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# **Dunelm Group plc Environmental Policy (‘Environmental Policy’)**

# Environmental Policy

## 1. Introduction

We are the UK's leading homewares retailer and our purpose – To help create the joy of truly feeling at home, now and for generations to come – is long-term in its nature. This means we are committed to acting today to protect the future of our planet, our stakeholders and our business and 'building sustainability into all that we do'. Our approach is not a 'nice-to-have', but a business necessity if we aspire to achieve our vision to be the UK's most trusted and valuable brand in homewares and furniture.

At Dunelm, we recognise climate change as a principal risk and a pressing issue for the planet. We are committed to reducing carbon emissions to become a net zero carbon business by 2040, focusing on areas where we can make the most direct impact, and working collaboratively with our suppliers, partners and peers. We also seek to reduce environmental impacts by reducing and recycling operational waste, including plastics.

We have a responsibility to understand the reliance we have on nature and our nature-related impacts. This means sourcing responsibly, enabling us to support the protection of the areas we source from.

We cannot achieve our commitments in isolation and will work with stakeholders along our supply chains to achieve our ambitions.

## 2. About this Environmental Policy

This Environmental Policy outlines how we manage our responsibilities to the planet. By definition, it focuses on reducing our environmental impacts. However, our approach is holistic as we do not make business decisions based solely on environmental matters – we consider social impacts as well. We encourage you to view accompanying policies such as our More Responsible Cotton Policy, More Responsible Timber Policy and our Ethical Code of Conduct for Suppliers and Partners which give an insight into our balanced approach.

### *Environmental Policy Scope*

This Environmental Policy applies to Dunelm Group plc, all members of its group of companies and all their respective business activities. Although we only sell products in the UK and Jersey, some of our most material product supply chains are global.

### 3. Our Approach

#### *Environmental Compliance*

We are committed to complying with all relevant environmental laws and regulations in the course of our business operations and we mandate our suppliers and partners to do the same. We treat any breach of environmental law or regulation seriously and take immediate action to address and resolve issues.

#### *Carbon reduction*

We are committed to reducing our environmental impact. Our approach is to continuously *improve* (i.e. understand and deliver on activities in our control), *innovate* (i.e. trial and adopt new processes and technology, such as low-carbon fuels), and *advocate* (i.e. work collaboratively with others, such as the British Retail Consortium, to drive change).

Our carbon reduction roadmap is published in our Sustainability Report 2023 and summarised below. We focus on three areas where we consider we can make the most material change:

- **Stores and Sites**

We aim to operate our stores efficiently to save resources and to lower costs and environmental impacts. We are reducing our reliance on fossil fuel by replacing gas-fired heating and cooling with lower-carbon alternatives and are switching to lower-impact refrigerant gases. We are installing photovoltaic panels at freehold stores and have transitioned to Renewable Energy Guarantees of Origin qualifying electricity sources. We aim to minimise generated waste, including reducing the use of virgin plastic, recycling where possible and sending to landfill sites as a last resort. We encourage colleagues across our stores and sites to reduce energy and waste.

- **Transport and Distribution**

We look for carbon reduction and efficiency opportunities across all our logistics operations, whether they are owned by us, or run by our partners. We encourage colleagues towards electric or hybrid company-car options and we have switched from using diesel to bio-compressed natural gas in our home delivery trunking fleet. We provide driving behaviour training and work hard to optimise product aggregation, loading and route planning to improve fuel efficiency and reduce frequency of journeys. We work with our third-party logistics partners to trial new low-carbon fuels and technology, and advocate at industry level for infrastructure improvements.

- **Product Circularity**

We are committed to moving from a linear to a circular mindset for product design, raw material sourcing, product use in-home, longevity and disposal. We continue to research and transition to using lower-carbon raw materials and are embedding this approach earlier on in our product design and commercial selection processes. We offer upcycling and take-back/recycling solutions to our customers to avoid waste and to prevent products otherwise going to landfill and we are growing our Conscious Choice range.<sup>1</sup> Through our advocacy work, for example with Textiles 2030, we

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<sup>1</sup> To be part of our Conscious Choice range, every product must be made from at least 50% more sustainable materials (by weight) compared to conventional alternatives.

contribute to industry research on product durability and recyclability to promote circular thinking,

#### *Other focus areas*

Through insight gathering, industry collaboration and knowledge-building we are:

- Developing a workable nature strategy based on our nature-related dependencies and impacts.
- Reviewing ways to reduce water consumption both in our product manufacturing stage and own operations.

#### *Stakeholder engagement*

We are committed to engaging with our key stakeholders to raise awareness of our work to 'build sustainability in all that we do', including how we aim to reduce our environmental impact and promote continuous improvement. We do this through a mixture of internal and external communications:

- **Customers and communities**  
communication to help customers identify lower-impact products and services, for example through product labelling, online posts and in-store campaigns.
- **Suppliers**  
Supplier engagement through webinars and workshops to help develop an understanding of environmental impacts throughout the supply chain such as carbon, waste, water and chemical use. We also engage to help reduce plastic content in packaging, to review the carbon footprint of specific materials to influence sourcing decisions and to carry out environmental auditing.
- **Colleagues**  
educational posts and blogs on our *Home Comforts* intranet, discussions on sustainability at regular team 'huddles' and National Colleague Voice meetings (our colleague representative network).
- **Shareholders**  
through our annual report, sustainability report and corporate website, investor presentations, and engagement with various ESG ratings agencies, including CDP and Sustainalytics.
- **Other stakeholders**  
advocacy and engagement with industry bodies (e.g. British Retail Consortium, Textiles 2030, Sustainable Logistics Group and Aldersgate Group) to tackle industry-wide environmental challenges.

Further examples of stakeholder engagement on environmental issues can be found in our 2023 Annual Report, 2023 Sustainability Report and on our corporate website, [corporate.dunelm.com](https://corporate.dunelm.com).

## 4. Metrics and Targets

In response to the Net-Zero Standard set by SBTi, we submitted our net zero 1.5-degree aligned targets across all Scopes to be validated by SBTi, and received confirmation of approval in September 2023. As members of the BRC and Textiles 2030, we also have targets aligned to cotton and water usage metrics.

### *Greenhouse gas (GHG) reduction targets*

Our goal is to reduce absolute scopes 1, 2 and 3 GHG emissions by 50% by FY2030 from a FY2019 base year and to achieve net zero carbon emissions by FY2040. Dunelm intends to achieve these targets by reducing direct emissions, with any residual emissions in the long-term, neutralised in line with SBTi criteria.

### *Other key targets*

- By FY25, 100% 'More Responsibly Sourced' Cotton in own brand range.
- By FY25, 50% 'More Responsibly Sourced' Timber in own brand range.
- By 2030, 30% reduction in aggregate water footprint in own brand textiles.
- By FY25, 30% reduction of virgin plastic packaging used for own brand products by weight/£ sales.

### *Remuneration-linked targets*

Our long-term remuneration targets for Executive Directors include sustainability metrics. These vary from year to year to ensure that they continue to cover those areas where we are able to make the most impact on the environment and provide the most benefit to our customers and our communities. In-flight awards include Scope 1 carbon emissions, plastic packaging, more responsibly sourced cotton and take-back %.

## 5. Governance and Reporting

### *Responsibility*

Ultimately, our Group Board is responsible for ensuring that we uphold this Environmental Policy. However, we believe that protecting the environment and reducing our impact is the responsibility of all Dunelm colleagues and our partners and we expect them to follow the principles set out in this Environmental Policy, which is endorsed by the Group Board.

### *Management*

Our shared environmental commitments are managed through the Good and Circular Steering Group (formerly Pathway to Zero Steering Group), which is chaired by our Chief Executive. It considers our approach, strategy, risk management and performance and receives regular updates on progress against our ESG KPIs. Our Good and Circular Steering Group is supported by working groups covering own operations, logistics and product circularity. Each working group is sponsored by a member of our Executive Team or the Dunelm Leadership Team.

### *Reporting*

We have been reporting on our environmental performance for several years in our annual reports, where we also publish our Taskforce on Climate-Related Financial Disclosures

(TCFD) reporting, and our sustainability reports. We will continue to use these documents as our main disclosure tool, complemented by information on our corporate website. From time to time, we may provide updates through additional presentations and/or press releases. All such information is available from our corporate website [corporate.dunelm.com](http://corporate.dunelm.com)

Nick Wilkinson  
CEO

Approved by the Chief Executive

*Related policies and information*

- Ethical Code of Conduct for Suppliers and Partners (this code also covers environmental requirements).
- Responsible Cotton, Responsible Timber and Responsible Palm Oil policies. (which cover both ethical and environmental standards).
- Plastics and packaging policy.
- Annual reports (including TCFD reporting).
- Sustainability reports

Dunelm Group plc

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