



Dunelm Group plc

Risk Appetite Statement

The Dunelm Board sets the risk appetite for the Group, taking into consideration the expectations of its shareholders and other stakeholders. The clear articulation of our risk appetite provides for an effective mechanism to inform investment decisions, facilitate the discussion of risk, set parameters within which objectives must be delivered, and support the awareness of risk by our colleagues and partners.

Group

- Our purpose is “To help create the joy of truly feeling at home. Now and for the generations to come”.
- The Group has a moderate to high risk appetite in pursuit of its purpose-led strategy to deliver long term, sustainable, profitable growth for the benefit of our shareholders and all of our stakeholders. This is balanced against controlled financial gearing and disciplined risk management.
- The Group has a very low appetite for risks to our brand and reputation and risks to our stakeholders including our shareholders, customers, colleagues, suppliers, and the wider communities and environments in which we operate. Our responsibilities to these stakeholders include compliance with all relevant laws; accurate and timely reporting of financial and other regulatory information; safeguarding the health and safety of colleagues, customers, suppliers, and visitors to our premises; safeguarding the environment; operating ethically and making a positive contribution to the communities in which we operate.
- Our employees, partners, suppliers and contractors are critical to the planning and delivery of the growth and to achieving our strategic objectives. We have a very low risk appetite for non-compliance with our policies and procedures, reinforced by our training programmes and shared values, which help to ensure we have the right culture and that our people have the right skills, competence and behaviours.
- We have a low appetite to the risk of outsourcing key business processes, functionality and services;

where we do not have the capability or capacity to deliver these ourselves to the required standard, we select partners carefully and ensure that appropriate contractual protection is in place.

- We take cyber security threats very seriously and continue to implement controls to mitigate and address cyber-attacks, and in ensuring business continuity. We have a very low appetite for the misuse of information and risks that could affect the availability of Technology to support our systems, premises and colleagues.
- Overall, we have a prudent appetite to financial risk, aimed at minimising disruption to 'business as usual' activities and focusing on maintaining appropriate levels of headroom to support our strategic objectives through the availability of funding for investment, in meeting investor expectations.
- We have a conservative tax strategy, aiming to comply with relevant requirements and pay the correct amount of tax. We only engage in tax planning where it is aligned to commercial and economic activity, and does not have an abusive result. We do not undertake tax planning unrelated to commercial transactions, and do not operate in any tax havens.

Product / commercial

- We will invest in and focus our product development activity in products and categories with the greatest potential, using materials, manufacturing and distribution that is ever more sustainable, and developing circular solutions for our customers. We are willing to take on a moderate level of risk which delivers a commercially acceptable return, relative to the level of investment.

Stores

- We aim to deliver helpful, friendly service to our customers in a safe and inspiring environment for our customers. We have a moderate to high risk appetite for investing in projects that drive meaningful returns.
- We have a low appetite to the acceptance of long term leases (in excess of 15 years), high rentals and onerous lease terms.

Digital

- In line with our strategic objective of accelerating the growth of our digital business, we are willing to take on a moderate to high level of risk in development of our digital functionality and marketing.

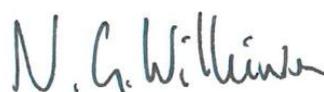
- We have a very low appetite to risk to loss of capability and functionality in our core Technology processes and to cyber threat and data loss / breach (see Group above).

Operations

- Our core supply chain functionality (warehousing, delivery to stores and to customers) is critical to the delivery of the desired level of service to our customers.
- We have a low appetite to risk of loss of availability or functionality in our core supply chain and take a conservative approach in selection of our partners, and have a low appetite for entering into long term relationships, requiring them to be supported by appropriate contractual protections.

Risk Assurance

- We have a formal risk management process to assess and manage the risks faced by the business, including the identification of emerging risks.
- We have a set of KPIs designed to measure the effectiveness of mitigating actions, which are reviewed regularly by the Audit and Risk Committee and the executive Risk and Resilience Committee. These KPIs have a "tolerance" or "red" score; falling below this measure is brought to the attention of senior management for review and action.



Nick Wilkinson
CEO

Approved by the Audit and Risk Committee and the Board in June 2021