

Issued: September 2022



Dunelm Group plc Environmental Policy ('Environmental Policy')

Environmental Policy

Introduction

We are the UK's leading homewares retailer and aim to become our customers' 1st Choice for Home. As a purpose-led business, we are committed to making an increasingly positive environmental, social and governance impact. A core tenet of our strategy is to 'build sustainability into everything we do' and this includes our commitment to protecting the environment by managing and reducing our impacts.

Our approach is to continuously **improve** (quick fixes, such as reducing energy consumption), **innovate** (adopting new processes and technology, such as low-carbon fuels), and **advocate** (working with others, such as the British Retail Consortium, to drive change).

Policy scope

This Environmental Policy applies to Dunelm Group plc and all of its business activities. Although we only sell products in the UK and Jersey, some of our most important product supply chains (such as cotton and timber) are global. We are fully committed to minimising the impacts of our business on the environment, both within our own operations (for example, stores, support centres, manufacturing centre and logistics hubs) and along our supply chains. We can only achieve this by working with our key stakeholders, as it is in our collective long-term interest to help tackle the effects of climate change and to protect the planet's ecosystems and biodiversity.

Environmental commitments

Legal compliance

We are also 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 would treat any breach of environmental law or regulation seriously and would take immediate action taken to address any issues and resolve them.

Voluntary targets

Operational waste reduction

For many years we have set ourselves targets to reduce the operational waste that is produced within our own operations, to increase recycling, and to ensure that any waste that we do produce does not go to landfill. Our current target is to recycle 80% of our operational waste, and to divert 98% of our residual waste from landfill.

Voluntary targets (cont.)

Greenhouse gas (GHG) reduction

In 2021 we set 10-year greenhouse gas (GHG) reduction targets, aligned to a 1.5 degree pathway. Our goal is to reduce absolute GHG emissions by 50% by 2030 against a 2019 base. We have also committed to support the British Retail Consortium's (BRC) Climate Action Roadmap to achieve net zero by 2040. To move towards our overall GHG reduction goals we are focusing on the following areas:

- Reducing energy consumption (e.g. natural gas and electricity).
- Purchasing renewable electricity and reducing use of gas heating and cooling.
- Reducing carbon (CO₂) emissions (across all Scopes).
- Reducing operational waste (through increased recycling and diversion from landfill).
- Improving product circularity (from design to product end-of-life).
- Reducing virgin plastic content and packaging for own-brand products (e.g. reducing volume and increasing % of recycled content).
- Increasing customer take-back/recycling options (to avoid waste and 'save' carbon emissions from products otherwise going to landfill).
- Increasing the fuel efficiency of our vehicles and moving towards the use of low-carbon fuels.

Other focus areas

Additionally, through industry collaboration and knowledge-building we are, among others:

- Developing a biodiversity strategy (beyond management of our operational waste).
- Reviewing ways to reduce water consumption.

Environmental management

The above environmental commitments are managed through the 'Carbon reduction' and 'Circular Economy' pillars of our Pathway to Zero working group which is headed up by our CEO and supported by our Head of Climate Change and Company Secretary. Members of our Executive Board are responsible for heading up each pillar and have assigned roles and responsibilities. More information is provided in the sustainability section of our annual reports and corporate website, and in our Taskforce on Climate-Related Financial Disclosures (TCFD) reporting.

Monitoring and reporting

We have been reporting on our environmental performance for several years in our annual report and accounts and we will continue to use this as our main disclosure tool. Targets and performance are updated each year. From time to time we may provide updates through additional presentations and/or press releases. All such information is in the public domain and available from our corporate website corporate.dunelm.com

We have already disclosed our Scope 1 and 2 emissions and will disclose Scope 3 emissions by category in our FY22 Annual Report and Accounts (published October 2022) and in future annual reports.

Stakeholder engagement

We are committed to engaging with our key stakeholders (suppliers and partners, customers, store communities, colleagues, investors and others) to raise awareness of our work to 'build sustainability in all that we do', including how we aim to reduce environmental impacts and promote continuous improvement. We do this through a mixture of internal and external communication and we provide some examples below:

Supplier and partners: increasing engagement, for example, 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.

Customers and store communities: increasing communication to help customers chose 'more sustainable' products, for example through product labelling/specification, and to reduce environmental impacts (for example, through blogs/hacks to care for, repair, upcycle and recycle products).

Colleagues: educational posts and blogs on our *Home Comforts* intranet, regular team 'huddles' (on various topics, including sustainability), formal discussions (including on sustainability) at National Colleague Voice meetings (our colleague representative network).

Investors: Through our annual report and corporate website; 'Dunelm Sustainability Overview' presentation in January FY22; engagement with ESG ratings agencies and CDP.

Other stakeholders: increasing engagement with industry bodies (e.g. British Retail Consortium and Aldersgate Group) to tackle industry-wide environmental challenges.

Further examples of stakeholder engagement on environmental issues can be found in our annual reports.

Responsibility

Ultimately, our Board has responsibility for ensuring that we uphold this Environmental Policy. As detailed above and in our annual reporting we have clear roles and responsibilities assigned to our senior managers (Executive Board) for managing our strategy. However, we believe that protecting the environment and reducing our impact is the responsibility of all Dunelm colleagues and people who work on behalf of Dunelm and we expect them to follow the principles of this Environmental Policy, which is endorsed by the Group Board.

Related policies and information

- Ethical Code of Conduct for suppliers and partners (this code also covers environmental requirements).
- Annual report and accounts and TCFD reports.
- Responsible cotton, Responsible timber and Responsible palm oil policies. (which cover both ethical and environmental standards).
- Plastics and packaging policy.

7 September 2022

Approved and signed by order of the Board

Nick Wilkinson
CEO