

# Composition, succession and evaluation

## Nominations Committee Report



**Andy Harrison**  
Chair of the Nominations Committee

### Dear shareholder

In yet another very challenging year, Dunelm has delivered a record performance for our shareholders and indeed an excellent performance for all our stakeholders. This is a tribute to all my Dunelm colleagues and a testament to our talented, committed and cohesive leadership team. In this, my last report as Chair of the Board and the Nominations Committee, I would like to say a huge thank you to our colleagues for their hard work, commitment and continued determination and ambition to grow our company in a sustainable way consistent with our purpose, ambitions and shared values.

### BOARD SUCCESSION

We believe that the optimal size of our Board is between nine and eleven Directors. This will enable us to comply with all the governance requirements on independence and diversity, while maintaining a cohesive culture in which all Board members can continue to contribute fully.

We endeavour to manage our succession plan to ensure that we have the appropriate and diverse range of skills and experience needed to deliver our strategy for the benefit of our stakeholders. We also take care to ensure that all new members of our Board are aligned to our purpose and culture, and share our values, whatever their skills and background.

When we appoint a Non-Executive Director (NED) to the Board or when a Director takes on any additional responsibilities we always assess their other commitments to ensure that they have sufficient time to dedicate to Dunelm, including during periods of unanticipated additional activity.

### CHAIR SUCCESSION

An important focus for the Committee this year has been to carefully manage my succession. My nine-year tenure on the Board is due to expire on 1 September 2023 and we have been keen to manage the succession

process in a careful and timely fashion. William Reeve, our Senior Independent Director, led the search process, which commenced in 2021 to ensure that there was sufficient time to find a candidate of the right calibre, available within our time frame. On 21 July 2022 we announced that Alison Brittain would join the Board on 7 September 2022 as a Non-Executive Director, and it is expected that she will succeed me as Chair early in 2023, and I am delighted that Dunelm has been able to attract a candidate of her skills and experience and approach, whose values are clearly aligned to ours. I am sure that Alison will help us to unlock the potential of the business even faster, and I look forward to working with her as she transitions into the Chair role.

### CFO SUCCESSION

Laura Carr advised the Committee in December 2021 that she intended to step down from the Board in June 2022, to take up a new opportunity outside of retail and the public markets. Laura has made a tremendous contribution as CFO during her tenure of three and a half years, and on behalf of the Board I thank her, and we wish her well in her new role.

We started the search for Laura's successor early in 2022 and I was very pleased that in April we were able to announce that Karen Witts would join us as CFO in June. Karen is an accomplished finance leader who brings a wealth of experience from a number of roles with high-profile, consumer-facing brands. She has already started to make a strong contribution to the Board and the Executive team.

### NED SUCCESSION

During the year, two Non-Executive Directors joined the Board, to enhance our skills and to support our ambitious growth plans. They also enhance the diversity of our Board in terms of background, experience, gender and approach.

As I mentioned last year, to increase our NED experience of large-scale digital commerce, including cyber security and multichannel supply chains, Vijay Talwar joined the Board on 1 October 2021. Vijay has already contributed to our business discussions, and not least in terms of cyber security.

I am also pleased that we were joined on 1 March 2022 by Kelly Devine. Kelly brings experience from the fast-changing international payments industry, driven by technology, changing consumer behaviour and the power of data. She has already started to broaden our discussions.

We now have the required number of independent Directors on the Board, and also meet the requirements of the Corporate Governance Code on diversity of gender and background. The process for the appointment of all of the new Board members is described in the Nominations Committee Report, and I thank all of my Board colleagues for the time that they have invested this year in this important activity.

## DIVERSITY AND INCLUSION

Last year I reported on the creation and roll out of Dunelm's diversity and inclusion programme across the business, designed to step change our approach. This has continued throughout the year with the full support of the Board, and more details can be found in the Sustainability section on page 52. This year the Board and Executive Board again participated in interactive learning sessions on neurodiversity and gender, designed to build our knowledge and understanding, and help us to consider how we can promote diversity and inclusion throughout the business. We also review diversity KPIs at least twice a year alongside the other colleague measures as part of our oversight of the people policies and culture of the business.

At Board level, our policy is that our Board should always be of mixed gender, and in all recent appointments we have requested that a range of candidates from diverse social and ethnic backgrounds be brought forward for consideration. Further details can be found in our report on page 52. I am pleased that all of our appointments this year have enhanced the diversity of our Board.

## SUCCESSION AND TALENT

Last year I reported on how we have accelerated our approach to succession planning and talent management across the business. We are now in the second year of a three-year programme, which has been fully rolled out throughout the business, so that all management colleagues now discuss their development and aspirations with their manager at least once a year. This has created a far more robust and effective process for identifying and growing our talent. Further details can be found in the Sustainability section on page 57. The Nominations Committee has had direct oversight of how this has been implemented for the members of the Executive Board, and all members with operational roles now have potential internal successors in place. At Board level, I encourage each Board member to have an open conversation with myself about future intentions as part of the annual Board review.

## BOARD EFFECTIVENESS

We were not due to hold an external Board review until FY23, but we decided to bring this forward to FY22 specifically to focus on the priorities for the incoming Board Chair and to help her as she develops her agenda. The review concluded that the Board is performing effectively, and helped us to set some priorities for the forthcoming years as set out on page 117.

I look forward to meeting shareholders at the AGM.

Yours faithfully,

**Andy Harrison**

Chair of the Nominations Committee

14 September 2022

## NOMINATIONS COMMITTEE MEMBERSHIP

The Directors who served on the Committee during the year and their attendance is set out below:

Member	From	To	Meetings attended
<b>Andy Harrison (Chair)</b>	1 September 2014	To date	3/3
<b>Sir Will Adderley</b>	17 February 2011	To date	3/3
<b>Ian Bull</b>	10 July 2019	To date	3/3
<b>Kelly Devine<sup>1</sup></b>	1 March 2022	To date	1/1
<b>William Reeve</b>	1 July 2015	To date	3/3
<b>Peter Ruis</b>	10 September 2015	To date	3/3
<b>Marion Sears</b>	18 January 2005	To date	3/3
<b>Arja Taaveniku</b>	15 February 2021	To date	3/3
<b>Vijay Talwar<sup>1</sup></b>	1 October 2021	To date	2/2

1. Kelly Devine and Vijay Talwar were appointed to the Board during the financial year, and joined the Nominations Committee on appointment.

Alison Brittain joined the Board on 7 September 2022, after the end of the year, and became a member of the Committee on that date.

The Company Secretary acts as secretary to the Committee.

Additionally, two presentations were made to the Board on succession and talent management, one attended by the independent consultant referred to below under 'Succession and Talent', and both attended by the People and Stores Director.

No Director attended that part of a meeting during which his or her own position was discussed.

# Composition, succession and evaluation continued

## SUMMARY OF THE NOMINATIONS COMMITTEE'S PRINCIPAL ACTIVITIES IN FY22

### Succession principles

Our Board succession plan is designed to achieve a Board that:

- Is cohesive, engaged, aligned to purpose and shared values.
- Has diversity of nationality, ethnicity, gender, thought and skills to deliver our strategy.
- Has strong executive capability.

### Board appointments and induction

FY22 appointments reflect ambitious multichannel growth plans, mindful of best governance practices.

- Completed search for Chair; Alison Brittain joined the Board on 7 September 2022 and is expected to succeed Andy Harrison as Chair early in 2023.
- Appointment of two Independent Non-Executive Directors:
  - Vijay Talwar joined in October 2021, bringing multichannel retail and digital expertise.
  - Kelly Devine joined in March 2022, with a background in consumer and data.
- Appointment of Executive Director:
  - Karen Witts joined the business and Board as CFO in June 2022.
- New Board members welcomed into the business through a comprehensive induction, co-ordinated by the Company Secretary in FY22.

### Board effectiveness

- Oversight of external Board review to ensure that the Board is working as effectively as possible.
- Ongoing review of the Board's composition, to ensure it follows best practice and meets the strategic needs of the business, taking into account the main trends and factors affecting the long-term success and future viability of the Group.

### Group-wide role

- Played an active role in the increased focus on succession and talent management across the whole business, and our approach to diversity.
- Oversight of the Board and the Group's diversity and inclusion programme to increase inclusion and diversity of gender, ethnicity, background, thought and skills throughout the business.

### Focus FY23

- Continuing to oversee the ongoing Board succession plan.
- Continuing to oversee succession and talent management, and diversity throughout the business.

## OUR NOMINATIONS COMMITTEE'S ACTIVITIES IN MORE DETAIL FY22

The following pages provide details of the role of the Nominations Committee and the work it has undertaken during the year.

### PRINCIPAL DUTIES

The purpose of our Nominations Committee is: to assist the Board by keeping the composition of the Board under review; to conduct a rigorous and transparent process against objective criteria - with due regard for the benefits of the Board's diversity - when new appointments to the Board are made; to oversee the succession plans for the Board and senior management; and to ensure that there are processes in place to secure a diverse pipeline of potential candidates for succession to key management positions and to the Board. The full terms of reference for the Committee can be found on the Group's website: [corporate.dunelm.com](http://corporate.dunelm.com). These terms were last reviewed by the Committee in June 2020.

### BOARD CHANGES IN FY22 AND PLANNED SUCCESSION ACTIVITY

Board succession has played a larger than usual part of the Committee's activities in the year, as we sought both a Board Chair and CFO, and made two Non-Executive Director appointments. In all cases appointments were made against objective criteria, and the Committee specified that candidates be sought from a range of diverse ethnic and social backgrounds, and for both male and female candidates to be put forward.

### Chair succession

A major focus for the Committee this year has been the search for my own successor. Although I am not required to retire from the Board until 1 September 2023, I have always said that I remain flexible to the wishes of the Board. The search process was started early in 2021, so as to give the Board the maximum time to find a candidate of the required calibre, and, of equal importance, who shares the Dunelm culture and values.

The process was led by William Reeve, the Senior Independent Director. I did not play a part in this, although William did seek my views at specific stages. An external search firm, Russell Reynolds, was appointed to lead the search. Given the sensitivity of the appointment we decided not to also use the Nurole platform, as is our normal practice on the appointment of a Non-Executive Director (NED). The search firm spoke to all of the Directors and the Company Secretary to seek their input before drawing up a role specification which was agreed by the Committee. We were looking for an experienced business leader, who has worked in a range of large, consumer-facing businesses and has a track record of delivering growth.

In her most recent CEO role at Whitbread PLC, from which she will retire early in 2023, Alison has been responsible for successfully scaling the company's various hospitality brands before overseeing the sale of its Costa Coffee portfolio in 2019. Since then, she has refocused the Group as a pureplay hotel company, strengthening the success of the UK business whilst developing an international platform for long-term growth. Prior to joining Whitbread PLC, Alison held a number of senior roles in the UK banking industry. As stated above, we were also seeking an individual whose personal values are aligned to our own. William Reeve and other Committee members interviewed a number of the shortlisted candidates, and all members of the Board met with the preferred candidate and gave their unanimous support. The Committee therefore recommended to the Board that Alison Brittain be appointed to join the Board on 7 September 2022, with the aim of succeeding me as Chair on my retirement early in 2023.

#### **CFO succession**

Laura Carr, the Chief Financial Officer (CFO), advised the Board in December 2021 that she intended to step down from the Board to take up a role outside of retail and the public markets. A search for her successor commenced in January 2022. The Committee engaged an external search firm, Sam Allen Associates, to conduct the search. A role specification was agreed by the Committee with input from other Committee members and from Nick Wilkinson, the Chief Executive Officer, given the important executive role that the CFO will play in the business. Following an extensive search process, a shortlist was drawn up of candidates who had the required skills and experience, and whose approach was aligned with the Group's shared values. This included candidates from a diverse range of backgrounds, as well as an internal candidate. Candidates met with myself and Nick Wilkinson, Ian Bull, who chairs the Audit and Risk Committee, and other Board members. References were taken and all were positive. The Board accepted the recommendation of the Nominations Committee that Karen Witts be offered the CFO position.

#### **Non-Executive Director succession**

Last year I reported that we had identified a need for a further NED with experience in digital businesses, including digital risk management, and to meet the increasing regulatory requirements of an Audit and Risk Committee member - financial expertise and a deeper ability to understand cyber risk. On 14 July 2021 we announced the appointment of Vijay Talwar to the Board, and Vijay joined the Board on 1 October 2021.

We also commenced the search for an additional female NED, so as to meet the required gender balance on the Board. I was pleased to be able to announce the appointment of Kelly Devine to the Board with effect from 1 March 2022. Kelly has a background in economics and has built her career in the payments industry. Her current role is President, UK and Ireland of Mastercard, where she has overseen significant market share expansion, business diversification and delivery of high employee engagement. Her experience in the fast-changing international payments industry, driven by technology, changing consumer behaviour and the power of data, will strengthen our Board as we accelerate our multichannel growth.

#### **Ongoing activity**

The Board's priority for this year is to complete the Chair and CFO transitions and to continue to develop strong relationships between all of our Board members. There are no scheduled Board vacancies until 2024, so we will commence our planning for these during the coming financial year.

# Composition, succession and evaluation continued

## OVERVIEW OF FY22 APPOINTMENTS AND FUTURE BOARD SUCCESSION PLANNING

Position	Actions and timings	Rationale/best practice
<b>Chair designate</b>	<ul style="list-style-type: none"> <li>Commenced search process in 2021 for Chair to succeed Andy Harrison when he retires in 2023.</li> <li>Alison Brittain joined the Board on 7 September 2022, and is expected to succeed Andy Harrison as Chair early in 2023.</li> </ul>	<ul style="list-style-type: none"> <li>Alison is a highly experienced business leader who brings considerable experience from a range of consumer-facing companies, with a track record of delivering growth.</li> <li>Continue to meet best practice, having either female CFO, CEO, SID or Chair; early adoption of new UK Listing Rule.</li> <li>We will exceed the Hampton-Alexander guidance of 40% female representation on Board; early adoption of new UK Listing Rule.</li> </ul>
<b>CFO</b>	<ul style="list-style-type: none"> <li>Immediate search undertaken for a new CFO following Laura Carr's resignation announcement in December 2021.</li> <li>Appointment of Karen Witts announced in April 2022.</li> <li>Karen joined the Board on 9 June 2022</li> </ul>	<ul style="list-style-type: none"> <li>Accomplished finance leader who brings a wealth of experience from a number of roles with consumer-facing brands.</li> <li>Continue to meet best practice, having either female CFO, CEO, SID or Chair; early adoption of new UK Listing Rule.</li> <li>Brings us in line with Hampton-Alexander guidance; over 40% of female representation on Board; early adoption of new UK Listing Rule.</li> </ul>
<b>NED with digital experience and deeper understanding of digital/cyber risk</b>	<ul style="list-style-type: none"> <li>Vijay Talwar's appointment confirmed in July 2021.</li> <li>Vijay joined the Board in October 2021.</li> </ul>	<ul style="list-style-type: none"> <li>Vijay brings additional financial expertise to our Audit and Risk Committee capability.</li> <li>As a non-UK national from a non-white background, Vijay strengthens the Board's diversity profile, meeting Parker Review guidelines; early adoption of new UK Listing Rule.</li> </ul>
<b>Additional female NED</b>	<ul style="list-style-type: none"> <li>Appointment of Kelly Devine announced in January 2022.</li> <li>Kelly joined the Board in March 2022.</li> </ul>	<ul style="list-style-type: none"> <li>Offers consumer and data expertise.</li> <li>Brings us in line with Hampton-Alexander guidance; over 40% of female representation on Board; early adoption of new UK Listing Rule.</li> </ul>

### BOARD APPOINTMENT PROCESS

For all Board appointments and our ongoing succession plans we generally follow this well-rehearsed process, adapting where necessary to account for specific skills required and circumstances.

- Detailed role and person specification drawn up by Nominations Committee.
- Independent external search consultant appointed to conduct the process. NED vacancies usually also advertised on the Nurole platform, to open the search to a potentially wider and more diverse range of applicants.
- Equal number of male and female candidates feature on the longlist as standard practice. Search consultant also asked to bring forward candidates from a diverse background.
- Initial candidates meet with Chair and at least one other Board member; shortlist candidates meet with other Board members.
- Extensive references taken and, for NEDs, an assessment of candidates' other commitments made to ensure they have sufficient time to dedicate to Board member duties.
- Nominations Committee makes final recommendation, subject to unanimous Board support.

### Our purpose, culture and shared values

Preservation of our culture and shared values - through alignment with our purpose - has always been a Board priority. No appointment is made to the Board unless we are satisfied that the individual is a good cultural fit, is fully aligned to our shared values, and will be an appropriate role model for our colleagues and all of our stakeholders. These considerations also form part of all of our Board succession planning. Further details of our shared values, and how they are aligned to our refreshed purpose and embedded throughout our business, and how the Board monitors these, are set out in the Corporate Governance Report.

### Board induction process

Each new Board Director receives a full and tailored induction, led by the Chairman and the Company Secretary. The Company Secretary provides a full set of relevant documents and access to past Board and Committee papers, as well as a briefing on Directors' duties and responsibilities. Induction meetings are held with all Board members and members of the Executive Board, as well as other senior management and external advisers relevant to that Director's interests and any specific Board responsibilities. A programme of site visits is also arranged.

### Board succession

We have always had a formal, long-range plan for how Board membership should develop. This aims to balance continuity of service with a regular refreshment of skills and experience needed to deliver our evolving strategy. In general, and as discussed during our Board evaluation, we aim to maintain a Board of between nine and eleven Directors (current membership is twelve, but will be eleven when Andy Harrison retires, early in 2023), with ideally no more than one new appointee in any year.

We regularly review the balance of skills on the Board as a whole, taking account of the future needs of the business, and the knowledge, experience, length of service and performance of the Directors. In accordance with our Board Diversity and Inclusion Policy, and mindful of the Guidelines set out in the Parker Review that all FTSE 250 companies should have a Board member of colour by 2024, we also have regard to the requirement to achieve a diversity of characters, backgrounds and experiences amongst Board members, as well as of ethnicity and gender. All Board appointments irrespective of background must satisfy the high standards Dunelm requires. Candidates must have the competence to contribute to wide-ranging debates and cope with the demands of a stretching future-focused agenda, and share our values.

We also take into account the corporate governance guidance on Chairman and Non-Executive Director tenure; for reference the tenure and re-election cycle is summarised in the table on page 119. Our updates on recent and planned Board appointments are described on page 114.

As described above, during the financial year we welcomed two new Independent Non-Executive Directors, Vijay Talwar and Kelly Devine, to our Board. On 7 September 2022 we were joined by Alison Brittain who it is planned will succeed Andy Harrison as Chair in early 2023 after an induction and handover period. Karen Witts joined the Board as CFO in June 2022, succeeding Laura Carr who stepped down from the Board in that month.

### Executive Board succession

For some years, the Board has regularly reviewed the composition and succession plans in place for members of the Executive Board and their direct reports. In addition, the CEO discusses with the Non-Executive Directors the performance of individual Executive Board members and any changes that he proposes to make to this team. Whilst this activity does not take place formally within the meetings of the Nominations Committee, it does form part of its work in overseeing the Executive Board development and succession process, and the pipeline of talent available for succession to the Board.

Dunelm Board members have regular contact with members of the Executive Board and the wider Dunelm Leadership Team, through formal Board presentations, attendance of the Executive Board at the annual Strategy Days, and in regular visits to stores and other Company sites, when Non-Executive Directors meet members of the Executive Board or Dunelm leadership team on a less formal basis.

### Succession and talent management

The Committee is responsible for Board succession planning and monitoring Executive Board succession to ensure that the respective composition of these leadership bodies enables us to embed and deliver our purpose 'To help create the joy of truly feeling at home, now and for generations to come'; and that we have the capability to progress our ambitious growth strategy. We maintain a consistent recruitment approach across the business; our Board and Nominations Committee members have oversight of, and follow, Dunelm's Talent Management Strategy (see pages 57 to 58) and its management of succession and talent.

Under the guidance of the Committee, the Talent Committee comprising Executive Board members was established in September 2020, led by the Chief Executive Officer, Nick Wilkinson, and supported by an external consultant. Its members include the People and Stores Director and other members of the Executive Board. Its purpose is to develop and implement a more structured 'Home of Talent' process, to ensure that there is a strong succession pipeline for our Executive Directors, members of the Executive Board and throughout the business. The Group is mid-way through a three-year project to embed a 'Know-Grow-Flow' mechanism throughout the business, which is designed to ensure that talented individuals with diverse skills and backgrounds can thrive and have the opportunity to move across and up in the organisation. Further details can be found in our Sustainability section.

Nick Wilkinson reports at least twice a year to the Committee (in relation to the development and succession of Executive Board members) and the Stores and People Director reports twice a year to the Board (in respect of other colleagues). The Nominations Committee agreed that this is an appropriate structure, given that matters relating to our workforce are whole-Board topics.

# Composition, succession and evaluation continued

## BOARD EFFECTIVENESS

Each Director receives a formal evaluation of their performance during the year, which is conducted by the Chairman. The Senior Independent Director reviews the performance of the Chairman and feeds back to the other Board members.

The performance of our Board and Committees is also formally evaluated as a whole. In FY21 the review was led by the Chairman. The actions taken as a result of this are described on the following pages. We were not due to hold an external Board review until FY23, but we decided to appoint Lorna Parker, who we trust and who has facilitated our reviews in the past, to carry out a review for us. We asked Lorna specifically to focus on the priorities of the incoming Board Chair, so as to help her as she develops her agenda.

## FIVE-YEAR BOARD EVALUATION CYCLE SUMMARY

FY18	Internal	Chair-led evaluation with individual members
FY19	Internal	Chair-led evaluation with individual members
FY20	External	External evaluation led by Lorna Parker
FY21	Internal	Chair-led evaluation with individual members
FY22	External	External evaluation led by Lorna Parker

## FY21 Board evaluation summary

The recommendations arising from our FY21 internal Board evaluation, conducted by the Chairman, Andy Harrison, and the actions implemented in response are set out below:

Outcomes and recommendations from FY21 evaluation	Actions implemented
Ensure there are regular discussions of 'what keeps us awake at night'.	Scheduled discussion deferred to October 2022 due to Covid restrictions - we find these discussions to be more effective if they take place in person.
Continue to develop the work of the Risk and Resilience Committee.	The Risk and Resilience Committee is now well established and is a forum for more in-depth discussion of risk and monitoring of risk KPIs by the Executive Board, which is then reported to the Audit and Risk Committee.
Board members to feed back suggestions for additional KPIs which they would find useful.	KPIs further refined, particularly customer and colleague KPIs.
Continue to address governance requirements in a pragmatic way to ensure that the majority of Board time is spent on strategy; keep committee memberships under review.	Managed by the Chairman and Company Secretary - majority of time spent on strategy. Current committee membership considered to be the most effective solution.
Continue search for an additional female NED.	Kelly Devine appointed in March 2022. In addition, both the new CFO, Karen Witts, and the Chair Designate, Alison Brittain are female, meaning that five of the current twelve Board members are female.
Continue to build on succession plans for the Executive Board and oversee talent management in the business.	Discussed at two Nominations Committee and two Board meetings during the year. Succession plans in place for all members of the Executive Board with operational duties.

## OVERVIEW OF FY22 BOARD EXTERNAL EVALUATION PROCESS

### Confidential questionnaire

Completed by each Director and Company Secretary

### Individual meetings between Lorna Parker and Directors and Company Secretary

### Presentation of results to Board

Discussion

Agreed actions

## FY22 BOARD EVALUATION

Lorna Parker, a Board evaluation specialist, led the external Board evaluation in May and June 2022. The process involved each Director and the Company Secretary completing a confidential questionnaire, which included questions on a number of relevant, forward-looking topics as well as a number of regular 'standard' questions on committee performance, stakeholder engagement, agenda topics and meeting management. This was followed up by individual meetings between Lorna Parker and each of the Directors and the Company Secretary to discuss the outcome of the questionnaire and views on the Board's priorities for the incoming Chair. All Board members actively engaged in the process and provided open and constructive comments. Lorna then summarised the outcomes and reviewed this with the Chairman before presenting it back to the Board in July. A number of actions were agreed and these are set out below.

The review recognised that in the past two years the Board has developed and changed, with new NEDs and two key roles in the process of transitioning to new incumbents. There is a breadth and depth of complementary skills and experiences around the table with more diversity in terms of youth, ethnicity, gender and international background than previously. The Board continues to function well, and Board dynamics are good, with trust, respect and openness between all Directors, and alignment around the immediate strategic priorities.

## FY22 Board evaluation summary

A summary of actions from our latest evaluation is set out below:

Topic	Action
<b>STRATEGY DEVELOPMENT</b>	<ul style="list-style-type: none"> <li>• Continue to carefully balance time spent on activities promoting 'value creation' with the 'value protection' role of the Board.</li> <li>• Ensure that more time is set aside to discuss long-term, strategic topics, in the context of the risk appetite and ambition of the Board.</li> <li>• Increase the amount of time available for less formal, discursive interactions.</li> <li>• Continue to invite external speakers, to build knowledge on strategic topics and stimulate discussion.</li> </ul>
<b>NED INVOLVEMENT IN THE BUSINESS</b>	<ul style="list-style-type: none"> <li>• Set aside agenda time for NEDs to share their experiences on a topic of mutual interest.</li> <li>• NEDs are encouraged to spend more time interacting with colleagues in the business outside of formal meetings, for example through attendance at National Colleague Voice meetings and on-site meetings with management.</li> </ul>
<b>TALENT AND SUCCESSION</b>	<ul style="list-style-type: none"> <li>• Continue to build visibility of talent management and succession for the Executive team and other senior roles through the Nominations Committee and Board discussions.</li> </ul>
<b>MEETING AND OTHER INTERACTIONS</b>	<ul style="list-style-type: none"> <li>• Adapt the meeting schedule to have fewer and longer 'in person' meetings focused on strategy development, using remote meetings for more routine or transactional matters.</li> </ul>

# Composition, succession and evaluation continued

## DIVERSITY AND INCLUSION

The Board's ambition to secure the best talent in Dunelm includes being known for our inclusive, diverse and tolerant culture, as encapsulated in our 'stronger together' shared value. For Dunelm to continually improve as a business, it is crucial that we select and recruit the best people in the industry. This involves calling on the widest possible pool of candidates and selecting them based on their ability to do the job regardless of their gender, marital status, sexual orientation, disability, race, religion, colour, nationality, ethnic origin, or age.

The Board agrees that diversity of input helps to promote better decision-making and is focused on three broad activities:

- Refine the way we recruit.
- Identify, support and mentor existing diverse talent in the business.
- Increase the diversity amongst senior appointments as they are made.

### Diversity and inclusion programme

In FY21, a significant programme - overseen by the Board - was launched to promote diversity and inclusion throughout the Group with the support of a specialist consultancy. This has continued in FY22, as we build more awareness across the business, and we have set up and developed four networks enabling colleagues to share experiences, each sponsored by a member of the Executive Board. Awareness training has been rolled out across the business and there have been numerous posts in our Home Comforts intranet by colleagues providing information and sharing their stories. The Group Board and Executive Board have again attended awareness-raising workshops on specific topics, designed to educate and stimulate discussion (see opposite).

## FY22 COMMITTEE AND BOARD TALENT AND DIVERSITY AND INCLUSION ACTIVITY

Date	Board/ Committee	Topic	Presenter(s)
NOV 2021	Board	People update from the Stores and People Director, which included consideration of the following topics <ul style="list-style-type: none"> <li>• Reward</li> <li>• Training and development</li> <li>• Diversity data (age, gender, ethnicity)</li> </ul>	Amanda Cox (Stores and People Director)
	Board	Diversity - Neurodiversity	Unleashed (external diversity expert consultancy)
JAN 2022	Board	Diversity - Gender	Unleashed (external diversity expert consultancy)
MAR 2022	Board	People update from the Stores and People Director, which included consideration of the following topics <ul style="list-style-type: none"> <li>• Talent management</li> <li>• Diversity data (age, gender, ethnicity)</li> </ul>	Amanda Cox (Stores and People Director)
	Nominations Committee	Executive Director and Executive Board talent and succession	External talent consultant Nick Wilkinson (CEO) attending

**i** Our Group equality and diversity policy is available on our website, [corporate.dunelm.com](http://corporate.dunelm.com) and is reviewed periodically, giving due consideration to legislative changes.

## Gender, age and ethnicity

Gender diversity has been an area of focus for us for many years. We have continued to make progress in balancing our gender ratios in the workforce, and have seen a shift towards female representation on our senior leadership team: 50% of our Executive Board and 43% of our senior leadership roles are held by women, and at the date of this Annual Report, 42% of Board Directors, including our Chair Designate, Alison Brittain and our CFO, Karen Witts, are female, as is the Company Secretary. Full details of the gender balance on our Board and in our senior management population as at year end are set out on page 52 in our Sustainability section. Dunelm published its fifth Gender Pay Gap Report in April 2022, and an overview is provided on page 55 in our Sustainability section.

As part of its oversight of colleague policies and practices across the Group, the Board also receives a full breakdown of our colleague population by age, and, for the last 18 months, we have been collecting ethnicity data on new joiners. In 2021 we trialled our first colleague census; this proved a useful exercise and we are working with our Data and Analytics Team to refine this before relaunching. Through our planned census roll out we aim to provide the Board with more robust ethnicity data, to enable us to develop our strategy and action plan further. As mentioned above, at Board level we now meet the Parker Review guidelines on ethnic representation. Further commentary on our colleague population and findings is made in our Sustainability section, on page 54.

## OUR BOARD DIVERSITY POLICY

This year we have updated the policy so that it meets best practice governance guidelines and the new UK Listing Rule.

Our overriding concern is to ensure that the Board and Group comprise outstanding individuals who can lead the business effectively in a manner aligned to our purpose and shared values. We believe the Group's best interests are served by ensuring that these individuals represent a range of skills, experiences, backgrounds and perspectives. Our Company culture must be inclusive, and it is our policy that the Board should always be at least 40% female – and ideally higher to meet increasing expectations, and that at least one of the Chair, Senior Independent Director, CEO and CFO positions must be held by a woman. We also aim to ensure that we have at least one Board Director from an ethnically diverse background.

- We support the objective of promoting diversity in all of its forms on our Board and throughout the Group.
- We shall continue to ensure that specific effort is made to bring forward diverse candidates for senior management and Board appointments.
- We will monitor the Group's approach to people development to ensure that it continues to enable talented individuals, regardless of gender, marital status, sexual orientation, disability, race, religion, colour, nationality, ethnic origin, or age to enjoy career progression within Dunelm.

## TENURE AND RE-ELECTION OF DIRECTORS

The Nominations Committee considers the length of service of Board members at least annually. The tenure of the Non-Executive Directors is set out below:

Member	Appointment	Current term (years)	Next renewal	Additional Board role
<b>Andy Harrison</b>	September 2014	8	September 2023	Chairman and Nominations Chair
<b>Alison Brittain</b>	September 2022	0	September 2025	Chair Designate
<b>Ian Bull</b>	July 2019	3	July 2025	Audit and Risk Chair
<b>Kelly Devine</b>	March 2022	0	March 2025	
<b>William Reeve</b>	July 2015	7	July 2024	Remuneration Chair and Senior Independent Director
<b>Peter Ruis</b>	September 2015	7	September 2024	
<b>Marion Sears</b>	July 2004	18	July 2023	Designated NED for colleague matters
<b>Arja Taaveniku</b>	February 2021	1	February 2024	
<b>Vijay Talwar</b>	October 2021	0	October 2024	

Marion Sears has served 18 years on the Board. Marion is now considered by the Board to be non-independent in view of her tenure. See page 107 for more details.

In accordance with our policy and the UK Corporate Governance Code, all Directors will seek election or re-election at the 2022 AGM, and as now required by the Listing Rules, all Non-Executive Directors will be subject to an additional vote by shareholders independent of the Adderley family.

Approved by the Board on 14 September 2022.

### Andy Harrison

Chair of the Nominations Committee

14 September 2022