

DUNELM GROUP PLC

SCHEDULE OF MATTERS RESERVED FOR THE BOARD

Updated by the Board on 24 November 2015

1. Strategy and Management

- 1.1 Responsibility for the overall management of the Group.
- 1.2 Approval of the Group's long term objectives and commercial strategy.
- 1.3 Approval of the annual operating and expenditure budgets and any material changes to them.
- 1.4 Oversight of the Group's operations ensuring:
 - competent and prudent management
 - sound planning
 - an adequate system of internal control
 - adequate accounting and other records
 - compliance with statutory and regulatory obligations
- 1.5 Review of performance in the context of long term strategic objectives and annual operating budgets and ensuring that any necessary corrective action is taken.
- 1.6 Extension of the Group's activities into new business or geographic areas.
- 1.7 Decisions to withdraw from any significant part of the Group's business.

2. Structure and capital

- 2.1 Changes relating to the Group's capital structure including reduction of capital, share issues and reissue of treasury shares (except under employee share plans), share buy backs.
- 2.2 Major changes to the Group's corporate structure.
- 2.3 Changes to the Group's management and control structure.
- 2.4 Changes in the memorandum and articles of association or name of Dunelm Group plc
- 2.4 Any changes to the company's status

3. Financial reporting and controls

- 3.1 Approval of the half yearly report, interim management statements and any preliminary announcements of the final results of Dunelm Group plc
- 3.2 Approval of the annual report and accounts of Dunelm Group plc including the corporate governance statements.
- 3.3 Approval of the dividend policy
- 3.4 Declaration of the interim dividend and recommendation of the final dividends of Dunelm Group plc
- 3.5 Significant changes in accounting policy or practice of Dunelm Group plc
- 3.6 Approval of treasury policies for financing, investing and risk management (eg foreign exchange and interest risk management)

4. Internal controls

- 4.1 Ensuring maintenance of a sound system of internal control and risk management including:
 - receiving the report and recommendations of the Audit & Risk Committee in respect of the Group's risk and control processes to support its strategy and objectives
 - undertaking an annual assessment of these processes
 - approving an appropriate statement for inclusion in the annual report

5. Commitments (by any Group company)

- Board approval must be obtained before committing to any project requiring investment greater than **£10,000,000**. Note that:
- 'project' covers, inter alia, purchase of a property or group of properties, implementation of a new IT system, launch of a

- major marketing campaign
- all costs related to a project should be amalgamated to see whether the £10m threshold is reached; in the case of commitments to long-term leases (eg for property), the full value of lease payments up to the Group's first opportunity to break the lease should be taken into account

Board approval must be obtained for any contract to be entered into by the Company or one of its subsidiaries, which is not in the ordinary course of business and which involves any of the following:

- a loan or repayment in excess of £10,000
- purchase or sale of foreign currency in excess of £1,000,000
- use of derivatives or other financial instruments in excess of £1,000,000
- direct expenditure in excess of £100,000

Board approval must be obtained for any contract to be entered into by the Company or any of its subsidiaries in the ordinary course of business which entails a commitment for bank or other borrowings in excess of **£5,000,000**; or which commits the Company or one of its subsidiaries to future cash outflows in excess of **£10,000,000** (eg foreign exchange contracts).

Any investment or disposal of interests of more than 5% in the voting shares of any company, and the making of any takeover offer, must be approved by the Board.

Financial authority is delegated to executive managers within the Company and its subsidiaries under the direction of the Executive Directors.

6. Communication

- 6.1 Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
- 6.2 Approval of all circulars notices prospectuses and listing particulars to shareholders
- 6.3 Approval of press releases concerning matters decided by the Board.

7. Board membership and other appointments

- 7.1 Changes to the structure of the Dunelm Group Plc Board following recommendations from the Nominations Committee.
- 7.2 Ensuring adequate succession planning for the Board and senior management.
- 7.3 Appointments to the Dunelm Group plc Board, following recommendations from the Nominations Committee.
- 7.4 Selection of the Chairman of the Board and the Chief Executive.
- 7.5 Creation, membership, Chairmanship and terms of reference of Dunelm Group plc Board committees.
- 7.6 Appointment and removal of the company secretary to Dunelm Group plc.
- 7.7 Appointment or removal of the external auditor to be put to shareholders for approval, following the recommendation of the Audit & Risk Committee.
- 7.8 Appointments to the Boards of subsidiaries.
- 7.9 Continuation in office of directors at the end of their term of office, when due to be re-elected by shareholders at the AGM and otherwise as appropriate – on the recommendation of the Nominations Committee.
- 7.10 Continuation in office of any director at any time, including the suspension or termination of service of an executive Director as an employee of the Company, subject to the law and their service contract.

8. Remuneration

- 8.1 Determining the remuneration of the non-executive Directors, subject to the Articles of Association and shareholder approval.

- 8.2 Determining matters recommended by the Remuneration Committee:
The remuneration policy for the Directors, Company Secretary and other senior executives
The introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval (Remuneration).

9. Delegation of Authority

- 9.1 The division of responsibilities between the Chairman, Deputy Chairman and the Chief Executive and other executive directors which should be in writing.
9.2 Approval of the terms of reference of Board committees.
9.3 Receiving reports from Board committees on their activities.

10. Corporate governance matters

- 10.1 Undertaking an annual review of the performance of the Board and its committees and individual directors.
10.2 Determining the independence of directors.
10.3 Review of the Group's overall corporate governance arrangements.
10.4 Considering the balance of interests between shareholders, employees, customers and the community.
10.5 Review of the Group's overall governance arrangements.
10.6 Receiving reports on the views of the Company's shareholders.

11. Policies

- 11.1
- Code of Conduct
 - Share dealing code
 - Health and safety policy
 - Environmental policy
 - Communications policy
 - Corporate social responsibility policy
 - Treasury policy
 - Tax policy

12. Other

- 12.1 The making of political donations.
12.2 Approval of the appointment of the Group's principal professional advisors.
12.3 Prosecution, defence or settlement of litigation involving risks/costs above £1 million.
12.4 Approval of the overall levels of insurance for the Group including Directors' & Officers' liability insurance.
12.6 This schedule of matters reserved for Board decisions.

24 November 2015