



Dunelm Group plc

Group Tax Strategy

DUNELM IS COMMITTED TO FULL COMPLIANCE WITH ALL STATUTORY OBLIGATIONS AND FULL DISCLOSURE TO TAX AUTHORITIES. OUR POLICY IS TO MANAGE OUR TAX AFFAIRS IN A RESPONSIBLE AND TRANSPARENT MANNER

This statement is made pursuant to part 2 of Schedule 19, Paragraph 16 of the Finance Act 2016, and sets out the steps that Dunelm Group plc (the "Company") has taken to ensure that the Group's tax affairs are managed in a way which is consistent with the Group's commitment to high standards of governance.

The Dunelm's Tax Strategy is set by the CFO. It has been reviewed and approved by the Board of Dunelm Group plc.

Scope

Dunelm Group plc is incorporated as a public limited company under the Companies Act 2006. The Group has been listed on the London Stock Exchange since October 2006.

Dunelm (Soft Furnishings) Limited, a limited company registered in England and Wales and the main trading entity of the Group, is a subsidiary whose ultimate parent is Dunelm Group plc.

This strategy applies to Dunelm Group plc and to all group companies. A list of the entities to which it applies is set out below. In this strategy, references to 'Dunelm' or 'the Group' are to all these entities. The strategy has been published in accordance with paragraph 16(4) of the Schedule by being available to download from the Group's corporate website.

This strategy applies from the date of approval by the Board until it is superseded and is subject to regular review. References to 'UK Taxation' are to the taxes and duties set out in paragraph 15(1) of the Schedule which include Corporation Tax, PAYE, NIC and other employee taxes, VAT, Insurance Premium Tax, Stamp Duty Land Tax and other property taxes, Customs and Excise Duties, and withholding taxes in the UK. References to 'tax', 'taxes' or 'taxation' are to UK taxation and to all corresponding worldwide taxes and duties

Aim

Dunelm is committed to full compliance with all statutory obligations and full disclosure to tax authorities. The Group's tax affairs are managed in a way which is consistent with the Group's commitment to high standards of governance.

Our policy is to manage our tax affairs in a responsible and transparent manner, to comply with relevant legislation and to have due regard to our reputation. Through this we seek to promote the long-term success of the Group and deliver sustainable shareholder value.

Governance in relation to UK taxation

- Ultimate responsibility for Dunelm's tax strategy and compliance rests with the Board of Dunelm Group plc
- The Audit & Risk Committee monitors the integrity of Dunelm's financial reporting system, internal controls and risk management framework. This expressly includes those elements relating to taxation
- The Chief Financial Officer ('CFO') is the Board member with executive responsibility for tax matters
- Day-to-day management of the Group's tax affairs is delegated to the Director of Group Finance, who reports to the CFO
- The Group Finance team is staffed with appropriately qualified individuals
- The business gives consideration to Dunelm's Tax Strategy when making investments and significant business decisions
- The Director of Group Finance reports to the Executive, the Audit and Risk Committee and the Board on Dunelm's tax affairs and risks during the year
- Tax advice is sought from external advisors in respect of transactions when necessary by the Group Finance Team.

Risk Management

- Dunelm operates a system of tax risk assessment and controls as a component of the overall internal control framework applicable to the Group's financial reporting system
- Tax risk is considered in terms of the impact and likelihood, and across both financial and non-financial factors
- Dunelm seeks to reduce the level of tax risk arising from its operations as far as is reasonably practicable by ensuring that reasonable care is applied in relation to all processes which could affect its compliance with its tax obligations
- Processes relating to different taxes are allocated to appropriate process owners, who carry out a review of activities and processes to identify key risks and mitigating controls in place. These key risks are monitored for business and legislative changes which

may impact them and changes to processes or controls are made when required

- Appropriate training is carried out for colleagues who manage or process matters which have tax implications

Attitude towards tax planning and level of risk

Dunelm manages risks to ensure compliance with legal requirements in a manner which ensures payment of the right amount of tax.

The Group's attitude towards tax planning is such that we only engage in tax planning where this is aligned with commercial and economic activity, and it does not lead to an abusive result. When entering into commercial transactions, Dunelm seeks to take advantage of available tax incentives, reliefs and exemptions in line with, and in the spirit of, tax legislation. The Group does not undertake tax planning unrelated to such commercial transactions.

We do not tolerate the commission or facilitation of fraud or tax evasion by any colleague, supplier or any other person associated with the Company.

The level of risk which Dunelm accepts in relation to UK taxation is consistent with its overall objective of achieving compliance and transparency in the Group's tax affairs. Dunelm seeks to comply fully with regulatory and other obligations and seeks to act in a way which upholds its reputation as a responsible corporate citizen. In relation to any specific issue or transaction, the Board is ultimately responsible for identifying the risks, including tax risks, which need to be addressed and for determining what actions should be taken to manage those risks, having regard to the amounts and obligations in question.

Relationship with HMRC

The Group maintains an open and honest relationship with HMRC and seeks to work in partnership with all relevant tax authorities in relation to its tax affairs in the UK and overseas.

- Any inadvertent errors made are fully disclosed to HMRC as soon as reasonably practicable after they are identified.
- When submitting tax computations and returns to HMRC, full disclosure of all relevant facts is made and Dunelm identifies any transactions or issues where it considers that the tax treatment may be uncertain
- Significant transactions and changes in the business are notified to HMRC as soon as reasonably practicable after they are known, along with a consideration of any resultant tax issues identified.

Tax principles

The Board has established that the following principles form the basis of the management philosophy and the tax policy of the Group. These principles set out one shared vision within the Group of tax compliance and one view of performance in respect of this.

Good Governance

The Group complies with the UK Corporate Governance Code and the rules of the UK Listing Authority ensuring compliance with the highest standards in corporate governance.

Full Compliance and Disclosure

It is considered essential that we pay the right amount of tax at the right time, under all relevant UK and International tax legislation.

Relevant tax laws are interpreted in a reasonable way, consistent with a relationship of 'co-operative compliance' with HMRC and all other relevant International Tax Authorities.

We aim to be open and transparent with HMRC and International Tax Authorities concerning our tax affairs, and to provide all information necessary for those Tax Authorities to review possible risks.

Dunelm will only engage in tax planning where this is aligned with commercial and economic activity and does not lead to an abusive result. We claim tax incentives and exemptions as appropriate.

Risk & Internal Control

The Group has implemented a system of internal controls designed to respond effectively to significant risks to achieving the Group's business objectives.

The system is designed to manage rather than eliminate the risk of failing to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Group applies these same principles to its tax affairs and accounting.

We will maintain a robust system of internal controls to enable us to put into practice the above principles.



Nick Wilkinson
CEO

Approved by the Board of Dunelm Group plc
on 10 January 2018

List of entities covered by this Tax Strategy

- Dunelm Group plc
- Dunelm Limited
- Dunelm (Soft Furnishings) Limited
- Fogarty Holdings Limited
- Dunelm Estates Limited
- Zoncolan Limited
- Globe Online Limited
- Achica Brand Management Limited (a company registered in Cyprus)