



Dunelm Group plc

Policy on use of the statutory auditor to provide non-audit services

Policy objective

THE AUDIT AND RISK COMMITTEE RECOGNISES IT IS IMPORTANT THAT THE INDEPENDENCE AND OBJECTIVITY OF THE EXTERNAL AUDITOR IS NOT IMPAIRED THROUGH THE PROVISION OF NON-AUDIT SERVICES.

The following policy is intended to ensure that the external auditor's integrity is not compromised by restricting their involvement in the provision of non-audit services when a conflict of interest, real or perceived, may exist.

Definition of "non-audit services"

All services other than the statutory audit are to be treated as "non-audit services" for the purposes of this policy, unless the service is required to be provided by the statutory auditor by reason of law or regulation.

Prohibited services

The services set out below may not be provided by the statutory auditor under any circumstances except where required by law.

- (a) Tax services relating to:
 - ▷ Preparation of tax forms;
 - ▷ Payroll tax;
 - ▷ Customs duties;
 - ▷ Identification of public subsidies and tax incentives unless support from the audit firm is required by law;
 - ▷ Support regarding tax inspections by tax authorities unless support from the audit firm is required by law;
 - ▷ Calculation of direct and indirect tax and deferred tax;
 - ▷ Provision of tax advice.
- (b) Services that involve playing any part in management or decision-making of the Group;
- (c) Bookkeeping and preparing accounting records and financial statements;

- (d) Payroll services;
- (e) Designing and implementing internal control or risk management procedures related to the preparation and/or control of financial information, or designing and implementing financial information technology systems;
- (f) Valuation services, including valuations performed in connection with actuarial services or litigation support services;
- (g) Legal services, with respect to
 - ▷ Provision of general counsel;
 - ▷ Negotiating on behalf of the Group;
 - ▷ Acting in an advocacy role in the resolution of litigation;
- (h) Services related to the internal audit function;
- (i) Services linked to the financing, capital structure and allocation, and investment strategy of the Group, except providing assurance services in relation to the financial statements, such as the issuing of comfort letters in connection with prospectuses issued by the Group;
- (j) Promoting, dealing in, or underwriting shares in the audited Group;
- (k) Human resources services with respect to:
 - ▷ Management in a position to exert significant influence over the preparation of accounting records or financial statements which are the subject of the audit, where such services involve:
 - Searching for or seeking out candidates for such positions; or
 - Undertaking reference checks of candidates for such positions
 - ▷ Structuring the organisation's design; and
 - ▷ Cost control.

Permitted services

Under certain circumstances it may be beneficial to the Company for the statutory auditor to provide non-audit services. This may be because, for example, of their existing knowledge of the business or because the information required is a by-product of the audit process. In such cases the statutory auditor may provide these services so long as:

- ▷ the Audit and Risk Committee is satisfied that the overall policy objective set out above is met; and
- ▷ Fees paid to the statutory auditor for non-audit services in any financial year do not exceed 70% of the average of the statutory audit fees for the preceding three year period. This cap will be calculated in accordance with regulatory guidelines.

All non-audit services to be provided together with the fee must be approved by the Audit and Risk Committee in advance. Where assignments are commenced between formal meetings they must be approved by the Chair of the Audit and Risk Committee and reported at the next meeting.

Disclosure

The Company will report annually on the Group's annual expenditure with the external auditor on non-audit services and will explain the nature of these services.

Approval

This policy was approved by the Audit and Risk Committee on 7 September 2016, and has effect from the 2016-17 financial year of the Group. It will be reviewed annually.

All questions as to the interpretation of this policy should be directed to the Company Secretary in the first instance, who will liaise with the Chair of the Audit and Risk Committee as appropriate.

Approved by the Audit and Risk Committee
7 September 2016