

Composition, succession and evaluation

Nominations Committee report

Role and principal duties

The Nominations Committee is responsible for leading the process for Board appointments, ensuring appropriate succession plans are in place, and overseeing the development of a diverse talent pipeline. Its principal duties include:

- Reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board, ensuring it remains effective and suited to the Company's strategic priorities.
- Ensuring plans are in place for an orderly succession to Board and senior management positions and overseeing the development of a diverse pipeline for succession.
- Keeping under review the leadership needs of the business with a view to ensuring its continued ability to compete effectively in the marketplace.
- Identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.
- Leading a rigorous and transparent process for Board appointments.
- Keeping under review demands on Directors' time.

The Committee's full terms of reference can be found at: corporate.dunelm.com.



Alison Brittain
Chair of the Nominations Committee

Committee membership

Alison Brittain (Chair)

Sir Will Adderley

Ian Bull

Kelly Devine

William Reeve

Peter Ruis

Marion Sears

Arja Taaveniku

Vijay Talwar

See page 60 for meeting attendance.

On behalf of the Nominations Committee ('Committee'), I am pleased to present the Nominations Committee report for the year ended 1 July 2023, my first as its Chair. It has been a busy year for the Committee, with a strong emphasis on reviewing skills and succession planning.

Board skills review

We believe that Directors should bring a mix of skills, experience and a variety of perspectives to our Board; this helps facilitate constructive discussion and effective, balanced decision-making. Having made four new Board appointments in the last two financial years, we felt it important this year to conduct a detailed skills review exercise. Our conclusion was that the Board is well-balanced, providing an appropriate blend of executive and non-executive skills and a collective competence to meet the Company's needs and deliver its strategy.

Succession planning

We are committed to reviewing and updating our succession plans on a regular basis to support the development of a diverse pipeline of talented people to ensure the long-term success of the Company.

We conducted a full review during the year, with a particular focus on our leadership team plans and the talent pipeline for senior management positions.

We also focused on succession planning for Non-Executive Directors, mindful that each of William Reeve (who is also our Senior Independent Director and Chair of the Remuneration Committee) and Peter Ruis will have completed nine years on the Board in 2024. We continue to believe that the optimal size of our Board is between nine and eleven Directors; this enables us to meet our requirements for governance, independence and diversity, while fostering a cohesive culture that enables all Board members to contribute fully. Further to this and taking into account the in-depth skills review work undertaken during the year, we will commence a search for at least one new Non-Executive Director this autumn.

Diversity and inclusion

We continue to develop our diversity and inclusion policy and are committed to enhancing diversity within our talent pipeline and the business more generally. We expect everyone to play their part in ensuring we are both a truly diverse and inclusive business where differences are respected, and everyone's contributions are valued. We aspire to achieve a colleague base that is reflective of society, and provides opportunity for all, regardless of background, ethnicity, gender, sexual orientation, disability or age.

The Committee has welcomed the ongoing development of our four colleague networks this year: disability & neurodiversity, ethnicity & race, LGBTQ+ and gender equality. It is evident that our networks empower our colleagues, who can see how they can and are making a difference. Their work is supported by a range of initiatives that have continued to take place across the business and has resulted in demonstrable action and change, including the introduction of

new parenthood and menopause policies, new tools and equipment to enable greater accessibility and events that celebrate our differences. More details on our colleague networks and FY23 initiatives can be found in our Sustainability Report 2023.

From a Board perspective, I am pleased to report that we comply with the targets set out in the Listing Rules, with 45% of the Board being women, two senior Board positions held by women and one member of the Board from an ethnic minority background. We are also in alignment with the requirements of the FTSE Women Leaders Review and Parker Review. Nevertheless, we continue to reflect on our approach to diversity and inclusion at a Board level, including in respect of each Board Committee. Please see page 79 for our first annual statement on Board and management diversity metrics.

Board evaluation

Finally, having conducted a full external evaluation process last year, this year's Board and Committee evaluation was undertaken internally. Further details of the process and a summary of the Board outcome can be found on page 78, and in respect of the Committee on page 79. Overall, I am pleased to confirm the view of the Directors that the Board and each Committee is operating effectively.

I look forward to meeting shareholders at our Annual General Meeting on 16 November 2023.

Alison Brittain Chair of the Nominations Committee

20 September 2023

Committee composition and governance

The majority of the Committee is independent, with its members comprising six independent Non-Executive Directors, the independent Chair of the Board, one non-independent Non-Executive Director and the Board's non-independent Deputy Chair. Alison Brittain took over as Chair on 1 January 2023 following the retirement of Andy Harrison from the Board.

Only members of the Committee have the right to attend Committee meetings. Other individuals, such as the CEO and People and Stores Director are invited to attend all or part of the meetings as appropriate. No Director attends that part of a meeting during which his or her own position is discussed. The Group General Counsel and Company Secretary acts as secretary to the Committee and attends all meetings.

During FY23, the Committee met formally four times, with a further two meetings taking place specifically in relation to Alison Brittain's appointment as Chair Designate and then Chair. The agenda for each meeting is based on a standing agenda for the financial year but tailored and updated throughout as appropriate.

Nominations Committee report continued

Director appointment in FY23

Alison Brittain was appointed to the Board in FY23, joining in September 2022 as an independent Non-Executive Director and Chair Designate. She succeeded Andy Harrison as Chair of the Board and this Committee on 1 January 2023.

The process for Alison's appointment was led by William Reeve, the Senior Independent Director. An external search firm, Russell Reynolds, was appointed to assist with the search. Russell Reynolds has no other connection with the Company or any Director. They sought the input of the Directors before drawing up a role specification that was approved by the Committee. The brief was for an experienced business leader, who has worked in a range of large,

consumer-facing businesses and has a track record of delivering growth. The Committee also sought an individual whose personal values are aligned to our own. William Reeve and other Committee members interviewed 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 in September 2022, with the aim of succeeding Andy Harrison as Chair early in 2023. In November 2022, the Committee (without Alison Brittain or Andy Harrison present) confirmed its recommendation to the Board that Alison be appointed Chair with effect from 1 January 2023.

[Alison Brittain's biography can be found on page 61.](#)

Board appointment process

For Board appointments we generally follow a well-established process, adapted where necessary to account for specific skills required and circumstances, as follows:

- Detailed role and person specification drawn up by the Nominations Committee.
- Independent external search consultant appointed to conduct the process.
- Equal number of male and female candidates feature on the longlist as standard practice, and emphasis placed on presentation of a diverse candidate list.
- Initial candidates meet with Chair and at least one other Board member. Shortlisted candidates meet with other Board members as appropriate.
- Extensive references taken and, for Non-Executive Directors, an assessment of candidates' other commitments to ensure that they have sufficient time to dedicate to Board member duties.
- Nominations Committee makes recommendation to the Board for final approval.

Induction of Chair Designate

Each new Board Director receives a full and tailored induction, led by the Chair and Group General Counsel and Company Secretary. Alison Brittain's induction when she joined the Board on 7 September 2022 included the following:

Meetings with all members of the Board.

- Chair provided an overview of the Board and its annual programme of meetings.
- CEO discussed the strategy and 'Plan on a Page'.
- Committee Chairs discussed how the Committees operate and matters of significance.
- CFO provided a summary of the Group's financial performance and future plans.

Meetings with Executive Team and senior leadership team.

- Introduction to management structure, business operations, focus areas and performance.
- Introduction to key opportunities and risks in each area of the business.
- Group General Counsel and Company Secretary provided an overview of the governance framework and corporate structure.

Meetings with other colleagues and site visits.

- Deep dives with the Finance and Tech leadership teams.
- Visits to our logistics and manufacturing centres.
- Visits to stores and introductions to key suppliers.
- Attended National Colleague Voice meeting to develop an understanding of the views of colleagues.
- Engaged more broadly with colleagues by participating in a Q&A session for the INSPIRE Programme, set up for colleagues with strong growth potential.

Key advisers

- Meetings with external and internal auditors, brokers and other advisers.



Succession planning

Non-Executive Director succession

During the year, the Committee undertook a detailed skills review. Amongst other things, it considered the knowledge, experience, length of service and performance of Directors, our diversity and inclusion policy and the balance of skills on the Board as a whole. This work has provided a framework for considering the skills on which there should be more focus in considering new appointments to the Board.

Executive Director succession

In line with best practice, the Committee continued to review and refresh its CEO and CFO succession plans. The Committee determined during the year to set up working

groups, facilitated by the People and Stores Director, to undertake this work, which included a market mapping exercise. This was presented back to the Committee and will form the basis for reviews of these plans in the future.

Senior leadership succession

During the year, the Committee considered succession plans for the Executive Team and the talent pipeline for senior leadership roles. The Committee also received updates on the progress of our 'Know-Grow-Flow' programme, which is designed to ensure that talented individuals with diverse skills and backgrounds can thrive and offering them opportunities to progress within the Group. This work has resulted in a clearer understanding of capabilities and a stronger pipeline for succession.

Board effectiveness review

An evaluation of the Board, its Committees and individual Directors is carried out each year. The review helps to identify areas for improvement, informs training plans for our Directors and identifies areas of knowledge, expertise or diversity which should be considered in our succession plans. Each Director also goes through a performance review process with the Chair on an annual basis. The Senior Independent Director and Deputy Chair review the performance of the Chair.

The progress made against our FY22 evaluation is set out below.

The approach taken to our FY23 evaluation and a high level summary of the key actions agreed following the Board review are set out on the following page.

FY22 Board evaluation

The FY22 Board evaluation was externally facilitated by Lorna Parker, a Board evaluation specialist who had facilitated such reviews for the Company previously. As set out in last year's report, the Board agreed on a number of areas that it wished to focus on as a result of the review, progress against which is set out in the table below.

Topic	Outcome and recommendations from FY22 evaluation	Actions implemented in FY23
Strategy development	<ul style="list-style-type: none"> Continue to carefully balance time spent on activities promoting 'value creation' with the 'value protection' role of the Board. 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. Increase the amount of time available for less formal, discursive interactions. Continue to invite external speakers, to build knowledge on strategic topics and stimulate discussion. 	<ul style="list-style-type: none"> Standing agenda items and allocation of time to topics at each meeting reviewed. Directors provided with opportunities during the year for less formal discussions. External speakers invited to present to the Board during the year.
NED involvement in the business	<ul style="list-style-type: none"> Set aside agenda time for NEDs to share their experiences on a topic of mutual interest. 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 the leadership team. 	<ul style="list-style-type: none"> NEDs presented on specific topics to the Board during the year. NEDs committed to spending more time with senior leaders to facilitate their development and have attended National Colleague Voice meetings during the year.
Talent and succession	<ul style="list-style-type: none"> Continue to build visibility of talent management and succession for the Executive Team and other senior roles through the Nominations Committee and Board discussions. 	<ul style="list-style-type: none"> Presentations received on talent management and refreshed approach to succession planning implemented.
Meetings and other interactions	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Board meetings now a mix of in-person and online meetings, with agendas tailored appropriately.

Nominations Committee report continued

FY23 Board evaluation

Given that an external evaluation was carried out last year, this year the review was conducted internally. Each Director completed a questionnaire in respect of the Board and each Committee of which they were a member or otherwise attended meetings on a regular basis. The Group General Counsel and Company Secretary collated the responses and shared them with the Chair and each respective Committee Chair. An executive summary with the key findings was then shared, alongside each report, with the Board and each Committee's members for discussion. The key themes and outcomes from the Board review were as follows:

Theme	Outcomes
Succession planning	<ul style="list-style-type: none"> Acknowledgement that the appointment of new NED(s) to the Board, and to the roles of Senior Independent Director and Chair of the Remuneration Committee when William Reeve and Peter Ruis step down in 2024, is a priority. Continue to focus on succession plans and capability development for key senior positions.
Stakeholder engagement	<ul style="list-style-type: none"> Undertake a more detailed review of supplier relationships and consider increased supplier engagement at Board level to further develop understanding of opportunities and risks.
ESG-related risks and opportunities	<ul style="list-style-type: none"> Continue to support management in refining our ESG strategy and approach and ensure that it remains relevant to our strategy. Provide feedback on reporting and share wider learnings and experience.
Testing the Company's strategy and ambitions	<ul style="list-style-type: none"> Include key topics raised by the Board at the Strategy Day in May on the agenda for the forthcoming year. Continue to constructively challenge the Executive Team in order to maintain our focus on driving long-term growth.

Overall, the results of the FY23 evaluation were very positive, with no major concerns or issues raised. High scores reflected a strong and positive culture and an effective and well-managed Board, and the comments are being used to help shape the Board agenda and its priorities in FY24. It was also confirmed that each Director continues to make an effective contribution to the Board, is well-prepared and demonstrates commitment to their role.

Diversity & inclusion

Policy

Our overriding aim is to ensure that the Board and Company comprise outstanding people and teams who can lead the business effectively in a manner aligned to our purpose, shared values and strategy. We believe that the Group's best interests are served by ensuring that our people represent a range of skills, experiences, backgrounds and perspectives.

This is encapsulated in our 'stronger together' shared value and the inclusion of 'Culture and Identity' (being an ambitious and inclusive brand and organisation) as one of our three strategic drivers to deliver further growth.

In order to achieve this aim, we remain focused on three broad principles:

- refining the way we recruit.
- identifying, supporting and mentoring existing diverse talent in the business.
- increasing diversity amongst senior appointments as they are made, including to our Board and each of its Committees.

In line with this approach, the Committee:

- is committed to ensuring that the Board is at least 40% female, that at least one of the Chair, Senior Independent Director, CEO and CFO positions is held by a woman and at least one Board Director is from an ethnically diverse background.
- receives update on our approach to recruitment at all levels of the business as part of its oversight of colleague policies and practices.
- continues to require that specific effort is made to bring forward diverse candidates for senior management and Board appointments.
- monitors 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.

Board

At a Board level, the Listing Rules prescribe diversity targets, which are met as follows:

Target	Compliance
At least 40% of the Board are women	45% of our Board are women
At least one of the senior Board positions is held by a woman	Alison Brittain is our Chair and Karen Witts is our CFO
At least one member of the Board is from a minority ethnic background	Vijay Talwar joined the Board in October 2021

Group

At a senior leadership level, we have strong representation of women with 62% of our Executive Team and 41% of our senior leadership roles being held by women. Dunelm published its sixth Gender Pay Gap Report in April 2023, and an overview is provided in our Sustainability Report 2023. Both documents are available to download at corporate.dunelm.com.

In order to ensure appropriate focus on ethnic representation and to continue to drive greater ethnic representation in leadership roles, work has continued to collect ethnicity data. In addition, we have introduced an ethnic diversity target of 8% of our role-model leaders into this year's LTIP grant (see page 116 for more detail). The Committee supports management's commitment to achieve this target and will track progress.

Our equality and diversity policy can be found at: corporate.dunelm.com.

Committee effectiveness

The effectiveness of the Committee was considered as part of this year's Board evaluation process, more details of which can be found opposite on page 78. The review concluded that the Committee continues to operate effectively and having considered the findings, it was agreed that particular areas of focus during the forthcoming year should be:

1. Continuing to assess the appropriateness and effectiveness of succession plans;
2. Reviewing information provided to the Committee to further enhance visibility of talent management and development; and
3. Reviewing emphasis placed on diversity and inclusion in appointment and succession plans.

Annual statement on Board and Executive Team diversity targets

Our Board and Executive Team gender and ethnicity data is provided below in accordance with UK Listing Rule 9.8.6R(10) as at 1 July 2023. Diversity data is collected for Executive Team members via the engagement survey. At the end of the financial year, the Board was asked to confirm which ethnicity category they identified with in the table below.

Gender

	Group Board			Executive Team ¹	
	Number of Board members	Percentage on the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Team	Percentage of Executive Team
Men	6	55%	2	3	38%
Women	5	45%	2	5	62%
Not specified/prefer not to say	–	–	–	–	–

Ethnicity

	Group Board			Executive Team ¹	
	Number of Board members	Percentage on the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Team	Percentage of Executive Team
White British or other white groups (including minority-white groups)	10	91%	4	8	100%
Mixed/multiple ethnic groups	–	–	–	–	–
Asian/Asian British	1	9%	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic groups including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

¹ Both the CEO and CFO are members of the Executive Team.