

Stakeholder engagement

We seek to build long-term relationships with our key stakeholders based on fairness and respect, consistent with our Code of Business Conduct, and our shared values and culture.

Key stakeholders

By understanding what our key stakeholders care about, and considering their perspectives, we believe that we can build more meaningful relationships and take fully informed decisions that create value for the long term.

We engage with a wide range of stakeholders in the day-to-day running of our business. Our key stakeholders are those who we know are highly likely to be affected by our actions and decisions, and vice versa. Typically, we engage with these stakeholder groups regularly at an operational level,

with responsibility held by members of the Executive Team, and this is described in the following pages 31 to 34. We also set out how the Board is kept informed about the interests of our key stakeholders, as well as how our Board members engage with them directly. Pages 68 to 71 in the Governance Report provide further detail as to how important stakeholder feedback is presented to the Board for discussion and debate, as well as some examples of how the Board uses outcomes of stakeholder engagement in its decision-making. Examples of metrics used by the Board to measure the effectiveness of our engagement are set out below.

In May 2023, we undertook research with a third party to understand stakeholder perceptions relating to our most material environmental, social and governance ('ESG') topics and more information about this research can be found on pages 28 to 29. Stakeholder feedback from this exercise has been included in the 'what they care about' entries on the following pages.

In addition to key stakeholders, we acknowledge the importance of other stakeholder groups on page 34.

Our S172(1) Companies Act 2006 confirmation statement is on page 35.

Examples of metrics used by the Board to measure the effectiveness of our engagement:



Customers

- Unique active customer growth
- Total revenue
- NPS
- Safety scores



Colleagues

- eNPS
- RIDDOR¹ incidents
- Gender pay gap reporting
- Retention
- Whistleblowing



Communities

- Monies raised for good causes
- Take-back
- Diversity



Suppliers

- % Tier 1 factories audited
- % products with responsibly sourced raw materials
- Whistleblowing
- CO₂ emissions



Shareholders

- Share price movements
- Free cash flow
- Profitability
- AGM voting outcomes



¹ Reporting of Injuries, Diseases and Dangerous Occurrences Regulations.

Customers

2.8%²

growth in unique active customers shopping with us online and in store

What they care about

- Value, style, choice and quality.
- Product safety.
- A great shopping experience and responsive customer services.
- Responsible use and protection of personal data.
- Ethical and sustainable sourcing.

Key management responsibility

Customer Director

Why we engage

Our business revolves around our customers. We aim to be *Customer 1st*, striving to improve our customer offer. We seek to achieve this by delivering great products, services and experiences. Engagement improves our customer insight which, in turn, influences our strategic focus areas and capital allocation. Ongoing investment in customer data and analysis allows us to respond more quickly and accurately to develop relevant product ranges and services, helps drive brand awareness and grow our customer base.

How we engage day-to-day

- During the shopping experience and at point of sale in store, with feedback being shared as appropriate within the business.
- By means of our customer service team and the channels by which it communicates with our customers.
- Social media channels.
- Customer focus groups/panels.
- Customer surveys.

How the Board engages

- Conducts store visits and reviews online experience.
- Receives customer insights report at every Board meeting.
- Monitors customer KPIs (including NPS) and challenges management to ensure the customer proposition remains at the forefront of all development activities.
- Receives regular updates on health and safety, product quality and ethics, sustainability and data protection.

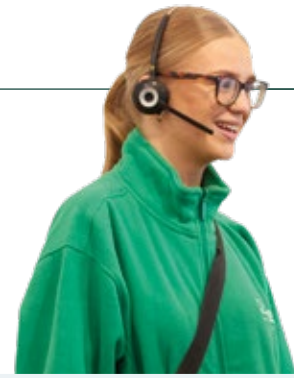
How we have listened and learned - highlights in FY23

- Reviewed value for money across all categories and price points, lowering prices on over 1,000 lines.
- Launched and grew our 'Conscious Choice' range to c.15% of own brand products.
- Refreshed our Group-wide policy on data protection and privacy and continued to invest in data security.
- Launched collaboration with Airtasker to help customers put their flatpack furniture together.
- Updated our health and safety policy and continued the rollout of a new training course for store coaches and team leaders.
- Opened new stores outside of our traditional size and locations.
- Continued to develop our ethical audit programme, which covers suppliers of own brand products.



² Growth in unique active customers who have transacted at least once in the 12 months to June 2023. Management estimate using Barclays data.

Stakeholder engagement continued



National Colleague Voice ('NCV')

Our colleague representative body, NCV, has been running for four years. Members represent a range of ages, ethnicities, genders, locations, tenures and levels of seniority across Dunelm.

During FY23, we held five meetings, each attended by Nick Wilkinson and members of the People team. Marion Sears, who is our designated Non-Executive Director ('NED') for colleague matters, attended and other NEDs often joined, alongside presenters (as appropriate).

Each meeting comprises three parts: a business performance update from Nick, a 'What's on your mind?' item for members to raise concerns, and a 'Big Topic' where we communicate and seek feedback on important matters. In FY23, these were financial wellbeing, community and charity, colleague safety, sustainability, and reward.

The aim is to stimulate discussion and debate, with representatives acting as strong advocates for their colleagues. This is achieved by encouraging reps to ask their wider teams for views both generally and on the chosen 'Big Topic' in advance of meetings. After each meeting, members share feedback with colleagues and views and concerns raised are presented to the Board.

The NCV is a valuable forum for colleagues to engage, be listened to and see action as a result. For example, following the community and charity session, we increased communication of our initiatives and ways in which colleagues could participate and support. And after our colleague safety session, we trialled new security-related initiatives. The NCV has also been an important part of the dialogue on colleague pay and reward, as detailed further on pages 71 and 118.

Colleagues

11,000+
colleagues

What they care about

- Fair pay and reward.
- Opportunities for progression.
- A safe, inclusive and diverse workplace.
- Personal data protection.
- Opportunities to be listened to and make a difference.

Key management responsibility

Stores and People Director

Why we engage

Committed and ambitious colleagues are at the heart of our business. We engage with them to understand how best to recruit, retain, motivate and reward them, including helping with their mental and financial wellbeing. We also use this information to make better decisions for our customers and communities and to support our strategic growth.

How we engage day-to-day

- Annual colleague engagement survey, followed by targeted pulse survey.
- Two-way 'always on' communication via our *Home Comforts* intranet, on which we also publish regular CEO updates, known as 'Nick's Note'.
- Colleagues represented through our NCV (see left for more information) and our Local and Regional Colleague Voice networks (see our Sustainability Report 2023 for more details).
- Store colleague roadshow.
- Weekly/monthly colleague 'huddles' at every store/for each business area.
- 24/7 independent, confidential whistleblowing hotline.
- End of year events reflect on the past year and look ahead to the new financial year.

How the Board engages

- Visits stores and other sites.
- The designated NED for colleague matters and CEO attend NCV meetings and report to the Board.
- Receives People update in each CEO report to the Board.
- Receives overview of whistleblowing reports.
- Reviews key outcomes and actions from colleague engagement survey.
- Reviews a more detailed colleague dashboard (including key metrics) presented by the Stores and People Director at least twice per year.
- Discusses the gender pay gap disclosure.

How we have listened and learned - highlights in FY23

- Invested in learning and career development opportunities to strengthen our employer value proposition, 'grow' talent and improve succession planning.
- Piloted mentoring schemes across the business to help with professional development.
- Ongoing focus on colleague financial health and support given cost-of-living pressures.
- Taken a carefully considered approach to colleague pay and reward decisions for FY23.
- Personalised our benefits system to help colleagues easily locate their benefits and find information to make informed choices.
- Signed up to the 'Menopause Workplace Pledge' and issued our new menopause policy.
- Updated parenthood policies.
- Introduced pump/quick lift trucks at our logistics site to make it easier and more efficient to raise pallets/totes.
- Improved the quality of uniform for colleagues at our logistics sites.
- Increased communication about our charity and community activities.



Communities

185+

local community catchment areas served by our stores and sites

What they care about

- Charitable initiatives.
- Services that support the community and local area.
- Local employment and volunteering opportunities.
- A business they are proud to have in their neighbourhood.

Key management responsibility
Customer Director

Why we engage

By understanding local community needs and concerns we build awareness and trust, help evolve our customer offer, strengthen our local reputation and provide

another reason for people to shop with us. We have also learned how much our customers and colleagues benefit from being involved in meaningful local initiatives and by having direct means of communication with their local store.

How we engage day-to-day

- Community champions for each region facilitate the sharing of internal and external feedback, learnings and ideas.
- Daily interaction with local store communities via individual store Facebook groups (organised by locally appointed community champions).
- Feedback from local businesses and community groups who use space in stores and Pausa cafes.
- Regular meetings with our Group charity partner, Mind.

How the Board engages

- Receives updates on charity and community initiatives.
- Reviews community-related KPIs, including level of take-back and monies raised for good causes.

How we have listened and learned - highlights in FY23

- Expanded our 'Delivering Joy' campaign, achieving a threefold increase in the number of donated gifts.
- Launched 'Home to Home' trial for customers to donate pre-loved homewares to be redistributed to those in need.
- Expanded use of our Pausa cafes by small businesses and community groups.
- Raised over £700k for Mind.
- Enhanced processes for our textiles take-back services.

Suppliers

1,200+

stock and non-stock suppliers

What they care about

- Fair trading and prompt payment terms.
- Collaborating to maintain high ethical standards and deliver on sustainability initiatives.
- Long-term relationships.
- A growth opportunity for their business.

Key management responsibility
Director of Commercial and Supply Chain

Why we engage

We work closely with our suppliers and manufacturers worldwide to develop relationships and business growth opportunities through regular engagement, and to ensure that we are aligned on the importance of upholding our high quality, ethical and environmental standards.

How we engage day-to-day

- Hold annual stock supplier conference and regular webinars.
- Regular supplier meetings.
- Regular contact for our committed stock suppliers with our design and commercial teams, as well as our product quality, compliance and sustainability teams.
- Dedicated procurement function engages with non-stock suppliers.

How the Board engages

- Receives updates on ethical trading, product quality, modern slavery, supplier payment terms and whistleblowing reports.
- Receives updates on progress against sustainability metrics.
- Ad hoc supplier meetings.

How we have listened and learned - highlights in FY23

- Held webinars with our key suppliers on 'Better Manufacturing', ethical standards and packaging.
- Undertook more ethical audits.
- Reviewed our protocols for non-compliance.
- Provided greater access to shared resources.
- Continued to collaborate on sustainability initiatives.
- Implemented new stock supplier portal to support improved ways of working.



Stakeholder engagement continued



Shareholders

1,900+

shareholders including the Adderley family

What they care about

- Strategy, performance and outlook.
- Strong leadership.
- Culture and shared values conducive to good governance and high standards of business ethics.
- Executive remuneration.
- ESG risks and opportunities.

Key management responsibility
CEO and CFO

Why we engage

Meaningful engagement is key to building trust and driving long-term success. It enables us to better understand our investors' priorities and concerns.

We help our shareholders and their representatives to have a good understanding of our business model, strategy, investment opportunities and culture, and we aim to be transparent and comply with shareholder governance requirements.

How we engage day-to-day

- Executive Directors meet with investors during the year.
- Arranged store visits.
- Discuss ESG-related matters on request.
- Via our corporate website.

How the Board engages

- Chair seeks regular engagement with major shareholders on governance and performance against strategy.
- Consults as appropriate, including in FY23 on the proposed new Remuneration Policy.
- Attends results presentations and the AGM.

- Non-Executive Directors are available to discuss any matter with shareholders on request.
- Reviews AGM voting, shareholder comments and proxy reports. Reviews investor roadshow feedback.
- Governance and other meetings arranged as appropriate.

How we have listened and learned - highlights in FY23

- Held more than 70 meetings with shareholders (excluding our largest shareholder) during the year.
- Completed externally-facilitated materiality assessment to gain perspectives from key stakeholders on material ESG topics (including investors and analysts).
- Included feedback from Remuneration Policy consultation within Board discussions.
- 89.98% of issued share capital voted at FY22 AGM.

Other stakeholders

We work with a number of other stakeholders whose relationships are important to the day-to-day running of our business. These stakeholders tend to impact our business more than we impact theirs and, in some cases, engagement may be one-way. We monitor and evaluate these relationships regularly and the Board is informed as required. In all cases, our approach is to seek to build long-term trusted relationships based on fairness and respect, consistent with our Code of Business Conduct and our values.

Other stakeholders with whom we engage include:

- Local and national UK Government bodies, including HMRC.
- Regulators, including Leicestershire County Council and Charnwood Borough Council with whom we have a Primary Authority relationship, and other bodies such as the Health and Safety Executive, Trading Standards and Environmental Health officers.
- Banks and other financial institutions.
- A trusted team of professional advisers (for example, brokers, financial PR, accountancy and recruitment firms, environment and sustainability advisers).
- Shareholder representative bodies, ESG investment and credit ratings agencies and potential investors.
- Other business support providers (e.g. logistics, landlords (as the majority of our stores are leased), technology and construction/store development companies).
- Industry bodies and working groups, such as Textiles 2030, Better Cotton and the British Retail Consortium.