helps to ensure that every colleague feels they have someone they can talk to about anything on their mind. All our wellbeing buddies are mental health first aid trained, with training delivered by Mental Health England. In FY25, 34 buddies completed a refresher training session, equating to 136 hours' worth of training. We have also provided equivalent training to our role-model leaders.

> "The wellbeing buddy approach here is such an important part of life at Dunelm and I can see the difference it makes to colleagues, all the time. I've benefitted from it personally, but it's also such a privilege to be someone who is there for others, providing them with a safe space to share their thoughts and feelings and supporting them in finding a way forward.
>
> We're so lucky to have such an amazing representative from Mental Health England, who delivers all of our training and the refresher training I undertook this year felt so vital. It's easy for any of us to get caught up in the day to day and the refresher training has been brilliant in continuing to help us be the best Mental Health First Aiders we can be.
>
> **Abi Harrison**
> **Wellbeing buddy**

Retail Trust
The Retail Trust continues to offer wellbeing support to our colleagues and family members. They also play an important role in supporting colleagues with wider issues faced by those working in retail. For example, in FY25, the Retail Trust launched their 'Respect Retail' campaign, providing training for colleagues facing in store abuse. We share other seasonal campaigns from the Retail Trust, including webinars and competitions, with colleagues via our intranet.

Retail Trust support in FY25

Total numbers signed up to Retail Trust (overall)
2,266

Financial aid support
36
grants provided totalling £13,139

Virtual GP usage
452
GP appointments accessed

Counselling sessions provided
229

Online therapy
506
interactions across 201 topics

FY26 focus

- **Continue to listen and learn from our colleagues and their preferences in relation to the voluntary benefits that we offer.**
- **Maintain awareness of the various levels of support available to colleagues.**

Belonging

Helping colleagues feel at home

We aim to promote a culture where every colleague feels seen, valued and included. This is a key part of our overall People strategy.

We defined the four pillars of our belonging strategy in FY24, designed to guide our future decision-making whilst celebrating the uniqueness of our People. These are: learning, creating role-model leaders, embedding inclusion in all we do and celebrating the uniqueness of our colleagues. These pillars underpin how we make decisions, and communicate, helping us ensure that our culture is one where everyone feels that they can contribute and thrive.

Leadership plays a key role in setting the tone. The presence and input from the Board and the Executive Team, especially during in-person presentations, Q&A sessions and huddles, has been repeatedly highlighted as a source of building a stronger understanding of how colleagues contribute to the performance of the business and feel connected. Our annual leadership Peak Performance Event, end of year events and other celebrations, such as for our 200th store, also enable colleagues to feel closer to our purpose, values and strategic plans.

Engagement surveys

Listening and learning – one of our shared values – helps to create a culture of continuous improvement and is embedded in our approach to colleague engagement. Our framework ensures colleagues are given regular opportunities to voice their opinions on a range of areas, and enables senior leaders to consider those views throughout the year.

Our engagement survey provides a good overall understanding of colleague sentiment. The main survey, conducted in May 2025, saw a high participation rate amongst colleagues, with 74% taking part. The survey had a range of questions connected to our overall People strategy, including Belonging. Colleagues were also given the opportunity to provide a comment on each question, which proved a popular way to provide feedback, with over 48k comments received. Leaders reviewed and responded to comments and incorporated feedback into action plans that were co-created with their teams. Leaders are encouraged to refer back regularly to their action plans, treating them as 'always on'.

Our colleague engagement score[1] increased by 7pts in FY25 meaning our score remains in the top 10% against our industry benchmark (Peakon customers).

We also run additional shorter, targeted surveys throughout the year, using our listening framework in a more targeted way. In FY25 these covered business strategy and pay and reward.

Engagement initiatives

We are proud to invest in programmes that support growth, celebrate contributions, and demonstrate that we keep listening and learning. Initiatives such as the 'Home of Ideas' (where impactful ideas are recognised and rewarded); 'Back to the Floor' (connecting support functions with store colleagues); and our reverse mentoring programme demonstrate how two-way communication makes us stronger.

FY25 highlights

+7pts
year-on-year movement in eNPS score[1]

1. Excludes colleagues in Republic of Ireland

Belonging continued

Home of You data
We ran our first colleague data campaign in FY24, collecting data anonymously from colleagues. 'Home of You' is aimed at understanding our colleagues better. In previous years, it has given us an insight into gender, ethnicity and carer responsibilities and continues to help inform our belonging strategy and plans.

Colleague engagement
Our colleagues are formally represented through our Local, Regional and National Colleague Voice structure. The network has been operating in its current format since 2019, and continues to serve as a vital forum for discussion and creating a two-way dialogue between the business and colleagues.

Our Local Colleague Voice (with around 270 colleague representatives) represents the voices of store and site colleagues. Our Regional Colleague Voice comprises eight to ten representatives who attend monthly meetings run by regional coaches and people partners.

Our National Colleague Voice (NCV) enables 18 representatives to share colleague views from across the business with Non-executive Directors, Executive Team members and other colleagues from the People Team. Through regular engagement across the year, this network provides a space to hear what's on colleagues' minds and share feedback on key topics affecting the business.

In FY25 the 'Big Topics' for communication and feedback were plans for the financial year, colleague safety and wellbeing, learning and development and reward. Reps ask their colleagues for views both generally and on the chosen 'Big Topic' in advance of meetings.

After each meeting, they share feedback with colleagues and views and concerns raised are presented to the Board.

The NCV remains a valuable forum for colleagues to engage, be listened to and see action as a result. For example, financial wellbeing seminars delivered during the year were a direct result of addressing concerns raised by the NCV.

During FY25, NCV representatives received training focused on their role as a consultative body, which was well-received, with reps sharing how the experience is boosting their confidence, helping them connect with others, and empowering them to ask questions and contribute meaningfully.

Quotes from Colleague Voice reps

"Since joining, it is giving me a confidence boost to be able to talk with not only existing colleagues but also new ones. Also coming to in-person meetings is giving me great confidence. It's great to be part of a fantastic group, well worth Dunelm's investment in us.
Patricia Walker, Sunflex

"I'm enjoying the community and connecting with other voice reps, tackling important topics so we understand the process and what's required from us all.
Linda Chan, Tech

"I'm finding the development sessions very useful, they are definitely helping me build my confidence as a voice rep.
Harry Wheeler, Warrington store

"I think that the development sessions are amazing. They are really insightful and empower us to help others, so thank you all for allowing me to be part of it all. I feel I can help my colleagues more and have the confidence to ask questions, even tough ones.
Lyndsey Veale, Plymouth store

"I think it's really good, I'm still very new to this but it's clear how much the voice reps are valued by the leadership and Exec Team. I've really valued and enjoyed supporting with the ways of working discussions as this makes you feel valued and that the team really do care what everyone thinks and how we can work together to come up with the best outcome.
Annie Kinane, I&A

CASE STUDY

Women in Tech
The Dunelm Women in Tech (WiT) working group organised our first Women in Tech Week in FY25, held from 7th-11th October, coinciding with Ada Lovelace Day. The week was open to everyone - tech, non-tech, and allies - and was aimed to celebrate the achievements of women in technology while sparking honest conversations about inclusion and empowerment. We hosted a range of events including a Q&A with John Gahagan, our Chief Technology and Information Officer, a panel with male allies, held 'My Journey' talks with female tech leaders and hosted a masterclass by Susan O'Connor of Shift Left.

As part of the wider Women in Tech Development Programme, there was an opportunity to get involved in a 1:1 coaching opportunity with Shift Left. The coaching was focused on building confidence, career planning, resilience and leadership skills.

"I was lucky enough to take part in a 1:1 coaching opportunity, and it's genuinely been a turning point for me. I went from feeling burnt out to being able to show up fully at work – focused, balanced, and confident. It helped me set clearer boundaries, plan my career more intentionally, and feel more in control. Together, WiT Week and the coaching programme have helped build a stronger, more connected community – and shown what's possible when we invest in people's growth.

Jo Kalnavarna, Digital Engineer

Belonging continued

CASE STUDY

Reach

Our Reach programme was created to support the growth and development of colleagues from underrepresented ethnic groups. Our first cohort in FY24 was made up of colleagues from support analyst and professional levels. A total of 63 colleagues from across the business took part, and since graduating in August 2024, 22% have experienced a change in role or promotion. As part of the programme's ongoing impact, colleagues from this cohort are now reverse mentoring members of the Executive and Dunelm Leadership Team, sharing lived experiences and broadening perspectives at the most senior levels of the business.

Following the success of the initial cohort, we expanded the Reach programme in FY25 to include senior managers and 'Heads of' roles. The FY25 programme started in April 2025, and is bringing together 30 colleagues to focus on leadership legacy, authenticity, role modelling and unlocking influence.

Reach.

"Participating in the Reach programme was a truly empowering experience. It thoughtfully addressed the unique challenges faced by individuals from ethnic minority backgrounds, creating a safe and supportive space for open and honest dialogue. Through peer-to-peer sharing and inspiring guest speakers, I gained not only insight but also a renewed sense of motivation and purpose in what I can own and control within my role in the recruitment team, such as how I can support others entering the business, helping them feel welcome, valued and at home. Reach has been instrumental in shaping how I show up as a leader and ally.

Rakesh Parmar – FY24 cohort

"The Reach programme had a lasting impact on me. Firstly, it reaffirmed to me the importance of diversity in retail and how celebrating our differences helps foster a sense of belonging for our colleagues and ultimately our customers. Secondly, it rapidly expanded my network of peers to connect, share and grow my career alongside. I was also fortunate to be accepted on the Ethnic Future Leaders programme; this reminded me that I work for a company that cares and is willing to invest so that everyone can thrive- no matter their background.

Marcus Hunter – FY24 cohort

"The best part of being on the Reach programme for me was the amazing friends I made along the way. One of my proudest moments was inspiring a friend to dive into a Business Analyst apprenticeship. She had so many transferable skills, and seeing her step into the role was amazing. After Reach, I reverse mentored and was paired with someone who was curious about how we could bring culture into stores for our customers. I've taken everything I learned from Reach and incorporated it into everything I now lead, from Women in Tech to being Gender Equity Co-Chair.

Priti Verma – FY24 cohort

Belonging continued

Neurodiversity awareness

As part of our belonging strategy, in FY25 we placed a particular focus on Neurodiversity. This included rolling out a neurodiversity policy, introducing a leader's guide and developing a new e-learning module.

We also sought to further increase the awareness and understanding of our role-model leaders by holding inclusion workshops on Neurodiversity and ADHD. Based on feedback on the value of these workshops, they will be rolled out to senior managers in FY26.

Policy additions and updates

To remain relevant for all our colleagues and to have the right level of guidance and support, we continue to review our People policies. In addition to the new neurodiversity policy, we also provided new training resources for managers, designed to build knowledge and help colleagues and line managers to create an environment that allows colleagues to thrive at Dunelm. In response to changes in legislation on the leave entitlement for those with a child requiring neonatal care, we launched a new neonatal care policy, outlining what this means for our colleagues.

Following our acquisition of the Home Focus business in Ireland, we commenced a review of policies, our approach to engagement and training for our new Irish 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 available to colleagues on our Home Comforts intranet.

Our Colleague Networks work together closely, recognising intersectionality and supporting each other to grow our overall colleague network membership. They also remain a valuable engagement forum when new policies and training are being considered and then rolled out, with members bringing lived experience and a range of perspectives, informing positive change within our business.

FY26 focus

- **Maintain colleague listening through Voice groups, engagement surveys and other initiatives to uphold a culture of continuous improvement.**
- **Continue our focus on supporting ethnic diversity across the business, particularly amongst our leadership, through initiatives such as our Reach programme.**
- **Maintain our focus on inclusion, extending our neurodiversity and ADHD workshops to senior managers.**
- **Continue to review and improve our approach to engagement and training for our new Irish colleagues.**

Our Colleague Networks in FY25

Colleague Network	Our Colleague Networks have driven impactful initiatives across inclusion themes.
PRIDE **Pride** • c.65 colleagues • Executive Team sponsor – Karen Witts (Chief Financial Officer) • 3 DLT sponsors	• Proudly participated in Stoke Pride for the first time, while marking our third consecutive year of participation in Leicester Pride. • Changed the name of the network to 'Pride' to celebrate the full spectrum of identities within the community.
DISABILITY & NEURODIVERSITY **Disability and Neurodiversity** • c.100 colleagues • Executive Team sponsor – Faye Atkins (Director of Commercial, Creative and Supply Chain) • 4 DLT sponsors	• Celebrated Disability Pride Month by highlighting the importance of inclusive language and sharing insightful blogs such as 'The importance of our choice of words'. • Worked with WorkFit to support colleagues with Down's Syndrome entering the workplace.
GENDER EQUITY **Gender Equity** • c.95 colleagues • Executive Team sponsor – Amanda Cox (Stores and People Director) • 3 DLT sponsors	• Led activities for International Women's Day with the 'strike a pose' campaign. • Raised awareness during Menopause Awareness Month with a live event from Simply Menopause. • Faced into period poverty by sharing educational content, displaying period products at SSC, and collecting donations for charity.
ETHNICITY & RACE **Ethnicity and Race** • c.65 colleagues • Executive Team sponsor – John Gahagan (Chief Technology and Information Officer) • 2 DLT sponsors	• Recognised South Asian Heritage Month through colleague stories and educational blog posts. • Celebrated Eid with cultural activities including food and henna at SSC. • Honoured Windrush Day by spotlighting local Caribbean eateries and sharing a commemorative blog.

Metrics

Key

- Green: Target met or on track.
- Yellow: Broadly on track, improvement required.
- Orange: Not on track, significant improvement required.

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' from our May 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 FY25

+7pts
year-on-year movement in eNPS score[1]

Assessment of progress
We saw an increase in our employee net promoter score (eNPS) by 7pts year-on-year, particularly driven by an improvement in managers' support across our stores. Our colleague engagement survey had a participation rate of 74% in FY25, and provides us with detailed and extensive feedback, from which we built action plans for each team to be implemented and referred back to across the year.

Target
Year-on-year increase %pts.

Overall current status
We are currently meeting our target, seeing a year-on-year increase.

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 FY25

6.5%
of our role-model leaders come from an ethnic minority background[1]

Assessment of progress
This is an improvement from FY24 (5.8%), but we recognise that further progress is required. Our commitment to promoting an inclusive workforce at all levels of our business is undiminished. In FY25 we invested in extensive training on inclusion for our role-model leaders and expanded our Reach programme to senior managers and 'Heads of' roles.

Target
8% by FY26.

Overall current status
We are currently tracking behind our target but retain clear focus on our plans and initiatives to meet it.

1. Excludes Republic of Ireland

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.

This section covers:

FY25 highlights

99%
of audits were no more than two years old

91%
Low-or-medium risk audits

Safety and security

The safety of our colleagues, customers, contractors and visitors is of paramount importance to us. Our CEO holds overall responsibility for this area, but it is very much seen as a shared priority across our Group. Colleagues are supported by our dedicated health and safety (H&S) and security teams who focus on four key areas – developing competence, controls, communication and culture.

Governance
Health and safety is a standing agenda item at every Board meeting. The Board also receives a detailed annual presentation from our Head of Health and Safety. Monthly health and safety 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.

Regular updates on security incidents and initiatives aimed at reducing them and making our colleagues feel safer are also regularly provided to the Board. Weekly security reports are circulated around the business, and reporting and updates are also discussed at Risk and Resilience Committee meetings.

Training
We continue to focus on training and educating our colleagues on how they can pro-actively seek to prevent incidents by spotting, identifying and correcting hazards or take pre-emptive action, as appropriate to the circumstances.

All new joiners undertake a mandatory H&S awareness training course on induction. Additional regular mandatory H&S training is determined according to business function and role based on risk assessments. For example, all store key holders must attend a one-day health and safety course which gives them the competency to carry out their roles with safety at the front of mind, and food safety, allergen and hygiene training is mandatory for all colleagues working in our Pausa cafes. We have also increased the training available to colleagues in relation to dealing with conflicts. In addition, colleagues can access H&S and security-related training updates at any time via our online learning and development platform.

FY25 performance – H&S

We invested in additional training for our senior leaders in our distribution network in FY25, enrolling 11 colleagues in IOSH managing safety courses and the NEBOSH general certificate, which is the equivalent of an A-Level qualification.

At our Distribution Centres in Stoke, we invested in a new fleet of material handling equipment, including forklift trucks, reach trucks and low-level order pickers. Our forklift trucks are fitted with the latest AI camera technology as standard which detects the human form and automatically reduces speed and sets off an alarm within the cab. We also installed product lifts to our warehouse mezzanines to improve handling safety and introduced fingerprint drug and alcohol testing to provide further assurance to colleagues as to their safety.

In FY25, we also made a significant investment in our Home Delivery Network (HDN) operation, installing Matrix IQ cameras in all our fleet vehicles. This will help to mitigate fraudulent third-party claims and provide better quality evidence for incident investigation following a road traffic accident. Matrix IQ also provides a suite of telematics that we are using to proactively monitor our driver behaviours. This helps to improve driving standards and safety, cornering and fuel efficiency. Depot managers review the data each week and use it when communicating with colleagues on an individual basis, in team meetings and within training to raise awareness of the standards that we expect. We publish the top-ten drivers every month to track and encourage continuous improvement.

A new warehouse traffic and pedestrian management plan was approved at our Cannock site, which aims to improve pedestrian and MHE interaction through a series of new controls. During FY25, we also installed new extraction and ventilation equipment and the H&S team worked closely with management to plan and then install new manufacturing equipment with associated safety features.

We were also pleased this year to complete our three-year rollout of AED defibrillators, with access now in all our stores[1].

In stores, and in line with the UK Government's ongoing focus on knife sales, our knives are not on display and are stored at the tills. During FY25, we continued to conduct age-restricted test purchases and recorded a rolling annual pass rate of 93.4% (FY24: 91.2%), outperforming the industry average by approx. 4%[2].

Our H&S team continues to conduct 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 FY25, our average audit performance was 92%, with 13 stores and three support sites attaining 100%. The team also visited all our new sites in the Republic of Ireland.

In FY25, we saw a year-on-year reduction in RIDDORS (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations).

1. This does not currently include our stores in the Republic of Ireland.
2. Source: ServeLegal Data.

Safety and security continued

FY25 performance - security

Our approach to security and loss prevention is focused on keeping our colleagues and customers safe whilst protecting our property. We utilise a variety of methods, increasingly utilising data and new technology to assist.

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.

In FY25, we rolled out updated conflict resolution training and new colleague safety modules. In addition to our monthly security bulletins, this year we also issued a new colleague safety bulletin, which included guidance on personal safety; this was launched at our annual colleague safety week when we also delivered personal safety pocket guides to stores and launched three new training videos.

Monthly colleague safety working groups with representation from stores and sites have proved effective in sharing information and obtaining feedback on the working environment and the initiatives we are trialling and introducing. Along with the H&S team, the security team attended a National Colleague Voice meeting where ‘Safety and Security’ was the big topic for discussion, as we recognise that engagement with colleagues is essential for ensuring effective improvements in this area.

Also in FY25, we fitted new HD cameras in each store to assist with offender identification and ran a trial utilising scan assist technology at our self-check out tills to ensure that customers scan and pay for every item in their basket.

We continue to review our approach to front of store protection and also how we protect specific products in store, reviewing displays, locations, use of cabinets etc.

During the year, we also continued to build our network to share information and best practice, including engaging with local police and crime commissioners, and building site specific and local crime prevention plans. We welcomed the introduction of the Retail Crime Bill and continue to encourage our colleagues to report incidents of theft, abuse and assault in line with our standard policies and procedures.

Food safety and labelling

Food safety remains a priority for our Pausa cafes. In our Food Standards and Sourcing Manual we set out our food sourcing specifications, including 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.

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.

FY26 focus

- **Deliver new warehouse traffic and pedestrian management plan at our Cannock site.**
- **Refresh Health & Safety policy.**
- **Conduct allergens test purchases trial.**
- **Launch Security Operations Centre to support stores with incidents during trading hours.**
- **Continue to trial use of new technology to assist with crime prevention, security and loss prevention.**

Online security and data protection

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 and require all third parties with whom personal data may be shared to make this commitment. We are also focused on maintaining strict access controls to safeguard sensitive data and prevent unauthorised access. We actively monitor our threat environment and review our control measures to safeguard against the increased threat of cyber attacks.

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 and information security 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 data protection and information security policies and procedures and undertake mandatory training in these areas. 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.

FY25 performance

IT, systems, data and cyber security remains a principal risk for the Group and the increasing volume and sophistication of attacks targeting organisations across all sectors over the past year highlights why this risk continues to trend upwards. Significant work was undertaken in FY25, but further strengthening defences remains a top priority, and we continue to invest in proactive measures to safeguard the business and the data that we hold. More information about how we seek to mitigate our risk in this area can be found in our FY25 Annual Report.

In FY25 we placed particular focus on identity management, with increased security and reviews of our internal processes for verification of colleagues.

We also continued to invest in systems security more generally, and carried out regular security testing. We use a cloud-based hosting infrastructure, which increases failover options and improves resilience, and have comprehensive third-party support in place for relevant technologies. Our security incident response process was tested during the year and disaster recovery plans are in place for all major systems and applications.

We have maintained our focus on ensuring that new suppliers and 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.

In FY25, the team also carried out a cyber maturity review, previously undertaken in 2023, the results of which were presented to our Audit and Risk Committee, which noted the improvements made.

Colleague awareness of risk continues to be an important aspect of our work. During FY25, we continued to conduct internal 'phishing' tests, with additional training and other sanctions for those colleagues who are repeat offenders. We also reviewed our data protection training modules.

The security of payments made by customers online also 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 card data.

We embrace and harness emerging technologies but maintain our commitment to online and data security. Artificial Intelligence has grown rapidly over the past year and to ensure our colleagues use it safely we introduced a new AI policy and AI Hub during the year. The AI Hub provides a forum to discuss and respond to colleague queries relating to AI and approve requests for new AI tooling/uses within the business. Its members include representatives from our legal, security, procurement and engineering teams.

The robustness of our systems and awareness of risk continue to be areas of focus and whilst we have made significant progress in enhancing our controls, we continue to review our approach and discuss opportunities for further improvement.

FY26 focus

- **Continue to raise awareness of cyber risk, with an emphasis on personal accountability.**
- **Conduct a full review of our business continuity, disaster recovery and crisis management plans and how they inter-relate.**
- **Refresh store data protection training.**
- **Continue to listen and learn in relation to the opportunities and risks presented by AI and provide further colleague training.**

Responsible Supply Chains

We consider the proof of high ethical standards – in particular human rights – to be the foundation of any commercial supplier relationship. We require our suppliers to provide safe and legal working conditions for the people who work for them and 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.

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. A brief overview of our approach to risk assessment and management can be found on this page. Our full statement can be found on our corporate website.

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 our Ethical Code of Conduct for Suppliers and Partners, Whistleblowing policy, Responsible Cotton policy, Homeworker policy and our standard terms and conditions for suppliers.

Assessing and managing risk

In order to assess and manage the risk of modern slavery in our supply chain, we segment our suppliers and partners into three categories: (i) Dunelm own-brand products, (ii) third-party branded products, and (iii) non-stock and other services used by Dunelm.

(i) Dunelm own-brand products

The most significant supply chain and factory base to our business relates to own-brand products. We consider all products sold under our own brands as 'high risk' because most of them are manufactured in countries which have a higher prevalence of modern slavery according to the 2023 Global Slavery Index, produced by Walk Free. In total we source from c.314 suppliers with 815 Tier 1 manufacturing sites in 25 countries.

Effective management of human rights risks within our supply chain is built into our stock procurement procedures, both in relation to onboarding 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. The team is supported by Verisio, a specialist audit services provider. In addition, monitoring and working to improve conditions is part of the factory management role carried out by our overseas sourcing partners. We also actively encourage our suppliers to further develop their own internal risk management processes. More detail on our approach to risk management in the Dunelm own-brand supply chain can be found on the following page.

(ii) Third-party branded products

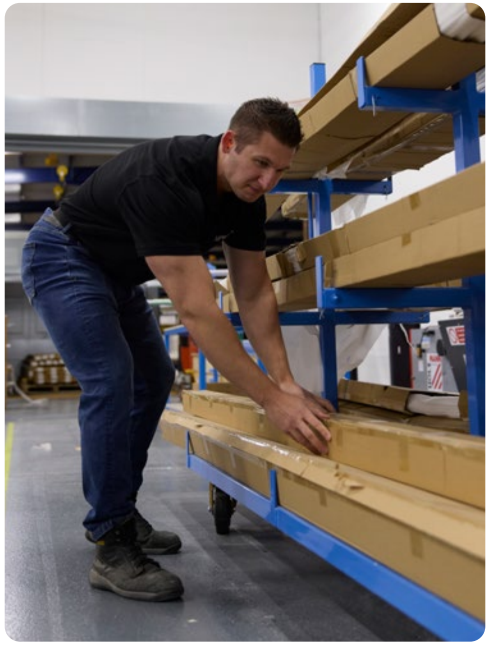
Products manufactured by third-party brands (non-Dunelm) are also sold in our stores and online. These products are not designed, produced, stored, or labelled as or by Dunelm. Third-party branded stock suppliers are generally assessed as 'medium risk', because we choose our partners carefully and require that, as the brand owner, they conduct their own checks and provide appropriate confirmations to us, as referenced below.

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

(iii) 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 our 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, which 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 increased our requirements for further information and comfort in areas that we have identified as medium to high risk.

Responsible Supply Chains continued

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 relevant senior management and management teams at key locations, including all stores, and colleagues working in our commercial, legal, 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 is reviewed regularly, refreshing as appropriate to ensure it remains up-to-date, engaging and resonates with colleagues.

We also continue to raise awareness of the importance of anti-slavery and ethical practices with our suppliers. In April 2025, we held our annual ethical webinar. All suppliers were invited to attend, and the key focus was the importance of supply chain transparency and Tier 2 ethical due diligence requirements. We launched the new homeworker policy to attendees and communicated the requirement for all branded label and packaging suppliers and processors to have a semi-announced audit in place by the end of FY26.

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

Ethical audit programme

We have implemented 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 our requirement for compliance with our Ethical Code of Conduct and our ethical audit programme. The programme currently covers all Tier 1 own-brand suppliers, all warehouses that hold stock of own-brand product and selected Tier 2 sites. We use an independent, expert third-party auditor, Verisio, to assess, grade and monitor the performance of our suppliers against our Ethical Code of Conduct utilising audit grading methodology.

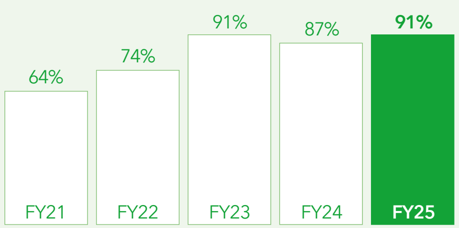
Verisio also work closely with us to provide root cause analysis of issues and drive improvements in standards. All Dunelm Tier 1 stock suppliers must provide on an ongoing basis a third-party ethical audit report that is less than two years old (from an APSCA registered auditor and conducted on a semi-announced basis within a minimum three-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.

As part of the ethical audit programme, we also undertake unannounced spot checks. This provides additional assurance that standards are being maintained during the two-year audit cycle. Spot checks are undertaken 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.

Year-on-year percentage of Tier 1 third-party ethical audits graded low to medium



In FY25 99% (FY24:99%) of our Tier 1 supply base had an in-date third-party ethical audit against a target of 100%. 91% of such audits were graded low to medium risk (FY24: 87%).

We continue to seek greater transparency in our Dunelm own-brand supply chain. We are also committed to driving continuous improvement both within our own programme and from our suppliers. This includes continuing to increase visibility of our Tier 2 supply chain through our declaration and mapping exercise, noting that it is a complex and challenging process – we have over 2,400 Tier 2 sites, with many Tier 1 stock suppliers using multiple Tier 2 locations. At the end of FY25 we had declarations of Tier 2 sites from 94% of our Tier 1 suppliers, which includes Dunelm own-brand label and packaging suppliers, componentry suppliers and product processors. Concurrently, we have conducted risk assessments to determine the appropriate level of due diligence for each area.

FY26 focus

- **Enhance cotton mapping process by introducing risk-based provenance testing.**
- **Further develop spot check programme.**
- **Continue to review and refresh training, including responsible purchasing practices and responsible sourcing site visit guidelines.**
- **Establish new trusted supplier guidelines.**
- **Analyse Tier 2 audit data and work with suppliers to improve standards at Tier 2 sites.**

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 – further detail can be found in our Slavery and Human Trafficking Statement 2025 on our corporate website. During the year, 62 reports were received (FY24: 50), with each one being investigated as appropriate.

Training

Training is an important part of our 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.

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

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, with a programme to refresh as needed to ensure they remain appropriate. For example, in FY25, we updated our in-person training module for commercial, marketing, social and editorial colleagues on environmental/ sustainability claims, and rolled out a marketing e-receipt refresh for store colleagues. We also reviewed our training to reflect the new failure to prevent fraud offence under the Economic Crime and Corporate Transparency Act 2023.

More in-depth face-to-face training continues to be provided to colleagues in our commercial and procurement teams on anti-corruption and anti-bribery (which is currently undergoing a refresh) and in connection with our credit offer. Further ad hoc training is provided as needed or requested, and colleagues can also access training at any time via our online learning and development platform.

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 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.

We refresh our fraud risk assessment annually 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 FY25, our total tax contributions were £303.5m (FY24: £283.3m), 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. 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.

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 (FY24: 99%)[2].

FY26 focus

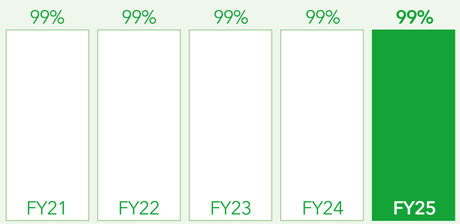
- **Refresh anti-corruption and anti-bribery training.**
- **Review our Colleague Code of Conduct.**

Tax contributions

	FY25 £m	FY24 £m
Net VAT collected	**183.9**	173.0
Payroll taxes including National Insurance[1]	**64.6**	60.8
Corporation tax	**54.8**	49.5
Plastic packaging tax	**0.1**	0.0
Total tax contributions	**303.5**	283.3

1. All Dunelm colleagues are based in the United Kingdom, except for c.200 colleagues employed in our Home Focus business, based in the Republic of Ireland, and our store in Jersey.

Supplier payment statistics
Invoices paid within agreed terms, %[2]



2. Does not include our operations in the Republic of Ireland.

Metrics

Key

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

Metric

Reportable accidents under RIDDOR

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 FY25
23
number of reportable accidents under RIDDOR[1] in FY25

Assessment of progress
We saw a year-on-year reduction in RIDDORS in FY25. We continue to focus on training and educating our colleagues on how they can pro-actively seek to prevent incidents and reflect on lessons learnt, acknowledging that as the business grows, we open more sites and employ more people, we are inevitably at risk of more accidents occurring.

Target
Targeting <30 reportable accidents.

Overall current status
We met our target in FY25, and there was a year-on-year decrease in reportable accidents under RIDDOR.

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 FY25
99%
of audits were no more than two years old

Assessment of progress
In FY25, 99% of audits were no more than two years old and any falling outside of that have a confirmed booking window where they have committed to provide the audit within a 30 day grace period.

Target
100% of audits not more than two years old.

Overall current status
We are currently tracking to target, including those factories where audits are currently being carried out.

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 FY25
91%
low-or-medium risk audits

Assessment of progress
FY25 performance can be attributed to our continued programme of unannounced spot checks. We also welcomed the reduction in the number of critical findings as demonstrating the increased commitment of our suppliers to maintaining standards. An increase in the level of internal resource has enabled us to provide more support to suppliers to help resolve identified issues quickly. All our high-risk graded factories have a plan in place to resolve issues with appropriate timelines.

Target
90% of audits low-or-medium risk.

Overall current status
We met our target in FY25. We have a structured programme in place that is agreed and confirmed by the Executive Team, as well as dedicated resource focused on continuous improvement.